

Item 1 – Cover Page

**Blackstone Real Estate Special Situations
Advisors L.L.C.**

345 Park Avenue
New York, NY 10154
(212) 583-5000
www.blackstone.com
as of July 15, 2019

Form ADV, Part 2A; the “Brochure” provides information about the qualifications and business practices of the Adviser.

If you have any questions about the contents of this Brochure, please contact Patrick Kassen, Chief Compliance Officer for the Adviser, at (212) 583-5000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about the Adviser is also available at the SEC’s website www.adviserinfo.sec.gov (click on the link “Investment Adviser Search”, select “Firm” and type in the name “Blackstone Real Estate Special Situations Advisors L.L.C.”). These search results will provide you with both Parts 1 and 2A of the Adviser’s Form ADV.

The Adviser is registered with the SEC as an investment adviser. The Adviser’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications the Adviser provides to you, including this Brochure, serve as information for you to use to evaluate the Adviser and should be considered in your decision whether to invest in an investment vehicle advised by the Adviser.

Blackstone

Item 2 – Material Changes

There has not been a material change to this Brochure since the last annual update on March 29, 2019 other than updated information regarding the conversion of the Adviser's indirect parent company from a limited partnership to a corporation effective July 1, 2019 and an updated estimate of the Adviser's regulatory assets under management as of December 31, 2018.

However, please carefully read Items 5, 8 and 10, which describe certain fees and expenses, potential risk of loss and potential conflicts of interest (including, for example, in respect of Portfolio Entity relationships), respectively.

The Adviser, at any time, may update this Brochure and offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC's website as indicated on the cover of this Brochure, or you may contact the Adviser's Chief Compliance Officer, Patrick Kassen, at (212) 583-5000.

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Item 3.1 – Defined Terms

As used throughout this Brochure, the following terms have the following meanings:

Administrative Services: Administrative services, which include, but are not limited to, fund administration, accounting, tax, valuation and reporting-related services customarily provided by a third party.

Adviser: Blackstone Real Estate Special Situations Advisor L.L.C. (“BRESSA”), a Delaware limited liability company formed on December 4, 2007.

Advisers Act: U.S. Investment Advisers Act of 1940, as amended.

Advisory Agreements: The investment advisory agreements with respect to each of the Adviser’s Clients.

Affiliate: With respect to a Person, any other Person that either directly or indirectly controls, is controlled by or is under common control with the first Person (it being understood that “control” (and derivations thereof) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract or otherwise). For greater certainty, (i) Portfolio Entities of Clients and Other Blackstone Vehicles shall not be deemed Affiliates of the General Partners, Blackstone or the Adviser, and (ii) Pátia, in which Blackstone has as of the date hereof a minority interest, shall not, as a result of such minority interest, be deemed an Affiliate of the General Partners or Blackstone for purposes hereof.

AIFMD: The EU Alternative Investment Fund Managers Directive.

BAP: Blackstone Advisory Partners L.P., a registered broker-dealer Affiliate of Blackstone, which can be expected to serve as an uncompensated placement agent for one or more Clients in the United States and in other jurisdictions.

Blackstone: The Blackstone Group Inc., together with its Affiliates (excluding the Clients and Other Blackstone Vehicles).

Blackstone Employee Investors: Current and/or former senior advisors, officers, directors and personnel of Blackstone, Portfolio Entities of the Clients and Other Blackstone Vehicles, including

any account, client, fund vehicle or any other similar arrangement managed by Blackstone Multi-Asset Advisors L.L.C., personnel of PJT and charitable programs, endowment funds and related entities established by or associated with any of the foregoing, and other persons related to Blackstone.

Blackstone Real Estate Group: Blackstone’s real estate group, which includes the Adviser, the General Partners and their respective Affiliates that, collectively, manage the Real Estate Vehicles.

Blackstone Real Estate Group Investment Committee: The investment and review committees of the Blackstone Real Estate Group that are, collectively, responsible for review and approval of the investment decisions by the Blackstone Real Estate Group.

BREDS: Blackstone Real Estate Debt Strategies, the Blackstone Real Estate Group unit focused on debt opportunities.

BREDS Funds: Debt Funds managed by the Adviser that primarily make real estate and real estate related debt Investments.

BRESSA Isobel: Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C., a wholly-owned subsidiary of BRESSA.

BXMT: Blackstone Mortgage Trust Inc. and related entities.

BXMT Adviser: BXMT Advisors L.L.C., the investment adviser to BXMT.

Clients: The BREDS Funds, and any other investment advisory clients of the Adviser.

CMBS: Commercial mortgage backed securities.

Code of Ethics: The Blackstone Code of Ethics.

Consultants: Strategic advisors, consultants, senior advisors, industry experts, joint venture and other partners, any of whom might be current or former executives or other personnel of Blackstone, Clients, Other Blackstone Vehicles or Portfolio Entities of the foregoing.

Custody Rule: Rule 206(4)-2, as amended, of the Advisers Act.

Debt Funds: Investment Vehicles primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities, CMBS and other debt instruments.

General Partner: The general partner or other Person acting in a similar capacity of each Client.

Investor: Limited partners or other investors in an Investment Vehicle.

Investor Representative: The respective representative of an Investor.

Investment: Any equity, debt or other investment of any type made by an Investment Vehicle.

Investment Vehicles: Single investor and pooled investment funds, managed accounts, collective investment vehicles and other similar arrangements (including vehicles in existence as of the date hereof and those that may be formed in the future), together with any related feeder funds, parallel funds and alternative investment vehicles.

IRR: Internal rates of return.

Isobel: An Investment Vehicle that owns a portfolio of loans and is managed by BRESSA Isobel.

JV Arrangements: Investments in Portfolio Entities with Joint Venture Partners.

Joint Venture Partners: Third party co-investors that enter into JV Arrangements with the Clients and Other Blackstone Vehicles.

L.P. Advisory Committee: Limited partner advisory committee of a Client.

Management Fee: Compensation to the Adviser from each Client for services in the form of an annual management fee.

Offering Materials: The offering materials of a Client, including the PPM.

Organizational Documents: The organizational documents of a Client, including any applicable limited partnership agreements, limited liability company agreements, charter, bylaws, Advisory Agreement, side letters and other formation documents, as amended or restated from time to time.

Other Blackstone Vehicles: Investment Vehicles managed by Blackstone, including the Other Real Estate Vehicles, other than the BREDS Funds.

Other Real Estate Vehicles: Investment Vehicles managed by Blackstone that are focused on real estate and real estate related Investments, other than BREDS Funds.

Pátria: Pátria Investimentos Ltd., a leading Brazilian alternative asset manager and advisory firm.

Person: Any individual, partnership, corporation, limited liability company, unincorporated organization or association, trust (including the trustees thereof in their capacity as such), government, governmental entity or other entity.

PJT: PJT Partners Inc.

Portfolio Entity: Any entity in which a Client or Other Blackstone Vehicle owns an equity interest or has a debt interest, including, as the context requires, portfolio companies, holding companies, special purpose vehicles, borrowers from a Client or Other Blackstone Vehicle or issuer of securities owned by a Client or Other Blackstone Vehicle.

PPM: The confidential private placement memorandum of a Client, as amended, restated or supplemented from time to time.

Prime Brokers: Citigroup Global Markets Inc., Citi Agency and Trust, CITCO, State Street Corporation, Wilmington Trust, Wells Fargo and US Bank.

Proxies: Proxy proposals, amendments, consents or resolutions.

Proxy Rule: Rule 206(4)-6 under the Advisers Act.

Proxy Voting Policy: A set of policies and procedures adopted by the Adviser in compliance with the Proxy Rule.

Real Estate Vehicles: The BREDS Funds and Other Real Estate Vehicles.

REIT: Real estate investment trusts.

SEC: U.S. Securities and Exchange Commission.

Servicing Fee: A servicing fee that is anticipated to be charged, in Blackstone's discretion, by the Adviser to Investors with capital commitments below a certain threshold.

Securities Act: U.S. Securities Act of 1933, as amended, together with the rules adopted thereunder by the SEC.

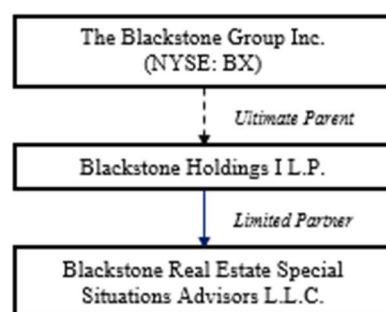
Strategic Relationships: Strategic relationships entered into between Blackstone and Investors (and/or one or more of their Affiliates) that incorporate one or more investment strategies in addition to that of any particular Client.

Item 4 – Advisory Business

Overview of the Firm

The Adviser, directly or indirectly through its subsidiaries, provides investment advisory services to its Clients, and Affiliates of the Adviser generally serve as General Partner of each Client. The Adviser's Clients primarily make public and private real estate and real estate related debt Investments and, to a lesser extent, in non-controlling equity and other Investments in real estate. In addition, BRESSA Isobel manages Isobel. BRESSA Isobel is registered with the SEC in reliance on the Form ADV of BRESSA (together they file a single Form ADV). References to the Adviser herein may include, where the context so requires, references to BRESSA Isobel.

The ultimate parent of the Adviser is The Blackstone Group Inc., a publicly held corporation listed on the New York Stock Exchange that trades under the ticker symbol "BX". Please see the structure chart below. Blackstone is a leading global alternative investment manager with Investment Vehicles focused on real estate, private equity, hedge fund solutions, credit, infrastructure, secondary funds of funds and multi-asset class strategies. Effective as of July 1, 2019, The Blackstone Group Inc. converted from a Delaware limited partnership named The Blackstone Group L.P. to a Delaware corporation. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.



As of December 31, 2018, the Adviser had regulatory assets under management of approximately \$14.2 billion on a discretionary basis. Please note that this figure is an unaudited estimate.

Description of Advisory Services

The Adviser serves as investment adviser to its Clients pursuant to the Advisory Agreements. The Adviser performs the following services, among others, for its Clients:

-
1. Identifies and analyzes investment opportunities;
 2. Makes investment recommendations to the General Partner of each Client, as applicable;
 3. Participates in the monitoring and evaluation of investments; and
 4. Provides other related services in connection with the implementation of the investment program of each Client.

The Adviser tailors its advisory services to the particular needs of each Client. However, the specific needs of the individual Investors in a Client (i.e., limited partner investors) are not the basis for recommendations by the Adviser. Investment advice is provided directly to the Client, not individually to the respective Investors in the Client.

Through a series of delegation agreements, the Adviser also can be expected to provide from time to time specific portfolio management services to certain Investment Vehicles managed by an affiliated alternative investment fund manager for the purposes of AIFMD.

Item 5 – Fees and Compensations

Management Fees and Performance Fees

The Adviser charges each Client a Management Fee quarterly that is payable at a rate of up to 1.50% per annum (which varies among Clients) of the Client's (i) net asset value, in the case of certain open-end fund Clients, (ii) total invested capital, in the case of certain closed-end fund Clients, or (iii) cost basis of existing Investments plus fair market value of marketable securities held as a result of dispositions of Investments and cash/cash equivalents, in the case of certain Clients formed to invest in CMBS. The Adviser charges some Clients Management Fees in advance and others in arrears. In addition, BRESSA Isobel is entitled to receive management fees in an amount equal to 0.30% per annum payable quarterly based on the aggregate outstanding principal balance of the loans held by the relevant Isobel vehicle.

The Management Fee is prorated for any partial periods. Where fees are paid in advance, in the event of termination of an Advisory Agreement, prorated refunds would be provided for partial quarters, if any. In certain cases, the portion of the Management Fee allocable to an Investor in a Client is offset by specified additional fees received by the Adviser (as more fully described below) or will be waived or reduced for a certain period for certain Investors (including but not limited to Investors participating in early closings or Blackstone Employee Investors).

As set forth in **Item 6** below, generally each of the General Partners receives performance-based compensation in respect of either realized or unrealized (dependent upon the Client) appreciation, subject to certain conditions, and, in addition, certain Clients distribute current income from Investments.

Management Fees and performance-based compensation are generally either withheld from the applicable Client's current income distributions to Investors or accrued and reduced from the applicable Client's net asset value.

Management Fees and/or performance-based compensation will not be paid by Blackstone Employee Investors in connection with their investments. Notwithstanding the foregoing, such Investors will either directly pay for their pro rata share of the other expenses incurred by the applicable Client (as described below), or the pro rata share of such expenses will be allocated to the General Partner or its Affiliates. For more information on the allocation of Client expenses, please see "Expenses" in **Item 5** below.

Other Fees Payable to the Adviser and its Affiliates

In addition, pursuant to the Advisory Agreements with certain Clients, the Adviser can be expected to charge Investors a Servicing Fee, subject to the right of the applicable General Partner to reduce or waive such fee in its sole discretion. The Servicing Fee is generally equal to a percentage based on capital commitments (and, generally for closed-ended Clients, based on invested capital after the end of the investment period) and payable quarterly in arrears.

The Adviser and its Affiliates also will from time to time receive (i) fees from Portfolio Entities, borrowers or other third parties (x) as compensation for the arranging, underwriting, syndication or refinancing of an Investment, (y) as additional fees, including acquisition fees, special servicing and administrative fees, and (z) fees related to capital markets transactions and advice, investment banking, financial/advisory, healthcare consulting/brokerage, brokerage, capital market/credit origination, loan services, title and/or other types of insurance, consulting (including management consulting), group purchasing, asset/property management, due diligence and other services, (ii) fees from, or with respect to, the Clients' Investments or Portfolio Entities and from unconsummated transactions, including net break-up and topping fees, net commitment fees, net transaction fees, net monitoring fees, assumption, restructuring, directors' fees and net organization, financing, origination, divestment and similar fees, and (iii) fees associated with capital invested by co-investors relating to Investments in which the Clients participate or otherwise, in connection with a JV Arrangement in which the Clients participate or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Adviser or its Affiliates performs services. Such fees will not result in an offset to the Management Fee, except as set forth in the Organizational Documents of the Client. Please see **Item 10 – “Other Blackstone Business Activities”** for more information.

In addition, Portfolio Entities and Blackstone-affiliated service providers will receive fees in respect of services provided to Clients, Other Blackstone Vehicles and Portfolio Entities of the foregoing. As a result, while Blackstone believes that any such Portfolio Entities or Blackstone-affiliated service providers, when engaged, provide (or Blackstone believes they will provide) services on a cost reimbursement basis at or below market rates or otherwise at rates that Blackstone believes are reasonable, there is an inherent conflict of interest that incentivizes Blackstone to engage its Portfolio Entities and Blackstone-affiliated service providers over third parties. Please see **Item 10 – Other Financial Industry Activities and Affiliations** below and, in particular, “*Portfolio Entity Service Providers and Vendors*”, “*Third Party Service Providers, Vendors and Other Counterparties Generally*” and “*Blackstone Affiliate Service Providers*”

therein respectively for further information about such Portfolio Entities and Blackstone-affiliated service providers.

The Management Fee paid to the Adviser, pursuant to the Organizational Documents of Clients, with respect to Investors in the Clients is generally offset by some or all of such Investor's share of the placement fees paid by an Investor and origination fees and any other fees (excluding any loan servicing fees, directors' fees (such fees may include stock awards and/or other similar compensation) and other similar fees for services) paid to the Adviser and Affiliates in connection with the deployment of capital by the Clients (it being understood that Blackstone will receive additional fees with respect to the Clients' activities as described herein that will generally not be required to be shared with the Clients or their Investors). Such fees will be allocated between the relevant Client and any other Investment Vehicles sponsored by the Adviser and its Affiliates having an interest in such fees on a pro rata basis.

The Adviser or its Affiliates, from time to time, may also receive topping, break-up or other similar fees in connection with any unconsummated or terminated transaction as noted above. To the extent the Adviser or its Affiliates receive such fees, they are treated like additional fees. In the event break-up or topping fees are paid to the Adviser and its Affiliates in connection with a transaction that is not ultimately consummated, co-investment vehicles that invest alongside the Clients will generally not be allocated any share of such break-up or topping fees; similarly, such co-investment vehicles generally do not bear their share of broken deal expenses for unconsummated transactions and such costs and expenses will generally be borne by the Clients. In the event break-up fees, topping fees, or similar expenses are payable by a co-investment vehicle, the Clients will, in certain circumstances, advance such fees and expenses on behalf of the co-investment vehicle without charging interest until paid by the co-investment vehicle and the General Partners may, in their discretion, request contribution from such co-investment vehicle in an amount equal to the advance. Such other fees may give rise to conflicts of interest in connection with a Client's Investment activities.

In addition, the Adviser and its Affiliates will, in certain circumstances, receive a fee from the Clients in respect of the provision of Administrative Services as well as the payment or reimbursement of any expenses, charges or related costs incurred by such Clients, the Adviser or its Affiliates in connection with such provision of Administrative Services to such Clients (or specifically allocated thereto); *provided, however*, that any such expenses, fees, charges or related costs in connection with such provision of Administrative Services will not be greater than what would be paid to an unaffiliated third party for substantially similar services. On the other hand, certain open-ended Clients currently retain a third party administrator for which such Clients bear

the cost. However, to the extent such Clients no longer retain a third party administrator or certain Administrative Services are outside the scope of services offered by such third party administrator and such Administrative Services are provided by the Adviser or its Affiliates, such Clients can be expected to bear the expenses, costs, charges and fees charged or specifically attributed or allocated by, or otherwise incurred by, the Adviser or its Affiliates to provide such Administrative Services to such Clients (including an allocation of personnel compensation otherwise payable by Blackstone); *provided, however*, that any such expenses, fees, charges or related costs will not be greater than what would be paid to an unaffiliated third party for substantially similar services. Such allocations require judgments as to methodology that Blackstone will make in good faith. Such methodologies can include (i) requiring personnel to periodically record or allocate their historical time spent with respect to the Clients or Blackstone approximating the proportion of certain personnel's time spent with respect to the Clients, and in each case allocating their compensation and allocable overhead based on time spent, or charging their time spent at market rates, (ii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and a market rate for such services or (iii) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Any methodology (including the choice thereof) involves inherent conflicts and may result in incurrence of greater expenses by the Clients and their Portfolio Entities than would be the case if such services were provided by third parties. These expenses will be borne by the Clients and will not result in any offset to the Management Fee.

The Adviser and its personnel and related parties will receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of the Clients, which will not offset or reduce Management Fees or otherwise be shared with the Clients or their Investors or Portfolio Entities. For example, airline travel or hotel stays will result in "miles" or "points" or credit in loyalty or status programs, and such benefits will, whether or not de minimis or difficult to value, inure exclusively to the benefit of the Adviser, its Affiliates or their personnel or related parties receiving it, even though the cost of the underlying service is borne by the Client or by its Portfolio Entities. Similarly, the Adviser, its Affiliates and their personnel and related parties, and third parties designated by the foregoing, also receive discounts on products and services provided by Portfolio Entities or customers or suppliers of such Portfolio Entities.

CoreTrust is an independent group purchasing organization used by large corporations and private equity firms to obtain volume discounts on products and services. In consideration of Blackstone's work in facilitating Portfolio Entities' participation in CoreTrust and in enhancing CoreTrust's program, Blackstone receives a portion of the administrative fee CoreTrust collects from vendors

as well as an annual consulting fee from CoreTrust. These fees do not offset Management Fees payable by investors.

In addition, the Adviser engages and retains on behalf of the Clients or their Portfolio Entities, Consultants who will, from time to time, receive payments from, or performance-based compensation, retainers and expense reimbursements with respect to, Portfolio Entities (as well as from Blackstone or the Clients), and such amounts will not offset the Management Fees payable by the Investors. Such payments, performance-based compensation, retainers and expense reimbursements, as applicable, will be paid at rates determined by Blackstone, the Adviser or the General Partner, in its sole discretion.

The Clients will generally bear the costs and expenses related to the organization or maintenance of any entity used to directly or indirectly acquire, hold or dispose of any Investment or otherwise facilitate such Clients' Investment activities (including, without limitation, travel, accommodation and related expenses related to such entity, and the salary and benefits of any personnel (including of the Adviser or its Affiliates) reasonably necessary or advisable for the maintenance and operation of such entity), expenses of liquidating Clients, capital raising and Investor related services and other similar costs and expenses of administering side letters entered into with Investors (including the process of distributing and implementing applicable elections pursuant to any "most-favored nation" clauses in side letters) and to the extent not reimbursed by a third-party, all third-party expenses incurred in connection with a proposed Investment that is not ultimately made or a proposed disposition that is not actually consummated (including legal, tax, accounting, travel and other expenses related to underwriting and pursuing an Investment, advisory and consulting fees and expenses, travel, accommodation and related expenses and printing expenses, and any liquidated damages, reverse termination fees or similar payments). In addition, Clients can be expected to bear the costs for in-house tax advice and/or services, such costs will not be greater than what would be paid to an unaffiliated third-party for substantially similar services, on matters related to potential or actual Investments or transactions of the Clients and their Portfolio Entities. Service providers (including Affiliates of the Adviser) will be retained for such purposes in accordance with the terms described in **Item 10 – "Portfolio Entity Service Providers and Vendors" and "Third Party Service Providers, Vendors and Other Counterparties Generally."**

The Clients will, in certain circumstances, be required to make contingent funding commitments or guarantees to their Portfolio Entities or other vehicles or entities in or alongside which the Clients invest and to provide other credit support arrangements in connection therewith. Such credit support may take the form of a guarantee, a letter of credit or other forms of promise to provide funding. Such credit support will, in certain circumstances, result in fees, expenses and

interest costs to the Clients, subject to certain limitations set forth in the organizational documents of the applicable Clients.

The precise amount of, and the manner and calculation of, the fees and compensation described above, including the Management Fee and performance-based compensation, are established by the Adviser through negotiations with Investors in each Client, and the Offering Materials, the Organizational Documents and the Advisory Agreement of each Client include further details on such fees, compensation and related matters.

Expenses

The following is a list of expenses that are typically borne by the Clients (and indirectly by the Investors in the Clients). This list is not intended to be exhaustive; prospective and existing Investors in the Clients are advised to review the applicable Client's Offering Materials and Organizational Documents for a more extensive description of the expenses associated with an investment in such Client.

- Legal fees
- Placement fees and due diligence of placement agents (See **Item 14** below)
- Regulatory filing fees of the Clients, including but not limited to compliance with U.S. federal and state securities laws and international laws, such as AIFMD
- Expenses related to the Adviser's compliance matters and reporting obligations to the extent they relate to the Clients' activities (*e.g.*, Form PF, CFTC filings, AIFMD)
- Risk management
- Data aggregation
- Administrative fees (including in-house administration/accounting costs), expenses and charges, including overhead related thereto
- Administrator fees and due diligence of such administrator or other service provider
- Organizational expenses
- Operating expenses
- Consultant, operating partner and senior advisor expenses (See "*Advisors, Consultants and Partners*" in **Item 10** below) and the expenses of investment bankers (See "*Other Blackstone Business Activities*" and "*Multiple Blackstone Business Lines*" in **Item 10** below)
- Technology expenses (including third-party as well as internally allocated charges)
- Certain hardware expenses and software fees

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- Property, loan administration and servicing and other asset management fees
 - Audit and accounting fees
 - Fees and expenses associated with brokerage services (including prime broker account charge, brokerage commissions and distribution fees)
 - Fees and expenses associated with borrowing, guarantees and other financing, including interest charges
 - Fee and other expenses incurred in connection with derivative transactions
 - Expenses associated with the development, negotiation, acquisition, settling, holding, monitoring and disposition of Investments and transaction fees
 - Costs and expenses associated with vehicles through which the Clients or their Investors directly or indirectly participate in Investments
 - Fees, costs and expenses related to the organization or maintenance of any intermediate entity
 - Taxes, fees or governmental charges imposed on the Investment Vehicles and expenses related to the preparation and delivery of any entity-level taxes
 - Custodial, depositary, representative and paying agent and other third-party professional fees
 - Bank and bank wire fees
 - Fees and expenses related to hedging and currency conversion
 - Travel and other expenses in connection with the Clients' organization, fundraising and Investment activities (including first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours) and social and entertainment events with Portfolio Entity employees, customers, clients, investors, borrowers, brokers and service providers) and related costs and expenses incidental thereto)). Most staff out-of-pocket travel expenses in connection with the Clients' transactions are treated as expenses of the Clients, subject to the terms of the Offering Materials, Organizational Documents and the Advisory Agreements.
 - Fees, costs and expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of any one or more Investment(s) or otherwise facilitating a Client's Investment activities, including without limitation any travel and accommodation expenses related to such entity and the salary and benefits of any personnel (including personnel of the Adviser or its Affiliates and Luxembourg entities formed in connection with the Clients' activities)) reasonably necessary and/or advisable for the

maintenance and operation of such entity, costs associated with the leasing of office space, or other overhead expenses in connection therewith.

- Fees, costs and expenses of feeder vehicles to the extent not paid by such vehicle or its partners, as applicable
- Expenses related to the preparation and delivery of internal control reports
- Marketing, advertising, printing, wholesaling and other capital raising expenses associated with Investor admission/subscription and Investor-related services and other similar costs
- Research-related expenses, including news and quotation equipment and services
- Expenses associated with market data and research (including fees for internal and/or third-party research-related services)
- Expenses of Blackstone-internal and third-party printing and publishing (including time spent performing such printing and publishing services)
- Preparing, printing and delivering all reports, documents and filings related to the Clients and their Investments
- Expenses associated with the preparation of the Clients' periodic reports (and related financial and other statements) and Investor notices and communications
- Expenses of Investor meetings
- Broken-deal expenses
- Insurance expenses
- Extraordinary expenses, including expenses of litigation or settlement involving the Clients or Portfolio Entities in which the Clients have Investments and the amount of any judgments or settlements paid in connection therewith
- Expenses incurred in connection with complying with provisions in Investor side letter agreements related to the Clients, including "Most-Favored Nations" provisions
- Valuation costs (including costs related to a third-party valuation advisor and/or third-party appraiser)
- Expenses of the L.P. Advisory Committee or board of directors, including director fees, as applicable
- Expenses of third-party advisory committees and Investor Representatives of the Clients as well as of other goods and services provided by third parties
- Expenses incurred in connection with organizing and/or attending Investment-related conferences
- Dissolution and liquidation expenses
- Arbitration expenses
- Expenses of loan servicers and other service providers

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- Expenses associated with redemptions and admissions/subscriptions

Investors in a Client are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which will, in certain circumstances, be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by the General Partner in its sole discretion. From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Client, on the one hand, or the General Partner and the Adviser, on the other, and/or whether certain costs and expenses should be allocated between or among the Clients, on the one hand, and the Other Blackstone Vehicles on the other. Certain expenses may be suitable for only a particular Client, its parallel fund or participating Other Blackstone Vehicles and borne only by such Client, or, as is more often the case, expenses may be allocated pro rata among the Client, all of its parallel funds and participating Other Blackstone Vehicles, even if the expenses relate only to particular vehicle(s) and/or Investor(s) therein, and such allocation can be expected to be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by the General Partner in its sole discretion. The General Partner will make such judgments on a fair and reasonable basis, and in its sole discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. There can be no assurance that a different manner of allocation would not result in a Client bearing less (or more) expenses.

Certain personnel of Blackstone and its Affiliates, including Consultants (as defined herein), will, in certain circumstances, be seconded to one or more Portfolio Entities, vendors, service providers and vendors or Investors of the Clients and Other Blackstone Vehicles to provide services, including the sourcing of Investments for the Clients or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment could be borne by Blackstone and its Affiliates or the organization for which the personnel are working or both. In addition, personnel of Portfolio Entities, vendors, service providers (including law firms and accounting firms) and Investors of the Clients and Other Blackstone Vehicles will, in certain circumstances, be seconded, or serve internships at, Blackstone and Portfolio Entities of the Clients. (See “***Secondment and Internships***” in **Item 10** below) While often the Clients, Other Blackstone Vehicles and their Portfolio Entities are the beneficiaries of these types of arrangements, Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the vendor or service provider also provides services to the Clients in the ordinary course. From time to time, the Portfolio Entity and/or the Client may bear the entire cost of such secondments or internships although Blackstone can be expected to in part benefit from them. Blackstone or the Portfolio Entity may or may not pay salary or cover expenses

associated with such secondees and interns, and if a Portfolio Entity pays the cost it will be borne directly or indirectly by the Client. The Management Fee will not be offset or reduced as a result of these secondments or internships or any fees, expense reimbursements or other costs related thereto. The personnel described above can be expected to provide services in respect of multiple matters, including in respect of matters related to Blackstone, its Affiliates and related parties, and any costs of such personnel may be allocated accordingly.

Individual invoices (and groups of related invoices) of \$500 or less applicable to the BREDS (as defined below) program are expected to be aggregated and allocated pro rata based on capital commitments among certain Clients on a quarterly basis. Such expenses generally will not be allocated specifically to Investments, Clients or Investors and may relate to, among other things, proposed Investments that are not ultimately made, Client operations, entity administration and registration fees and other matters pertaining to the BREDS program generally. The allocation of expenses in this manner will, in certain circumstances, result in a Client or certain of its Investors bearing a greater (or lesser) portion/amount of certain expenses than if each invoice was specifically allocated with respect to an Investment, a Client or such Investors.

Item 6 – Performance-Based Fees and Side-By-Side Management

In addition to the Management Fees and other fees described in **Item 5** that are received by the Adviser, General Partners or their respective Affiliates (as applicable), the General Partners of each Client is entitled to performance-based compensation which are allocations based on a share of realized income/capital gains. In the case of Clients structured as hedge funds, a performance-based compensation can be up to 20% of net capital appreciation and subject to loss carryforward provisions. In the case of Clients structured as private equity / drawdown funds, performance-based compensation can be up to 15% of cumulative net profits (taking into account aggregate net losses on writedowns and subject to clawback) after a pre-designated preferred return varying by Client. Performance-based compensation and fees are only made when specific conditions are met, including, if applicable, the return of realized capital and costs and the receipt of a preferred return. In the case of the Investment Vehicle managed by BRESSA Isobel, performance-based compensation is 10% of distributions after a preferred return.

As described in **Item 10 – “Performance-Based Compensation”**, the fact that the Adviser’s Affiliates are in part compensated based on the performance of the Clients creates a greater incentive for the Adviser to make more speculative Investments on behalf of the Clients or time the purchase or sale of Investments in a manner motivated by the personal interest of Blackstone personnel than if such performance-based compensation did not exist. However, the significant commitment by Blackstone to invest in the Clients, the General Partner clawback provisions, where applicable, should reduce the incentives to make more speculative Investments or otherwise time the sale of Investments based on considerations related to performance-based compensation. The General Partner clawback, where applicable, potentially creates other misalignments of interests between the General Partner and Investors, such as an incentive for the General Partner to defer disposition of an Investment that would result in a realized loss and trigger the clawback, or delay the dissolution and liquidation of the Clients if doing so would trigger a clawback obligation.

As described in **Item 5**, Blackstone Employee Investors are not subject to Management Fees or performance-based compensation allocations with respect to the Clients.

Finally, as described in **Item 10 – “Joint Venture Partners”**, the Clients will from time to time enter into one or more JV Arrangements with Joint Venture Partners, which will involve performance-based compensation and/or other fees payable to such Joint Venture Partners directly

or indirectly by such Clients. Any such compensation and/or fees will reduce the actual returns realized by Investors on their Investments in the Clients and will not result in an offset of the Management Fee.

The precise amount of, and the manner and calculation of, the compensation described above are established by the Adviser and General Partners, as applicable, through negotiations with Investors in each Client, and the actual amount of compensation could differ from the described above. The Offering Materials, the Organizational Documents and the Advisory Agreement of each Client include further details on such compensation and related matters.

Item 7 – Types of Clients

The Adviser provides investment advice to its Clients. A Client's Investors can be expected to consist of some or all of the following:

- Sovereign wealth funds;
- Public and private retirement and pension plans;
- State and municipal government agencies;
- Insurance companies;
- Public and private profit sharing plans;
- Charitable organizations and foundations, including endowment funds thereof;
- Banks and other financial institutions;
- Private investment funds;
- Investment companies;
- Trusts and estates;
- Corporations;
- Family Offices;
- Certain high net worth individuals; and
- Business entities other than those listed above.

All Investors in the Clients are subject to applicable suitability requirements. The Adviser and the General Partner of each Client require that each Investor in the Clients be an "accredited investor" as defined in Regulation D under the Securities Act, and a "qualified purchaser" as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and meet other suitability requirements (including, in some circumstances, a person that is not a U.S. Person as defined in Regulation S under the Securities Act). Generally, Investors must invest a minimum dollar amount as determined in the applicable General Partner's sole discretion. The General Partner reserves the right, in its sole discretion, to waive the minimum dollar amount.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Analysis

The Adviser identifies and evaluates the Investments in which the Clients invest. The Adviser's analysis is based on certain criteria, which include, but are not limited to, risk/return profile, capital structure, liquidity and investment performance. See **Item 10 – “Advisors, Consultants and Partners”** for additional information on sourcing Investments.

Investment Strategies

The Adviser generally advises the Clients to invest in public and private debt and, to a lesser extent, in non-controlling equity and other interests (or derivatives related thereto), in each case, in or relating to real estate-related Investments. Likely Investment targets include, but are not limited to: mezzanine debt; senior debt; B-Notes; term loans; whole loans; originated or legacy loans; CMBS bonds; RMBS bonds; collateralized debt obligation vehicles; collateralized loan obligation vehicles; CMBS indices; real estate investment trusts; synthetic mortgage backed securities; preferred equity; public debt securities; and corporate loans to real estate related companies; residential debt including residential mortgages, prime loans, credit loans, second lien loans, mortgage servicing rights and other real estate-related assets (e.g., equity interests in loan originators). Certain of the Clients limit their Investments primarily to pools or tranches of CMBS and related securities and financial instruments.

The Adviser's investment analysis methods include fundamental, technical and cyclical research. The Adviser's investment team is responsible for evaluating real estate debt and related investments, securities and other products for Investment for the Clients. The Adviser's investment professionals, with the advice and assistance of legal counsel when deemed appropriate, also review portfolios for adherence to the applicable investment guidelines of each applicable Client.

Before making Investments, the Adviser will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each Investment. Due diligence will, in certain circumstances, entail evaluation of important and complex business, financial, tax, accounting, environmental, social, governance and legal issues. When conducting due diligence and analyzing an Investment, the Adviser will rely on the resources available to it, including information provided by the seller of the Investment and, in some circumstances, third-party investigations.

In particular, the Adviser typically conducts four types of due diligence on prospective Investments:

- A preliminary review of each opportunity is conducted to screen the attractiveness of each Investment followed by an initial projection based on macro- and micro-economic analyses. Projection assumptions are generally developed from analysis of historical operating performance, discussions with local real estate contacts, and review of published sources.
- The Adviser reviews relevant books and records (such as comparing rent roll to leases for office buildings), confirms cash flow information provided by the seller, and conducts similar types of analysis, in most instances using outside consultants.
- Physical due diligence primarily involves an analysis of environmental and engineering matters through third-party consultants. Conclusions from environmental/engineering reports are incorporated into the financial projection analysis. Additionally, each potential Investment and comparable assets are investigated to assess relative market position, functionality and obsolescence.
- The Adviser works closely with legal counsel to review, diligence and negotiate all applicable legal and property-specific documents pertaining to an Investment (*e.g.*, loan documents, leases, management agreements, purchase contracts, etc.).

The Blackstone Real Estate Group Investment Committee meets weekly to carefully review and challenge investments and dispositions around the world. Discussions are led by the Global Co-Heads of Real Estate. In addition to its Chairman, who is also the President and Chief Operating Officer of Blackstone, the Blackstone Real Estate Group Investment Committee also includes the Chairman and CEO of Blackstone, the Executive Vice Chairman of Blackstone, and all Senior Managing Directors in the Blackstone Real Estate Group. Blackstone manages its Investments through proactive day-to-day asset management, as well as regular global asset reviews and quarterly valuation meetings. Certain significant Investments of the Clients are reviewed and approved by the Blackstone Real Estate Group Investment Committee. Smaller Investments are reviewed by a prescribed subset of the Blackstone Real Estate Group Investment Committee. The Blackstone Real Estate Group Investment Committee utilizes a consensus-based approach to decision making among the members.

In addition to the Blackstone Real Estate Group Investment Committee meetings discussed above, the Adviser's investment committee meets regularly to discuss certain significant potential and pending transactions for the Clients. The Adviser's investment committee discusses the transaction in depth with the transaction team and decides whether to pursue the transaction and on which

terms. In addition to an in-depth discussion of the subject Investment, the investment thesis and investment allocation, deal tactics and syndication strategies, if applicable, will usually be discussed by the Adviser's investment committee and the transaction team. Smaller transactions are reviewed by a prescribed subset of the Adviser's investment committee. The Adviser's investment committee utilizes a consensus-based approach to decision making among its members.

The above is only a summary of the principal investment strategies employed by the Adviser. The material risks associated with these strategies is set forth below.

Risk of Loss

An investment in the Clients entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of an investment therein and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks (some of which may not apply to a particular Client):

1. No established market for potential Investments exists
2. Illiquidity of Investments by the Clients
3. Restrictions on transfers of investor interests under the Organizational Documents or the Securities Act and lack of a public market
4. Restrictions on redemptions and withdrawals with respect to open-ended Clients
5. Financial market fluctuations and the availability of financing
6. Economic, political and social uncertainty in the markets where Clients invest and globally
7. Regional risk; interdependence of markets
8. Changes in legal, fiscal and regulatory regimes
9. Nature of equity or equity-related Investments
10. For non-U.S. Investments, currency fluctuation, exchange controls and political factors
11. Portfolio concentration
12. Investment environment and market risk
13. Market volatility risks, including interest rate fluctuations and inflation
14. Environmental risks and potential liabilities

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15. Risk of loss of entire Investment
 16. Deterioration of property values
 17. Policy risks in emerging markets
 18. Highly competitive nature of real estate investment business
 19. Inability to deploy capital in conjunction with finding suitable Investments
 20. Lender liability risks, including equitable subordination
 21. Leverage risk (including with respect to subscription credit facilities)
 22. Hedging risk
 23. Inability to implement a Client's investment strategy
 24. Service provider process / control
 25. Increase in supply / decrease in demand
 26. Dependence on the Adviser, the Adviser's key personnel, and Portfolio Entity management
 27. Real estate's susceptibility to adverse changes in economic and employment conditions
 28. Valuation matters, including deficiencies in appraisal quality in the investment process (see **Item 10 – “Valuation Matters”** for more information)
 29. Accounting, disclosure and regulatory standards
 30. Contingent liabilities incurred on dispositions or financings of Investments
 31. Limited ability to protect the Client's interest when making non-controlling Investments or Investments with third parties (including joint ventures)
 32. Lack of diversification in Investments
 33. Limited availability of investment opportunities
 34. Operating and financial risks of Portfolio Entities
 35. Reliance on Portfolio Entity management and third parties
 36. Cyber security breaches and identity theft
 37. Risks arising from ERISA including potential control group liability
 38. Litigation risk (including at the property level)

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39. Cross incurrence of indebtedness or guarantees on a several, joint and several or cross-collateralized basis among the Clients and with Other Blackstone Vehicles (please see **Item 10 – “*Cross-Guarantees and Cross-Collateralization*”** for more information)
 40. CFTC registration requirements or maintenance of exemptions therefrom
 41. Enhanced scrutiny and potential regulation of the private investment fund industry and the financial services industry (including Dodd-Frank)
 42. Compliance with pay-to-play laws, regulations and policies
 43. Compliance with U.S. economic and trade sanctions
 44. Compliance with anti-corruption laws and regulations
 45. Compliance with AIFMD and other international law
 46. Compliance with tax law (including FATCA and partnership audit rules)
 47. Counterparty risks due to derivative contracts
 48. Risks of fraud
 49. Delayed construction arising in Investments in new development
 50. Acquisition of sub-performing real estate loans and participations
 51. Risks of distressed securities being subject to workouts, restructurings or bankruptcy
 52. Risks of investing in publicly-traded securities
 53. Risks associated with subordinated debt and real estate investment activities generally
 54. Deficiencies in appraisal quality or third party valuation agent’s review in loan origination or the investment process
 55. Interest rate, credit, reinvestment and general market risks related to Investments in securities
 56. Risks associated with Investments held in REITs
 57. Risks related to structured products, including commercial mortgage-backed securities
 58. Due diligence may not reveal all factors affecting an Investment and may not reveal weaknesses in underlying loans securing such Investments in all circumstances
 59. Nature of mezzanine and other real-estate related debt Investments
 60. Risks specific to construction lending activities

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61. Risks arising from syndicating real estate debt
 62. Investments in commercial mortgage and mezzanine loans that are non-recourse in nature
 63. Investments in collateralized loan obligations with limited recourse liability
 64. Risks arising from mortgage-backed securities
 65. Failure of servicers to effectively service loans
 66. Risks related to rating agencies
 67. Risks related to bridge financings
 68. Sharing and use of “big data” and other information
 69. Future investment techniques and instruments
 70. Terrorist activities
 71. Natural disasters
 72. Availability of insurance against certain catastrophic losses
 73. Risks relating to due diligence of Investments

Prospective Investors are advised to review the applicable Client’s Offering Materials for a more extensive description of the applicable investment strategies and the risks of its investment program.

Stock markets, bond markets and real estate markets fluctuate substantially over time. Performance of any Investment is not guaranteed. As a result, there is a risk of loss of the Investments managed by the Adviser that are out of its control. The Adviser cannot guarantee any level of performance or that the Clients will not experience a substantial or complete loss of their Investment. There is no assurance that the Clients will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The marketability and value of any Investment will depend upon many factors beyond the control of the Adviser. The expenses of the Clients may exceed their income, and an Investor in a Client could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Client if the investor can withstand a total loss of its investment. The past investment performance of the Clients cannot be taken to guarantee future results of the Clients or any of their Investments.

Item 9 – Disciplinary Information

The Adviser does not have any legal, financial or other “disciplinary” events to report. As a registered investment adviser, the Adviser is obligated to disclose any legal disciplinary event that would be material to a Client when evaluating the Adviser’s advisory business or integrity of its management.

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, the Adviser does not believe that any current legal proceeding or claim to which Blackstone is a party would individually or in the aggregate materially affect the Adviser or the Clients’ results of operations, financial position or cash flows.

Certain regulatory, litigation and other similar matters are from time to time disclosed in (i) Blackstone’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the web site of the SEC (www.sec.gov) or Blackstone (<http://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx>), and (ii) materials made available through Blackstone’s online portal related to Investors.

Item 10 – Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

Blackstone has conflicts of interest, or conflicting loyalties, as a result of the numerous activities and relationships of Blackstone, the Adviser, its Clients, the Other Blackstone Vehicles, the Portfolio Entities of Clients and Other Blackstone Vehicles and Affiliates, partners, members, shareholders, officers, directors and employees of the foregoing, some of which are described herein. Not all potential, apparent and actual conflicts of interest are included herein and additional conflicts of interest could arise as a result of new activities, transactions or relationships commenced in the future.

The Adviser will take such actions as may be required by the Organizational Documents of the applicable Clients to handle conflicts.

Performance-Based Compensation. The Adviser's performance-based compensation creates a greater incentive for the Adviser to make more speculative Investments on behalf of a Client or time the purchase or sale of Investments in a manner motivated by the personal interest of Blackstone personnel than if such performance-based compensation did not exist, as the Adviser receives a disproportionate share of profits above the preferred return hurdle. In addition, recently enacted tax reform legislation provides for a lower capital gains tax rate on performance-based compensation from Investments held for at least three years, which can be expected to incentivize the Adviser to hold Investments longer to ensure long-term capital gains treatment or dispose of Investments prior to any change in law that would result in a higher effective income tax rate on performance-based compensation. The amount of the performance-based compensation will be dependent on valuations conducted by the Adviser in the case of certain Clients, which could incentivize the Adviser to value the securities higher than if there were no performance-based compensation. The Adviser can engage third parties to determine the value of securities distributed in-kind or non-marketable securities and rely upon the third-party opinion of value, but there can be no assurance such an opinion will reflect value accurately.

Allocation of Personnel. The Adviser will devote such time to a Client as it determines to be necessary to conduct its business affairs in an appropriate manner. However, Blackstone personnel, including members of the Blackstone Real Estate Group will work on other projects, serve on other committees and source potential Investments for and otherwise assist the investment programs of

Other Blackstone Vehicles and their Portfolio Entities, including other investment programs to be developed in the future. Time spent on these other initiatives diverts attention from the activities of Clients, which could negatively impact the Clients and their Investors. Furthermore, Blackstone and Blackstone personnel derive financial benefit from these other activities, including fees and performance-based compensation. Blackstone personnel outside the Blackstone Real Estate group share in the fees and performance-based compensation from Clients; similarly, the Blackstone Real Estate group personnel share in the fees and performance-based compensation generated by Other Blackstone Vehicles. These and other factors create conflicts of interest in the allocation of time by Blackstone personnel. The Adviser's determination of the amount of time necessary to conduct a Client's activities will be conclusive, and Investors rely on the Adviser's judgment in this regard.

Outside Activities of Principals and Other Personnel and their Related Parties. Certain personnel of Blackstone will, in certain circumstances, be subject to a variety of conflicts of interest relating to their responsibilities to Clients, Other Blackstone Vehicles and their respective Portfolio Entities, and their outside business activities as members of investment or advisory committees or boards of directors of or advisors to investment funds, corporations, foundations or other organizations. Such positions create a conflict if such other entities have interests that are adverse to those of Clients, including if such other entities compete with Clients for investment opportunities or other resources. The Blackstone personnel in question may have a greater financial interest in the performance of the other entities than the performance of a Client. This involvement may create conflicts of interest in making Investments on behalf of a Client and such other funds, accounts and other entities. Although the Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for a Client. Also, Blackstone personnel are generally permitted to invest in alternative investment funds, real estate funds, hedge funds and other Clients, as well as securities of other companies, some of which will be competitors of Clients. Investors will not receive any benefit from any such Investments, and the financial incentives of Blackstone personnel in such other Investments could be greater than their financial incentives in relation to a Client.

Additionally, certain personnel and other professionals of Blackstone have family members or relatives that are actively involved in industries and sectors in which Clients invest or have business, personal, financial or other relationships with companies in such industries and sectors (including the advisors and service providers described above) or other industries, which gives rise to potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors, personnel or owners of issuers or assets which are actual or potential

Investments of Clients or other counterparties of Clients and their Portfolio Entities or assets.

Moreover, in certain instances, a Client or their Portfolio Entities can be expected to purchase or sell assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. In most such circumstances, the Organizational Documents will not preclude a Client from undertaking any of these investment activities or transactions. To the extent Blackstone determines appropriate, conflict mitigation strategies can be expected to be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by the Adviser.

Secondments and Internships. Certain personnel of Blackstone, including Consultants, will, in certain circumstances, be seconded to one or more Portfolio Entities, vendors, service providers and vendors or Investors of Clients and Other Blackstone Vehicles to provide services, including the sourcing of Investments for Clients or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment could be borne by Blackstone or the organization for which the personnel are working or both. In addition, personnel of Portfolio Entities, vendors, service providers (including law firms and accounting firms) and Investors of Clients and Other Blackstone Vehicles will, in certain circumstances, be seconded, or serve internships at, Blackstone and Portfolio Entities of Clients.

Other Benefits. The Adviser, its Affiliates and their personnel and related parties will receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of a Client, which will not offset or reduce Management Fees or otherwise be shared with a Client, its Portfolio Entities or the Investors. For example, airline travel or hotel stays will result in “miles” or “points” or credit in loyalty or status programs, and such benefits will, whether or not *de minimis* or difficult to value, inure exclusively to the benefit of the Adviser, its Affiliates or their personnel or related parties receiving it, even though the cost of the underlying service is borne by a Client as partnership expenses or by its Portfolio Entities. (See also “—Third Party Service Providers, Vendors and Other Counterparties Generally” herein.) Similarly, the Adviser, its Affiliates and their personnel and related parties, and third parties designated by the foregoing, also receive discounts on products and services provided by Portfolio Entities and customers or suppliers of such Portfolio Entities.

Advisors, Consultants and Partners. The Adviser, its Affiliates and their personnel and related parties engage and retain Consultants to provide a variety of services. Similarly, Clients, Other Blackstone Vehicles and their Portfolio Entities retain and pay compensation to Consultants to

provide services, or to undertake a build-up strategy in a particular sector or involving a particular strategy. Any amounts paid by a Client or a Portfolio Entity to Consultants in connection with the above, including performance-based compensation (*e.g.*, promote), retainers and expense reimbursements, will be treated as partnership expenses or expenses of the Portfolio Entity, as the case may be, and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser, be chargeable to the Adviser or deemed paid to or received by the Adviser, or offset or reduce any Management Fees to the Adviser or be subordinated to return of capital. Amounts charged by Consultants will not necessarily be confirmed as being comparable to market rates for such services. Also, Consultants often co-invest alongside a Client in Portfolio Entities and Investments, participate in long-term incentive plans of a Portfolio Entity, and invest directly in a Client or in vehicles controlled by a Client, with reduced or waived Management Fees and performance-based compensation and such co-investment or participation (which generally will result in the Client being allocated a smaller share of an Investment and less co-investment being available to Investors) may or may not be considered part of Blackstone's side-by-side co-investment rights, as determined by the Adviser in its sole discretion. Consultants' benefits described in this paragraph will, in certain circumstances, continue after termination of status as a Consultant.

The time dedication and scope of work of a Consultant varies considerably. In some cases, a Consultant provides the Adviser with industry-specific insights and feedback on investment themes, assists in transaction due diligence, and makes introductions to, and provides reference checks on, management teams. In other cases, Consultants take on more extensive roles, including serving as executives or directors on the boards of Portfolio Entities and contributing to the identification and origination of new investment opportunities. A Client may rely on these Consultants to recommend the Adviser and Client as a preferred investment partner and carry out its investment program, but there is no assurance that any Consultant will continue to be involved with a Client for any length of time. The Adviser and Client can be expected to have formal or informal arrangements with Consultants that may or may not have termination options and may include compensation, no compensation, or deferred compensation until occurrence of a future event, such as commencement of a formal engagement. In certain cases, Consultants have attributes of Blackstone "employees" (*e.g.*, they can be expected to have dedicated offices at Blackstone, receive administrative support from Blackstone personnel, participate in general meetings and events for Blackstone personnel or on Blackstone matters as their primary or sole business activity, have Blackstone-related e-mail addresses or business cards and participate in certain benefit arrangements typically reserved for Blackstone employees), even though they are not Blackstone employees, Affiliates or personnel for purposes of the Organizational Documents

and the Advisory Agreement, and their salary and related expenses are paid by a Client as partnership expenses or by Portfolio Entities without any reduction or offset to Management Fees. Some Consultants work only for a Client and its Portfolio Entities, while other Consultants may have other clients. Consultants could have conflicts of interest between their work for a Client and its Portfolio Entities, on the one hand, and themselves or other clients, on the other hand, and the Adviser is limited in its ability to monitor and mitigate these conflicts.

In addition, a Client will, in certain circumstances, enter into an arrangement from time to time with one or more individuals to undertake a build-up strategy to acquire and develop assets and businesses in a particular sector or involving a particular strategy. The services provided by such individuals or relevant Portfolio Entity, as the case may be, could include origination or sourcing, due diligence, evaluation, negotiation, servicing, development, management and disposition. The individuals or relevant Portfolio Entity could be compensated with a salary and equity incentive plan, including a portion of profits derived from the Client or a Portfolio Entity or asset of the Client, or other long term incentive plans. Compensation could also be based on assets under management or other similar metric. The Client could initially bear the cost of overhead (including rent, utilities, benefits, salary or retainers for the individuals or their affiliated entities) and the sourcing, diligence and analysis of Investments, as well as the compensation for the individuals and entity undertaking the build-up strategy. Such expenses could be borne directly by a Client as partnership expenses (or broken deal expenses, if applicable) or indirectly through expenditures by a Portfolio Entity. None of such Portfolio Entities or Consultants will be treated as Affiliates of the Adviser for purposes of the Organizational Documents and none of the fees, costs or expenses described above will reduce or offset the Management Fee.

Multiple Blackstone Business Lines. Blackstone has multiple business lines, including the Blackstone Capital Markets Group, which Blackstone, Clients, Other Blackstone Vehicles, Portfolio Entities of Clients and Other Blackstone Vehicles and third parties will, in certain circumstances, engage for debt and equity financings and to provide other investment banking, brokerage, investment advisory or other services. As a result of these activities, Blackstone is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than if it had one line of business. Additionally, Blackstone or Other Blackstone Clients can be expected to enter into covenants that restrict or otherwise limit the ability of the Clients or its Portfolio Entities and their affiliates to make investments in, or otherwise engage in, certain businesses or activities. Blackstone personnel who are members of the investment team or investment committee will, in certain circumstances, be excluded from participating in certain investment decisions due to conflicts involving other Blackstone businesses

or for other reasons, in which case the Clients will not benefit from their experience. The Investors will not receive a benefit from any fees earned by Blackstone or its personnel from these other businesses.

Blackstone is under no obligation to decline any engagements or Investments in order to make an investment opportunity available to a Client. Blackstone has long-term relationships with a significant number of corporations and their senior management. The Adviser will consider those relationships when evaluating an investment opportunity, which may result in the Adviser choosing not to make such an Investment due to such relationships (e.g., Investments in a competitor of a client or other person with whom Blackstone has a relationship). A Client will, in certain circumstances, be forced to sell or hold existing Investments as a result of investment banking relationships or other relationships that Blackstone may have or transactions or Investments Blackstone and its Affiliates may make or have made. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to a Client. (See “—Other Blackstone Vehicles; Allocation of Investment Opportunities” and “Portfolio Entity Relationships Generally” herein.)

Also, Blackstone will represent creditors or debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to such filings and will serve as advisor to creditor and equity committees. This involvement, for which Blackstone will from time to time be compensated, could limit or preclude the flexibility that a Client would otherwise have to buy or sell certain real estate related assets, and will, in certain circumstances, require that a Client dispose of an Investment at an inopportune time.

Finally, Blackstone and Other Blackstone Vehicles could acquire investor interests in a Client in the secondary market. Blackstone and Other Blackstone Vehicles would generally have greater information than counterparties in such transactions, and the existence of such business could produce conflicts, including in the valuation of a Client’s Investments.

Minority Investments in Asset Management Firms. Blackstone and Other Blackstone Vehicles, including Blackstone Strategic Capital Holdings and its related parties, make minority Investments in alternative asset management firms. A Client and its Portfolio Entities may from time to time engage in transactions, including with respect to purchase and sale of Investments, with these asset management firms and their sponsored funds and Portfolio Entities. There can be no assurance that the terms of these transactions between parties related to Blackstone, on the one hand, and a Client and its Portfolio Entities, on the other hand, will be at arm’s length or that Blackstone will

not receive a benefit from such transactions, which can be expected to incentivize Blackstone to cause these transactions to occur.

Blackstone Policies and Procedures; Information Walls. Blackstone has implemented policies and procedures to address conflicts that arise as a result of its various activities, as well as regulatory and other legal considerations. Some of these policies and procedures, such as Blackstone’s information wall policy, also have the effect of reducing firm-wide synergies and collaboration that a Client could otherwise expect to utilize for purposes of identifying and managing attractive Investments. Personnel of Blackstone may be unable, for example, to assist with the activities of a Client as a result of these walls. There can be no assurance that additional restrictions won’t be imposed that would further limit the ability of Blackstone to share information internally.

Data. Blackstone receives or obtains various kinds of data and information from Clients, Other Blackstone Vehicles and their Portfolio Entities, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as “big data”. Blackstone can be expected to be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to this data and information from Clients, Other Blackstone Vehicles and their Portfolio Entities. In furtherance of the foregoing, Blackstone has entered and will continue to enter into information sharing and use arrangements, or otherwise engage in information sharing, with Clients and Other Blackstone Vehicles and their Portfolio Entities and related parties, such as service providers. Although Blackstone believes that these activities improve Blackstone’s investment management activities on behalf of Clients and Other Blackstone Vehicles, information obtained from a Client and its Portfolio Entities also provides material benefits to Blackstone, other Clients and Other Blackstone Vehicles without compensation or other benefit accruing to the Client or its Investors. For example, information from a Portfolio Entity owned by a Client can be expected to enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Other Blackstone Vehicles that do not own an interest in the Portfolio Entity, without compensation or benefit to the Client or its Portfolio Entities.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material nonpublic information, Blackstone is generally free to use data and information from a Client’s activities to assist in the pursuit of Blackstone’s various other activities, including to trade for the benefit of Blackstone or

another Client or Other Blackstone Vehicle. Any confidentiality obligations in the Organizational Documents of a Client do not limit Blackstone’s ability to do so. For example, Blackstone’s ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of a Portfolio Entity in the same or related industry. Such trading can be expected to provide a material benefit to Blackstone without compensation or other benefit to the Client or its Investors.

The sharing and use of “big data” and other information presents potential conflicts of interest and the Investors acknowledge and agree that any benefits received by Blackstone will not be subject to the Management Fee offset provisions or otherwise shared with a Client or Investors. As a result, the Adviser has an incentive to pursue Investments that have data and information that can be utilized in a manner that benefits Blackstone or Other Blackstone Vehicles.

Blackstone Strategic Relationships. Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships with Investors (and/or one or more of their Affiliates) that involve an overall relationship with Blackstone that could incorporate one or more strategies in addition to a Client’s strategy (“Strategic Relationships”). A Strategic Relationship often involves an investor agreeing to make a capital commitment to multiple Blackstone funds, one of which may be a Client. Investors will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect in the “most-favored nations” election process any such rights or benefits afforded through a Strategic Relationship. Strategic Relationships will, in certain circumstances, result in fewer co-investment opportunities (or reduced allocations) being made available to Investors. (See also “—Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment”).

Buying and Selling Assets from Certain Related Parties. A Client and its Portfolio Entities will, in certain circumstances, purchase assets from or sell assets to Investors, Portfolio Entities of Other Blackstone Vehicles or their respective related parties. These transactions involve conflicts of interest, as Blackstone can be expected to receive fees and other benefits, directly or indirectly, from or otherwise have interests in both parties to the transaction.

Selling Assets to Other Blackstone Vehicles. Blackstone will have conflicting duties to a Client and Other Blackstone Vehicles when a Client sells assets to Other Blackstone Vehicles, including as a result of different financial incentives Blackstone may have with respect to a Client and such Other Blackstone Vehicles. There can be no assurance that any assets sold by a Client to an Other Blackstone Vehicle will not be valued or allocated a sale price that is lower than might otherwise

have been the case if such asset were sold to a third party rather than to an Other Blackstone Vehicle.

Relationships with Borrowers and/or Issuers. Borrowers and/or issuers are or will be counterparties or participants in agreements, transactions or other arrangements with Portfolio Entities of Other Blackstone Vehicles or other Blackstone Affiliates for the arranging, underwriting, syndication or refinancing of an Investment or other services provided by such Portfolio Entities or other Blackstone Affiliates (including without limitation, loan modification or restructuring services, loan servicing, administrative services, loan/asset management fees, fees for monitoring and oversight of loans, advisory services, property/asset management services, and title insurance services), that, although Blackstone determines to be consistent with the requirements of such Clients' Organizational Documents, would not have otherwise been entered into but for the affiliation with Blackstone, and which involve fees and/or servicing payments to Blackstone-affiliated entities which are not subject to management fee offset provisions. In connection with such relationships, Blackstone will, in certain circumstances, also make referrals and/or introductions to certain borrowers and/or issuers (which can be expected to result in financial incentives (including additional equity ownership) and/or milestones benefitting Blackstone that are tied or related to participation by such borrowers and/or issuers). Clients and their Investors will not share in any fees or economics accruing to Blackstone as a result of these relationships and/or participation by such borrowers and/or issuers.

In addition, it is possible that certain Portfolio Entities of the Other Blackstone Vehicles or companies in which the Other Blackstone Vehicles have an interest will compete with the Clients for one or more investment opportunities.

With respect to transactions or agreements with Portfolio Entities, if unrelated officers of a Portfolio Entities have not yet been appointed, Blackstone can be expected to be negotiating and executing agreements between Blackstone and/or the Clients on the one hand, and the Portfolio Entities or its Affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Blackstone may use to mitigate such conflicts is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Blackstone's Relationship with Pátria. Blackstone owns 40% of the equity interests in Pátria Investimentos Ltd. ("Pátria"), a leading Brazilian alternative asset manager and advisory firm. Pátria's alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short

equity fund). Each of Blackstone's and Pátria's respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. While it is not expected that there will be material overlap between a Client's investment program and Pátria's investment activities, there may be instances in which investment opportunities otherwise appropriate for a Client will be shared with (or allocated to) Pátria. A Client and Pátria sponsored investment funds (and therefore Blackstone through its indirect minority interest in Pátria) will, in certain circumstances, have conflicting interests (e.g., over the terms of their respective Investments). Pátria is not considered an "Affiliate" of Blackstone under the Organizational Documents of Clients.

Other Blackstone Vehicles; Allocation of Investment Opportunities. Blackstone invests its own capital and third-party capital on behalf of Other Blackstone Vehicles and Clients in a wide variety of investment opportunities throughout the world. Not every opportunity suitable for a Client will be allocated to it in whole or in part. Certain exceptions exist that allow specified types of investment opportunities that fall within a Client's investment objectives or strategy to be allocated in whole or in part to Blackstone itself or Other Blackstone Vehicles, such as strategic Investments made by Blackstone itself (whether in financial institutions or otherwise) and the exception for other Clients and Other Blackstone Vehicles that have investment objectives or guidelines similar to or overlapping with those of a Client. It is expected that some activities of Blackstone, other Clients, the Other Blackstone Vehicles and their Portfolio Entities will compete with a Client and its Portfolio Entities for one or more investment opportunities that are consistent with a Client's investment objectives, and as a result such investment opportunities may only be available on a limited basis, or not at all, to a Client. The Adviser has conflicting loyalties in determining whether an investment opportunity should be allocated to one or more Clients, Blackstone or an Other Blackstone Vehicle. Blackstone has adopted guidelines and policies, which it can be expected to update from time to time, regarding allocation of investment opportunities.

- **Overlapping Objectives and Strategies:** In circumstances in which any Other Blackstone Vehicles have investment objectives or guidelines that overlap with those of a Client, in whole or in part, Blackstone generally determines the relative allocation of investment opportunities among such vehicles on a fair and reasonable basis in good faith according to guidelines and factors determined by it. However, the application of those guidelines and factors will, in certain circumstances, result in a Client not participating, or not participating to the same extent, in investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines. The Adviser could also determine not to pursue opportunities as discussed

below in “Certain Investments inside a Client’s Mandate that are not Pursued by a Client”. In addition, as part of the BREDS program, the Clients regularly invest in real estate related debt Investments alongside certain Other Blackstone Vehicles that are part of the BREDS program and other vehicles focusing on real estate related debt Investments (e.g., BREDS liquid funds). Among the factors that the Adviser considers in making investment allocations among Clients and Other Blackstone Vehicles are the following: (i) any applicable investment objectives, parameters, limitations and other contractual provisions relating to a Client and such Other Blackstone Vehicles, (ii) available capital of a Client and such Other Blackstone Vehicles, (iii) legal, tax, accounting, regulatory and other considerations, (iv) primary and permitted investment strategies, focuses, guidelines, liquidity positions and requirements, and objectives of a Client and the Other Blackstone Vehicles, including, without limitation, with respect to Other Blackstone Vehicles that expect to invest in or alongside other funds or across asset classes based on expected return, (v) sourcing of the Investment, (vi) the sector and geography/location of the Investment, (vii) the specific nature (including size, type, amount, liquidity, holding period, remaining investment periods, anticipated maturity and minimum investment criteria) of the Investment, (viii) expected investment return, (ix) risk profile of the Investment, (x) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows), (xi) capital expenditure required as part of the Investment, (xii) portfolio diversification and concentration concerns (including, but not limited to, (A) allocations necessary for the Clients or Other Blackstone Vehicles to maintain a particular concentration in a certain type of investment (e.g., if an Other Blackstone Vehicle follows a liquid strategy pursuant to which it sells a type of investment more or less frequently than the Clients and the Clients or such Other Blackstone Vehicle needs a non pro rata additional allocation to maintain a particular concentration in that type of investment) and (B) whether a particular fund already has its desired exposure to the Investment, sector, industry, geographic region or markets in question), (xiii) relation to existing Investments in a fund, if applicable (e.g., “follow on” to existing Investment, joint venture or other partner to existing Investment, or same security as existing Investment), (xiv) avoiding allocation that could result in de minimis or odd lot Investments, (xv) redemption or withdrawal requests from a client, fund and/or vehicle and anticipated future contributions into an account, (xvi) ability to employ leverage and expected or underwritten leverage on the investment, (xvii) the ability of a client, fund and or/vehicle to employ leverage, hedging, derivatives, or other similar strategies in connection with acquiring, holding or disposing of the particular investment opportunity, and any requirements or other terms of any existing leverage facilities, (xviii) the credit and default profile of an investment or borrower, (xix) the extent

of involvement of the respective teams of the investment professionals dedicated to the Clients and Other Blackstone Vehicles, (xix) the likelihood/immediacy of foreclosure or conversion to an equity or control opportunity (xxi) with respect to investments that are made available to Blackstone by counterparties pursuant to negotiated trading platforms (e.g., ISDA contracts), the absence of such relationships which may not be available for all clients, (xxii) contractual obligations, (xxiii) co-investment arrangements, (xxiv) potential path to ownership, (xxv) the relative stage of the Clients' and such Other Blackstone Vehicle's investment periods (e.g., early in a vehicle's investment period, the Sponsor may over-allocate investments to such vehicle), and (xxvi) other considerations deemed relevant by the Adviser in good faith.

- Investments Outside of a Client's Mandate: Investment opportunities that the Adviser makes a good faith determination are not expected to yield a Client's targeted return profile or are otherwise inappropriate for a Client given considerations described in Organizational Documents or as otherwise determined by the Adviser, will generally not be allocated to a Client.
- Certain Investments Inside a Client's Mandate that are not Pursued by a Client: Under certain circumstances, Blackstone can be expected to determine not to pursue some or all of an investment opportunity within a Client's mandate, including without limitation, as a result of business, reputational or other reasons applicable to Clients, Other Blackstone Vehicles, their respective Portfolio Entities or Blackstone. In addition, the Adviser will, in certain circumstances, determine that a Client should not pursue some or all of an investment opportunity, including, by way of example and without limitation, because a Client has already invested sufficient capital in the Investment, sector, industry, geographic region or markets in question, as determined by the Adviser in its good faith discretion, or the Investment is not appropriate for a Client for other reasons as determined by the Adviser in its good faith reasonable sole discretion. There can be no assurance that the Adviser's assessment will prove correct or that the performance of any Investments actually pursued by a Client will be comparable to any Investment opportunities that are not pursued by a Client. Blackstone, including its personnel, will, in certain circumstances, receive compensation from any such party that makes the Investment, including an allocation of performance-based compensation or referral fees, and any such compensation could be greater than amounts paid by a Client to the Adviser. In some cases, Blackstone earns greater fees when Clients or Other Blackstone Vehicles participate alongside or instead of a particular Client in an Investment.

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- Financial Compensation to Allocate Investment Opportunities to Other Blackstone Vehicles: When the Adviser determines not to pursue some or all of an investment opportunity for a Client that would otherwise be within the Client’s objectives and strategies, and Blackstone provides the opportunity or offers the opportunity to other Clients or Other Blackstone Vehicles, Blackstone, including its personnel (including real estate personnel), can be expected to receive compensation from the other Clients or Other Blackstone Vehicles, whether or not in respect of a particular Investment, including in some cases an allocation of performance-based compensation or referral fees, and any such compensation could be greater than amounts paid by a Client to the Adviser. As a result, the Adviser (including real estate personnel who receive such compensation) could be incentivized to allocate investment opportunities away from a Client to or source investment opportunities for other Clients and Other Blackstone Vehicles. In addition, in some cases Blackstone can be expected to earn greater fees when Clients and Other Blackstone Vehicles participate alongside or instead of a particular Client in an Investment.
 - Basis for Investment Allocation Determinations: The Adviser makes good faith determinations for allocation decisions based on expectations that will, in certain circumstances, prove inaccurate. Information unavailable to the Adviser, or circumstances not foreseen by the Adviser at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that the Adviser determines to be consistent with the return objectives of an opportunistic “control-oriented” fund rather than a particular Client may not match the Adviser’s expectations and underwriting and generate an actual return that would have been appropriate for the Client. Conversely, an Investment that the Adviser expects to be consistent with a Client’s return objectives will, in certain circumstances, fail to achieve them.
 - Investment alongside Other Blackstone Vehicles: A Client will also invest alongside Other Blackstone Vehicles (including other vehicles in which Blackstone or its personnel invest) in Investments that are suitable for one or more Other Blackstone Vehicles. To the extent a Client jointly holds securities with any Other Blackstone Vehicle that has a different expected duration or liquidity terms, conflicts of interest will arise between the Client and such Other Blackstone Vehicle with respect to the timing and manner of disposition of opportunities. In order to mitigate any such conflicts of interest, Blackstone will, in certain circumstances, recuse itself from participating in any decisions relating or with respect to the Investment by Other Blackstone Vehicle. If the Other Blackstone Vehicle maintains voting rights with respect to the securities it holds, or if a Client does not recuse itself,

Blackstone will, in certain circumstances, be required to take action where it will have conflicting loyalties between its duties to Clients and Other Blackstone Vehicles, which may adversely impact a Client. (See also “—Other Blackstone Vehicles; Allocation of Investment Opportunities” herein). In certain instances, a Client and the applicable Other Blackstone Vehicles will, in certain circumstances, dispose of any such shared Investment at different times and on different terms.

From time to time, investment opportunities that are appropriate for a Client may not be allocated to the Client in whole or in part, and Other Blackstone Vehicles, will from time to time make or receive priority allocations of certain Investments that are appropriate for a Client and will from time to time participate in Investments alongside a Client.

PJT. On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT, an independent financial advisory firm founded by Paul J. Taubman. While the combined business operates independently from Blackstone and is not an affiliate thereof, it is expected that there will be substantial overlapping ownership between Blackstone and PJT for a considerable period of time going forward. Therefore, conflicts of interest will arise in connection with transactions between or involving the Partnership and its Portfolio Entities, on the one hand, and PJT, on the other. The pre-existing relationship between Blackstone and its former personnel involved in financial and strategic advisory services at PJT, the overlapping ownership and co-investment and other continuing arrangements between PJT and Blackstone can be expected to influence the Sponsor to select or recommend PJT to perform services for the Partnership or its Portfolio Entities, the cost of which will generally be borne directly or indirectly by the Partnership and Limited Partners. Given that PJT is no longer an affiliate of Blackstone, the Sponsor and its affiliates will be free to cause the Partnership and Portfolio Entities to transact with PJT generally without restriction under the Partnership Agreement, notwithstanding the relationship between Blackstone and PJT. (See also “—Third Party Service Providers, Vendors and Other Counterparties Generally” herein.)

Allocation of Portfolios. Blackstone will, in certain circumstances, have an opportunity to acquire a portfolio or pool of assets, securities and instruments that it determines should be divided and allocated among Clients and Other Blackstone Vehicles. Such allocations generally would be based on Blackstone’s assessment of the expected returns and risk profile of each of the assets. The combined purchase price paid to a seller would be allocated among the multiple assets, securities and instruments in the pool and therefore among the Clients and Other Blackstone

Vehicles acquiring any of the assets, securities and instruments. Similarly, there will likely be circumstances in which the Clients and Other Blackstone Vehicles will sell assets in a single or related transactions to a buyer. Blackstone will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third party valuation reports. Regardless of the methodology for allocating value, Blackstone will have conflicting duties to Clients and Other Blackstone Vehicles when they buy or sell assets together in a portfolio. There can be no assurance that an Investment of a Client will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such Investment were acquired or sold independently rather than as a component of a portfolio shared with other Clients and Other Blackstone Vehicles.

Loan Refinancings; Investments in Portfolio Entities. Clients have and expect to continue to participate in investments relating to the refinancing of loan investments or portfolios held by other Clients and Other Blackstone Vehicles and their Portfolio Entities, including primary or secondary issuances of loans or other interests by such Portfolio Entities. While it is expected that the participation of the Clients in connection with any such transactions will be on market rates, such transactions may involve the partial or complete payoff of such loans (with related proceeds being received by the applicable Other Blackstone Vehicles) or otherwise result in restructurings of terms and pricing relating to such existing loans with the borrowers thereof in respect of which such other Clients and Other Blackstone Vehicles may receive refinancing proceeds or a retained interest in such loans in accordance with such restructuring arrangements, which will generally give rise to potential or actual conflicts of interest, which could adversely impact Clients.

Investments in Which Other Blackstone Vehicles Have a Different Principal Investment Generally. A Client will, in certain circumstances, hold an interest in a Portfolio Entity that is different (including with respect to relative seniority) than the interests held by other Clients or Other Blackstone Vehicles. In these situations, conflicts of interest will arise. In order to mitigate any such conflicts of interest, a Client may recuse itself from participating in any decisions relating or with respect to such Investment by a Client or the applicable Investments by other Clients or Other Blackstone Vehicles, or by establishing groups separated by information barriers (which can be expected to be temporary and limited purpose in nature) within Blackstone to act on behalf of each of the clients. Despite these, and any of the other actions described below that Blackstone can be expected to take to mitigate the conflict, Blackstone will, in certain circumstances, be required to take action when it will have conflicting loyalties between its duties to a Client and such other Clients and Other Blackstone Vehicles, which will, in certain circumstances, adversely impact the Client. If a Client recuses itself from decision-making, it will generally rely upon a third party to

make the decisions, and the third party could have conflicts or otherwise make decisions that Blackstone would not have made.

Clients and/or the Other Blackstone Vehicles are expected to make and/or hold Investments at different levels of an issuer's capital structure, which will, in certain circumstances, include a Client making one or more Investments directly or indirectly relating to Portfolio Entities of Other Blackstone Vehicles and vice versa. Other Blackstone Vehicles may also participate in a separate tranche of a financing with respect to an issuer/borrower in which a Client has an interest or otherwise in different classes of such issuer's securities. Such Investments inherently give rise to conflicts of interest between or among the various classes of securities that may be held by such entities. In addition, in connection with any shared Investments in which a Client participates alongside any such Other Blackstone Vehicles, the Adviser can be expected to, from time to time grant absolutely and/or share with such Other Blackstone Vehicles certain rights relating to such shared Investments for legal, tax, regulatory or other reasons, including in certain instances certain control- and/or foreclosure-related rights with respect to such shared Investments and/or otherwise agree to implement certain procedures to ameliorate conflicts of interest which can be expected to in certain circumstances involve maintaining a non-controlling interest in any such investment and a forbearance of rights relating to a Client (e.g., following the vote of other third party lenders generally (or otherwise recusing itself with respect to decisions, including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities), subject to certain limitations. While it is expected that the participation of the Client in connection with any such investments and transactions will be negotiated by third parties at market prices, such investments and transactions will give rise to potential or actual conflicts of interest. There can be no assurance that any conflict will be resolved in favor of the Client.

In addition, a Client will likely invest in debt securities and other obligations relating to Portfolio Entities of Other Blackstone Vehicles, and it is possible that in a bankruptcy proceeding a Client's interest will, in certain circumstances, be subordinated or otherwise adversely affected by virtue of such Other Blackstone Vehicles' involvement and actions relating to its Investment. In connection with negotiating loans and bank financings in respect of Blackstone-sponsored real estate related transactions, from time to time Blackstone will obtain the right to participate on its own behalf (or on behalf of the BREDS Funds) in a portion of the financings with respect to such Blackstone sponsored real estate related transactions on an agreed upon set of terms. Because of the affiliation with Blackstone, the Adviser can be expected to have a greater incentive to invest in Blackstone-sponsored financings (as compared to real estate related financings sponsored by other real estate firms or financial sponsors).

To the extent a Client holds an interest in a loan or security that is different (including with respect to its relative seniority) than those held by such Other Blackstone Vehicles (and vice versa), such Client will generally have limited or, in certain instances, no rights to participate in the decision-making with respect to the rights and actions available to the holders of the same or similar class of loan or security held by the Client. To the extent a Client makes or has an Investment in, or, through the purchase of debt obligations becomes a lender to, a company in which an Other Blackstone Vehicle has a debt or equity Investment, or if an Other Blackstone Vehicle participates in a separate tranche of a financing with respect to a Portfolio Entity, Blackstone will generally have conflicting loyalties between its duties to a Client and to such Other Blackstone Vehicles. Moreover, Clients will generally “follow the vote” of other similarly situated third party creditors (if any) in voting and governance matters where conflicts of interest exist and will have a limited ability to separately protect its Investment and will be dependent upon such third parties’ actions.

Conflicting Duties to Other Real Estate-Related Funds and Vehicles. Blackstone will likely structure certain Investments as a result of which one or more Other Blackstone Vehicles are offered the opportunity to participate in the same or a separate debt tranche of an Investment allocated to a particular Client (and vice versa). As investment adviser to both the Clients and such Other Blackstone Vehicles, Blackstone owes a duty to such Other Blackstone Vehicles as well as to the Client. For example, if the Client held a “mezzanine” interest in a Portfolio Entity and one or more of such other funds or vehicles were to own the mortgage debt or other debt instruments relating to such Portfolio Entity, Blackstone will face a conflict of interest in respect of the advice it gives to, or the decisions made with regard to, the Client and such other funds and/or vehicles (e.g., with respect to the terms of such senior mortgage debt or other instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies, among other matters). (See “Other Fees Payable to the Adviser and its Affiliates” in **Item 5** above.)

Similarly, certain Other Blackstone Vehicles can be expected to invest in securities of publicly traded companies that are actual or potential Investments of a particular Client or its Portfolio Entities. The trading activities of Other Blackstone Vehicles can be expected to differ from or be inconsistent with activities that are undertaken for the account of a particular Client or its Portfolio Entities in any such securities. In addition, a Client will, in certain circumstances, not pursue an Investment in a Portfolio Entity otherwise within the investment mandate of a Client as a result of such trading activities by Other Blackstone Vehicles.

Possible Exclusion. The General Partner of a Client will, in certain circumstances, determine that it is appropriate to initially exclude (in whole or in part) one or more Investors (or categories of

Investors) of the Client from a particular Investment (or category of Investments, such as U.S. loan originations) due to particular tax concerns related thereto or for other regulatory, accounting or legal reasons, in which case non-excluded Investors of the Client will be allocated a greater proportionate interest in such Investment (which can be expected to increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such Investment or category of Investments). Subject to the goal of maximizing overall returns for the Investors, the General Partners will generally seek to mitigate the circumstances giving rise to such exclusion. In that regard, if a General Partner later determines that it is no longer necessary for such Investors to be excluded from such Investment (including, because the tax, regulatory or legal situation has changed or is no longer in effect), the General Partner may require or permit the previously excluded Investors to participate in the Investment, including through the participation thereby in an alternative investment structure or the acquisition of a portion of the Investment from Blackstone. However, Blackstone would have no right and would be under no obligation to sell a portion of the Investment to the Client, and the Client would have no right and would be under no obligation to acquire a portion of the Investment. Any later purchase of an Investment from Blackstone would be at the fair market value of the Investment at the time of the later purchase. Therefore Investors who were initially excluded from the Investment can be expected to participate in the Investment on different terms (and may not get the benefit of any income from the Investment prior to their participation, including any origination fees generated by the Investment).

Providing Debt Financings in connection with Acquisitions by Third Parties of Assets Owned by Other Blackstone Vehicles. Clients will likely provide financing as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an Investment in the underlying assets of) a Portfolio Entity owned by one or more other Clients or Other Blackstone Vehicles. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such Investments. The Clients will likely make Investments and provide debt financing with respect to Portfolio Entities in which other Clients and Other Blackstone Vehicles and/or Affiliates hold or propose to acquire an interest. While the terms and conditions of any such debt commitments and related arrangements will generally be based on market terms, the involvement of the other Clients or Other Blackstone Vehicles or Affiliates in such transactions will, in certain circumstances, affect credit decisions and the terms of such transactions or arrangements or otherwise influence Blackstone's decisions with respect to the management of the Clients and Other Blackstone Vehicles and their Portfolio Entities, which will give rise to potential or actual conflicts of interest and which will, in certain circumstances, adversely impact a particular Client.

Co-Investment. A Client will co-invest with Blackstone, Investors, other Clients, Other Blackstone Vehicles and their Investors, and other parties with whom Blackstone has a material relationship. The allocation of co-investment opportunities is entirely and solely in the discretion of Blackstone, and it is expected that many Investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will, in certain circumstances, receive a smaller amount of co-investment opportunities than the amount requested. Furthermore, co-investment offered by Blackstone will be on such terms and conditions (including with respect to Management Fees, performance-based compensation and related arrangements and/or other fees applicable to co-investors) as Blackstone determines to be appropriate in its sole discretion on a case-by-case basis, which can be expected to differ amongst co-investors with respect to the same co-investment. A Client and co-investors will often have different investment objectives and limitations, such as return objectives and maximum hold period. Blackstone, as a result of the foregoing, will have conflicting incentives in making decisions with respect to such opportunities. Even if a Client and any such parties invest in the same securities on similar terms, conflicts of interest will still arise as a result of differing investment profiles of the Investors, among other items.

- General Co-Investment Considerations: There are expected to be circumstances where an amount that would have otherwise been invested by a Client is instead allocated to co-investors (who may or may not be Investors of Clients or Other Blackstone Vehicles) or supplemental capital vehicles, and there is no guarantee that any Investor will be offered any particular co-investment opportunity. The Adviser will take into account various facts and circumstances deemed relevant by the Adviser in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the Adviser's assessment of a potential co-investor's ability to invest an amount of capital that fits the needs of the Investment (taking into account the amount of capital needed as well as the maximum number of Investors that can realistically participate in the transaction) and the Adviser's assessment of a potential co-investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction. Additional considerations can be expected to also include, among others and without limitation, the size of a potential co-investor's commitments to Clients and Other Blackstone Vehicles; whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone; whether a potential co-investor has committed to a Client or Other Blackstone Vehicle; the size of the potential co-investor's interest to be held in the underlying Portfolio Entity as a result of a Client's Investment (which is likely to be based on the size of the potential co-

investor’s capital commitment or investment in a Client); whether the potential co-investor has demonstrated a long-term or continuing commitment to the potential success of Blackstone, the Clients or Other Blackstone Vehicles (including whether a potential co-investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to Clients or Other Blackstone Vehicles and their Portfolio Entities, or whether the co-investor has significant capital under management by Blackstone or intends to increase such amount); whether the potential co-investor has an overall strategic relationship with Blackstone that provides it with more favorable rights with respect to co-investment opportunities; whether the co-investor is considered “strategic” to the Investment because it is able to offer certain benefits, including, but not limited to, the ability to help consummate the Investment, the ability to aid in operating or monitoring the Portfolio Entity or the possession of certain expertise; the transparency and predictability of the potential co-investor’s investment process; whether Blackstone has previously expressed a general intention to seek to offer co-investment opportunities to such potential co-investor; the familiarity Blackstone has with the personnel and professionals of the Investor in working together in investment contexts; the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others; the ability of a potential co-investor to invest in potential follow-on acquisitions for the Portfolio Entity or participate in defensive Investments; the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the Investor would be willing to defer to Blackstone and assume a more passive role in governing the Portfolio Entity); any interests a potential co-investor may have in any competitors of the underlying Portfolio Entity; the tax profile of the potential co-investor and the tax characteristics of the Investment (including whether or not the potential co-investor would require particular structuring implementation or covenants that would not otherwise be required but for its participation or whether such co-investor’s participation is beneficial to the overall structuring of the Investment); whether a potential co-investor’s participation in the transaction would subject a Client or any of its Portfolio Entities to additional regulatory requirements, review or scrutiny, including any necessary governmental approvals required to consummate the Investment; the potential co-investor’s relationship with the potential management team of the Portfolio Entity; whether the potential co-investor has any existing positions in the Portfolio Entity (whether in the same security in which a Client is investing or otherwise); whether there is any evidence to suggest that there is a heightened risk with respect to the potential co-investor maintaining confidentiality; whether the potential co-investor has any known investment policies and restrictions,

guideline limitations or investment objectives that are relevant to the transaction, including the need for distributions; whether the expected holding period and risk-return profile of the Investment is consistent with the stated goals of the Investor; and such other factors that Blackstone may in good faith deem relevant and appropriate to consider in the circumstances. Blackstone can be expected to establish vehicles for one or more Investors (including third party Investors and Investors in a Client) in order to co-invest alongside a Client in one or more future Investments. The existence of these vehicles could reduce the opportunity for other Investors to receive allocations of co-investment. Also, Blackstone will, in certain circumstances, agree with Investors (including Investors, Strategic Relationships and third party Investors) to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to discounts or rebates of performance-based compensation or Management Fees. To the extent any such arrangements are entered into, they can be expected to result in fewer co-investment opportunities being made available to the Investors. In addition, the allocation of Investments to Other Blackstone Vehicles, including as described under “—Other Blackstone Vehicles; Allocation of Investment Opportunities” herein, can be expected to result in fewer co-investment opportunities (or reduced allocations) being made available to Investors.

- Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment: The Adviser and its Affiliates will in certain circumstances be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall strategic relationship with Blackstone) opportunities to co-invest in priority or on more favorable terms than other potential co-investors due to the amount of performance-based compensation or Management Fees paid by the co-investor receiving the priority allocation or better terms (as well as any additional discounts or rebates avoided by allocating co-investments to such co-investor) or other aspects of such co-investor’s relationship with Blackstone. The Management Fees, performance-based compensation and other fees received by Blackstone from and the amount of expenses charged to a Client can be expected to be less or more than such amounts paid by or charged to co-investors pursuant to the terms of such vehicles’ partnership agreements and other agreements with co-investors, and such variation in the amount of fees and expenses can be expected to create an economic incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a particular person. In addition, other terms of existing and future co-investors may differ materially, and in some instances will, in certain circumstances, be more favorable to Blackstone, than the terms of a Client, and such

different terms can be expected to create an incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a Client or such co-investor, as the case may be. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that any investment opportunities that would have otherwise been offered to a Client or Investors through co-investment will be made available. Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral, sourcing or sharing of investment opportunities. Blackstone will, in certain circumstances, pay Management Fees and performance-based compensation in connection with such arrangements. Blackstone will, in certain circumstances, also provide for or receive reimbursement of certain expenses incurred or received in connection with these arrangements, including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses. The amount of these rebates can be expected to relate to allocations of co-investment opportunities and increase if certain co-investment allocations are not made. While it is possible that a Client will, along with Blackstone itself, benefit from the existence of those arrangements and relationships, it is also possible that investment opportunities that would otherwise be presented to or made by a Client would instead be referred (in whole or in part) to such third party.

Liability Arising From Transactions Entered into Alongside Other Blackstone Vehicles.

Participating in Investments alongside Clients and Other Blackstone Vehicles will subject a particular Client to a number of risks and conflicts. At times, a transaction counterparty will, in certain circumstances, require facing only one fund entity, which can be expected to result in (i) if a Client is a direct counterparty to a transaction, a Client being solely liable with respect to its own share as well as other Clients and Other Blackstone Vehicles' shares of any applicable obligations, or (ii) if a Client is not the direct counterparty, a Client having a contribution obligation to the relevant other Clients and Other Blackstone Vehicles. Alternatively, a counterparty may agree to face multiple funds, which could result in a Client being jointly and severally liable alongside other Clients and Other Blackstone Vehicles for the full amount of the applicable obligations. In cases in which a Client could be responsible for the liability of another Client or Other Blackstone Vehicle, or *vice versa*, the applicable parties would generally enter into a back-to-back or other similar contribution or reimbursement agreement. Likewise, for certain Investment-related hedging transactions, it can be expected to be advantageous for counterparties to trade solely with a Client (or the relevant parallel fund). For these transactions, it is anticipated that a Client (or the relevant parallel fund) would then enter into back-to-back trade confirmations or other similar

arrangements with the relevant parallel fund or Other Blackstone Vehicles. The party owing under such an arrangement may not have resources to pay its liability, however, in which case the other party will bear more than its *pro rata* share of the relevant loss. It is not expected that a Client or Other Blackstone Vehicles will be compensated for agreeing to be primarily liable vis-à-vis a third party counterparty. Moreover, in connection with the divestment of all or part of a Portfolio Entity (e.g., an initial public offering), Blackstone will seek to track the ownership interests, liabilities and obligations of a Client and any Other Blackstone Vehicles owning an interest in the Portfolio Entity comprising such operating business, but it is possible that a Client and applicable Other Blackstone Vehicles will, in certain circumstances, incur shared, disproportionate or crossed liabilities. Furthermore, depending on various factors including the relative assets, expiration dates, investment objectives and return profiles of each Client and such Other Blackstone Vehicles, it is possible that one or more of them will have greater exposure to legal claims and that they will have conflicting goals with respect to the price, timing and manner of disposition opportunities.

Broken Deal Expenses. The Adviser is not required to and in most circumstances will not seek reimbursement of broken deal expenses (*i.e.*, expenses incurred in pursuit of an Investment that is not consummated) from third parties, including counterparts to the potential transaction or potential co-investors. Examples of such broken deal expenses include, but are not limited to, reverse termination fees, extraordinary expenses such as litigation costs and judgments, travel and entertainment expenses incurred, and legal, accounting, tax and other due diligence and pursuit costs and expenses). Any such broken deal expenses could, in the sole discretion of the Adviser, be allocated solely to a Client and not to other Clients or Other Blackstone Vehicles or co-investors that could have made the Investment, even when the other Client or Other Blackstone Vehicle or co-investor commonly invests alongside the Client in its Investments or Blackstone or other Clients or Other Blackstone Vehicles in their Investments. In such cases a Client's shares of expenses would increase. In the event broken deal expenses are allocated to another Client or Other Blackstone Vehicle or a co-investor, the Adviser or Client will, in certain circumstances, advance such fees and expenses without charging interest until paid by the other Client or Other Blackstone Vehicle or co-investor, as applicable.

Other Blackstone Business Activities. Blackstone, Clients, Other Blackstone Vehicles, their Portfolio Entities, and personnel and related parties of the foregoing will receive fees and compensation, including performance-based and other incentive fees, for products and services provided to a Client and its Portfolio Entities, such as fees for asset, development and property management; arranging, underwriting, syndication or refinancing of a loan or Investment; loan servicing; special servicing; administrative services; advisory services on purchase or sale of an

asset or company; investment banking services; placement agent services; fund administration; internal legal and tax planning services; information technology products and services; fees for monitoring and oversight of loans and/or title insurance provided to Portfolio Entities and/or third parties; and other products and services. Such parties will also provide products and services for fees to Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their personnel and related parties, as well as third parties. Through its Innovations group, Blackstone incubates businesses that can be expected to provide goods and services to Clients and Other Blackstone Vehicles and their Portfolio Entities, as well as other Blackstone related parties and third parties. By contracting for a product or service from a business related to Blackstone, a Client and its Portfolio Entities would provide not only current income to the business and its stakeholders, but could also create significant enterprise value in them, which would not be shared with a Client or Investors and could benefit Blackstone directly and indirectly. Also, Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their personnel and related parties will, in certain circumstances, receive compensation or other benefits, such as through additional ownership interests or otherwise, directly related to the consumption of products and services by a Client and its Portfolio Entities. A Client and its Portfolio Entities will incur expense in negotiating for any such fees and services, which will be treated as partnership expenses. Finally, Blackstone and its personnel and related parties will, in certain circumstances, also receive compensation for origination expenses and with respect to unconsummated transactions.

A Client will, as determined by the Adviser, bear the cost of fund administration, in-house legal, tax planning and other related services provided by Blackstone personnel and related parties to a Client and its Portfolio Entities, including the allocation of their compensation and related overhead otherwise payable by Blackstone, or pay for their services at market rates. Such allocations or charges can be based on any of the following methodologies: (i) requiring personnel to periodically record or allocate their historical time spent with respect to a Client or Blackstone approximating the proportion of certain personnel's time spent with respect a Client, and in each case allocating their compensation and allocable overhead based on time spent, or charging their time spent at market rates, (ii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and a market rate for such services or (iii) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Certain Blackstone personnel will provide services to few, or only one, of the Clients and Other Blackstone Vehicles, in which case Blackstone could rely upon rough approximations of time spent by the employee for purposes of allocating the salary and overhead of the person if the market rate for services is clearly higher than allocable salary and overhead. However, any methodology (including the choice thereof)

involves inherent conflicts and will, in certain circumstances, result in incurrence of greater expenses by a Client and its Portfolio Entities than would be the case if such services were provided by third parties.

The Adviser, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their Affiliates, personnel and related parties could continue to receive fees, including performance-based or incentive fees, for the services described in the preceding paragraphs with respect to Investments sold by a Client or its Portfolio Entity to a third party buyer after the sale is consummated. Such post-disposition involvement will give rise to potential or actual conflicts of interest, particularly in the sale process. Moreover, the Adviser, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their Affiliates, personnel and related parties may acquire a stake in the relevant asset as part of the overall service relationship, at the time of the sale or thereafter.

Clients and Investors will not receive the benefit (*e.g.*, through an offset to the Management Fee or otherwise) of any fees or other compensation or benefit received by the Adviser, its Affiliates or their personnel and related parties (see also “—Portfolio Entity Service Providers and Vendors” herein). The Adviser and its Affiliates and their personnel and related parties will receive fees attributable to Clients, Other Blackstone Vehicles (including co-Clients) and third parties and, without limiting the generality of the foregoing, the amount of such fees allocable to Clients and Other Blackstone Vehicles (including co-investors) will not result in an offset of the Management Fees payable by Investors in a Client or otherwise be shared with a Client, its Portfolio Entities or the Investors, even if (i) such other Clients or Other Blackstone Vehicles (including co-investors) provide for lower or no Management Fees for the Investors or participants therein (such as the vehicles established in connection with Blackstone’s side-by-side co-investment rights, which generally do not pay a Management Fee or performance-based compensation) or (ii) such fees result in an offset to Management Fees or performance-based compensation payable by any of such other Clients or Other Blackstone Vehicles (including co-investors). As noted in “Co-Investments” above, this creates an incentive for Blackstone to offer co-investment opportunities and can be expected to result in other fees being received more frequently (or exclusively) with Investments that involve co-investment.

Securities and Lending Activities. Blackstone, its Affiliates and their related parties and personnel participate in underwriting and lending syndicates and otherwise act as arrangers of financing, including with respect to the public offering and private placement of debt or equity securities issued by, and loan proceeds borrowed by, a Client and its Portfolio Entities. Underwritings and financings can be on a firm commitment basis or on an uncommitted, or “best efforts”, basis, and

the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. Blackstone can be expected to also provide placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by Portfolio Entities of Clients and Other Blackstone Vehicles. A Blackstone broker-dealer will from time to time act as the managing underwriter, a member of the underwriting syndicate or broker for a Client or its Portfolio Entities, or as dealer, broker or advisor to a counterparty to a Client or a Portfolio Entity, and purchase securities from or sell securities to a Client, Other Blackstone Vehicles or Portfolio Entities of a Client or Other Blackstone Vehicles. Blackstone will also from time to time, on behalf of a Client or its Portfolio Entities, or other parties to a transaction involving a Client or its Portfolio Entities, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to Blackstone by a Client or its Portfolio Entities or the counterparty to the transaction, thereby creating a potential conflict of interest. This could include, by way of example, fees and/or commissions for equity syndications to co-Clients. Subject to applicable law, Blackstone will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, advisory fees, lending arrangement and fees, insurance (including title insurance fees), consulting fees, monitoring fees, commitment fees, syndication fees, origination fees, organizational fees, operational fees, loan servicing fees, and financing and divestment fees (or, in each case, rebates in lieu of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone, Clients, Other Blackstone Vehicle or their Portfolio Entities are purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with a Client or its Investors, and the Management Fee with respect to an Investor generally will not be reduced by such amounts.

Sales of securities for the account of a Client and its Portfolio Entities will from time to time be bunched or aggregated with orders for other accounts of Blackstone including Other Blackstone Vehicles. It could be impossible, as determined by the Adviser in its sole discretion, to receive the same price or execution on the entire volume of securities sold, and the various prices will, in certain circumstances, therefore be averaged which may be disadvantageous to a Client.

When Blackstone serves as underwriter with respect to securities of a Client or its Portfolio Entities, the Client and Portfolio Entities could be subject to a “lock-up” period following the offering under applicable regulations during which time a Client or Portfolio Entity would be unable to sell any securities subject to the “lock-up”. This may prejudice the ability of a Client and its Portfolio Entities to dispose of such securities at an opportune time. (See also “—Portfolio Entity Relationships Generally” herein.)

Portfolio Entity Relationships Generally. Portfolio Entities of a Client and Other Blackstone Vehicles are and will be counterparties in agreements, transactions and other arrangements with Clients, Other Blackstone Vehicles, and Portfolio Entities of Clients and Other Blackstone Vehicles for the provision of goods and services, purchase and sale of assets and other matters. These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the Management Fees, notwithstanding that some of the services provided by a Portfolio Entity are similar in nature to the services provided by the Adviser. Such agreements, transactions and other arrangements will generally be entered into without the consent of the L.P. Advisory Committee or the Investor Representative of a Client and Investors of a Client (including, without limitation, in the case of minority Investments by a Client in such Portfolio Entities or the sale of assets from one Portfolio Entity to another). This is because, among other considerations, Portfolio Entities of a Client and Portfolio Entities of Other Blackstone Vehicles are not considered Affiliates of Blackstone, a Client or the Adviser under the Organizational Documents of the Clients. There can be no assurance that the terms of any such agreement, transaction or other arrangement will be as favorable to a Client as otherwise would be the case if the counterparty were not related to Blackstone.

Portfolio Entity Service Providers and Vendors. A Client and its Portfolio Entities can be expected to engage Portfolio Entities of other Clients and Other Blackstone Vehicles to provide some or all of the following services: (a) corporate support services (including, without limitation, accounting/audit, account management, corporate secretarial services, data management, directorship services, finance/budget, human resources, information technology, judicial processes, legal, operational coordination (*i.e.*, coordination with Joint Venture Partners, property managers), risk management, tax and treasury); (b) loan management (including, without limitation, monitoring, restructuring and work-out of performing, sub-performing and nonperforming loans, administrative services, and cash management); (c) management services (*i.e.*, management by a Portfolio Entity, Blackstone Affiliate or third party (*e.g.*, a third-party manager) of operational services); (d) operational services (*i.e.*, general management of day to day operations, including, without limitation, construction management, leasing services, project management and property management); and (e) transaction support services (including, without limitation, managing relationships with brokers and other potential sources of Investments, identifying potential Investments, coordinating with Investors, assembling relevant information, conducting financial and market analyses and modelling, coordinating closing/post-closing procedures for acquisitions, dispositions and other transactions, coordinating design and development works, overseeing brokers, lawyers, accountants and other advisors, providing in-house legal and accounting services, assisting with due diligence, preparation of project

feasibilities, site visits, and specification of technical analysis and review of (i) design and structural work, (ii) architectural, façade and external finishes, (iii) certifications, (iv) operations and maintenance manuals and (v) statutory documents). Similarly, Other Blackstone Vehicles, Clients and their Portfolio Entities can be expected to engage Portfolio Entities of a Client to provide some or all of these services. Some of the services performed by Portfolio Entity service providers could also be performed by the Adviser from time to time and vice versa. Fees paid by a Client or its Portfolio Entities to other Portfolio Entity service providers do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared with a Client.

A Client and its Portfolio Entities will compensate one or more of these service providers and vendors owned by Clients or Other Blackstone Vehicles, including through incentive based compensation payable to their management teams and other related parties. The incentive based compensation paid with respect to a Portfolio Entity or asset of a Client or Other Blackstone Vehicles will vary from the incentive based compensation paid with respect to other Portfolio Entities and assets of a Client and Other Blackstone Vehicles; as a result the management team or other related parties can be expected to have greater incentives with respect to certain assets and Portfolio Entities relative to others, and the performance of certain assets and Portfolio Entities may provide incentives to retain management that also service other assets and Portfolio Entities. Some of these service providers and vendors owned by a Client or Other Blackstone Vehicles will charge Clients and their Portfolio Entities for goods and services at rates generally consistent with those available in the market for similar goods and services. The discussion regarding the determination of market rates under “—Blackstone Affiliate Service Providers” herein applies equally in respect of the fees and expenses of the Portfolio Entity service providers, if charged at rates generally consistent with those available in the market. Other service providers and vendors owned by a Client or Other Blackstone Vehicles pass through expenses on a cost reimbursement, no-profit or break-even basis, in which case the service provider allocates costs and expenses directly associated with work performed for the benefit of a Client and its Portfolio Entities to them, along with any related tax costs and an allocation of the service provider’s overhead, including any of the following: salaries, wages, benefits and travel expenses; marketing and advertising fees and expenses; legal, accounting and other professional fees and disbursements; office space and equipment; insurance premiums; technology expenditures, including hardware and software costs; costs to engage recruitment firms to hire employees; diligence expenses; one-time costs, including costs related to building-out and winding-down a Portfolio Entity; taxes; and other operating and capital expenditures. Any of the foregoing costs, although allocated in a particular period, will, in certain circumstances, relate to activities occurring outside the period,

and therefore a Client could pay more than its *pro rata* portion of fees for services. The allocation of overhead among the entities and assets to which services are provided can be expected to be based on any of a number of different methodologies, including, without limitation, “cost” basis as described above, “time-allocation” basis, “per unit” basis, “per square footage” basis or “fixed percentage” basis. There can be no assurance that a different manner of allocation would result in a Client and its Portfolio Entities bearing less or more costs and expenses. Furthermore, Blackstone will not always perform or obtain benchmarking analysis or third party verification of expenses with respect to services provided on a cost reimbursement, no profit or break even basis. If benchmarking is performed, the related expenses will be borne by Clients, Other Blackstone Vehicles and their respective Portfolio Entities and will not offset the Management Fee. A Portfolio Entity service provider will, in certain circumstances, subcontract certain of its responsibilities to other Portfolio Entities of Clients and Other Blackstone Vehicles. In such circumstances, the relevant subcontractor could invoice the Portfolio Entity for fees (or in the case of a cost reimbursement arrangement, for allocable costs and expenses) in respect of the services provided by the subcontractor. The Portfolio Entity, if charging on a cost reimbursement, no-profit or break-even basis, would in turn allocate those costs and expenses as it allocates other fees and expenses as described above. Similarly, Other Blackstone Vehicles and their Portfolio Entities can be expected to engage Portfolio Entities of a Client to provide services, and these Portfolio Entities will generally charge for services in the same manner described above, but a Client and its Portfolio Entities generally will not be reimbursed for any costs (such as start-up costs) relating to such Portfolio Entities incurred prior to such engagement, unless otherwise determined by Blackstone.

Clients, Other Blackstone Vehicles and their Portfolio Entities are expected to enter into joint ventures with third parties to which the service providers and vendors described above will provide services. In some of these cases, the third party joint venture partner may negotiate to not pay its *pro rata* share of fees, costs and expenses to be allocated as described above, in which case Clients, Other Blackstone Vehicles and their Portfolio Entities that also use the services of the Portfolio Entity service provider will, directly or indirectly, pay the difference, or the Portfolio Entity service provider will bear a loss equal to the difference.

Portfolio Entity service providers described in this section are generally owned by a Blackstone fund, such as a Client and Other Blackstone Vehicles. In certain instances a similar company could be owned by Blackstone directly. Blackstone could cause a transfer of ownership of one of these service providers from a Client to an Other Blackstone Vehicle, or from an Other Blackstone Vehicle to a Client. The transfer of a Portfolio Entity service provider between a Client and an Other Blackstone Vehicle will generally be consummated for minimal or no consideration, and

without obtaining any consent from the L.P. Advisory Committee or the Investor Representative of a Client. The Adviser may, but is not required to, obtain a third party valuation confirming the same, and if it does, the Adviser can be expected to rely on such valuation. Portfolio Entities of a Client and Other Blackstone Vehicles are not considered “Affiliates” of Blackstone, the Adviser or a Client under the Organizational Documents and therefore are not covered by affiliate transaction restrictions included in the Organizational Documents, such as the requirement to obtain consent from the L.P. Advisory Committee or the Investor Representative of a Client in certain circumstances.

Third Party Service Providers, Vendors and Other Counterparties Generally. Certain third party advisors and other service providers and vendors to a Client and its Portfolio Entities (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, title agents, property managers and investment or commercial banking firms) are owned by Blackstone, Clients or Other Blackstone Vehicles or provide goods or services to, or have other business, personal, financial or other relationships with, Blackstone, the Other Blackstone Vehicles and their Portfolio Entities, and Affiliates and personnel of the foregoing. Also, advisors, lenders, Investors, commercial counterparties, vendors and service providers (including any of their Affiliates or personnel) to a Client and its Portfolio Entities could have other commercial or personal relationships with Blackstone, Other Blackstone Vehicles and their respective Portfolio Entities, or any Affiliates, personnel or family members of personnel of the foregoing. Although Blackstone selects service providers and vendors it believes are most appropriate in the circumstances based on its knowledge of such service providers and vendors (which knowledge is generally greater in the case of service providers and vendors that have other relationships to Blackstone), the relationship of service providers and vendors to Blackstone as described above will, in certain circumstances, influence Blackstone in deciding whether to select, recommend or form such an advisor or service provider to perform services for a Client or a Portfolio Entity, the cost of which will generally be borne directly or indirectly by a Client, and can be expected to incentivize Blackstone to engage such service provider over a third party, utilize the services of such service providers and vendors more frequently than would be the case absent the conflict, or to pay such service providers and vendors higher fees or commissions than would be the case absent the conflict. The incentive could be created by current income and/or the generation of enterprise value in a service provider or vendor; Blackstone can be expected to also have an incentive to invest in or create service providers and vendors to realize on these opportunities. Furthermore, Blackstone will from time to time encourage third party service providers to Clients to use other service providers and vendors in which Blackstone has an interest, and Blackstone has an incentive to use third party service providers who do so as a result of the additional business for the related service providers and

vendors. Fees paid to or value created in service providers and vendors in Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities have an interest do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared with a Client. In the case of brokers, Blackstone has a best execution policy that it updates from time to time to comply with regulatory requirements in applicable jurisdictions. Blackstone has a general practice of not entering into any arrangements with advisors, vendors or service providers that provide lower rates or discounts to Blackstone itself compared to those available to a Client and its Portfolio Entities for the same services. However, legal fees for unconsummated transactions are often charged at a discount rate, such that if a Client and its Portfolio Entities consummate a higher percentage of transactions with a particular law firm than Blackstone, Other Blackstone Vehicles and their Portfolio Entities, the Investors could indirectly pay a higher net effective rate for the services of that law firm than Blackstone, other Clients, Other Blackstone Vehicles or their Portfolio Entities. Also, advisors, vendors and service providers often charge different rates or have different arrangements for different types of services. For example, advisors, vendors and service providers often charge fees based on the complexity of the matter as well as the expertise and time required to handle it. Therefore, to the extent the types of services used by a Client and its Portfolio Entities are different from those used by Blackstone, Other Blackstone Vehicles and their Portfolio Entities, and their Affiliates and personnel, a Client and its Portfolio Entities can be expected to pay different amounts or rates than those paid by such other persons. Similarly, Blackstone, Clients, the Other Blackstone Vehicles and their Portfolio Entities and Affiliates can be expected to enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Blackstone) from time to time whereby such counterparty will, in certain circumstances, charge lower rates or provide discounts or rebates for such counterparty's products or services depending on the volume of transactions in the aggregate or other factors.

Blackstone Affiliate Service Providers. In addition to the service providers (including Portfolio Entity service providers) and vendors described above, a Client and its Portfolio Entities will engage in transactions with one or more businesses that are owned or controlled by Blackstone directly, not through one of its funds, including the businesses described below. These businesses will, in certain circumstances, also enter into transactions with other counterparties of a Client and its Portfolio Entities, as well as service providers, vendors and Investors of a Client. Blackstone could benefit from these transactions and activities through current income and creation of enterprise value in these businesses. No fees charged by these service providers and vendors will offset or reduce Management Fees. Furthermore, Blackstone, other Clients, the Other Blackstone Vehicles and their Portfolio Entities and their Affiliates and related parties will use the services of

these Blackstone Affiliates, including at different rates. Although Blackstone believes the services provided by its Affiliates are equal or better than those of third parties, Blackstone directly benefits from the engagement of these Affiliates, and there is therefore an inherent conflict of interest.

A Client could acquire from or sell to Blackstone a service provider as an Investment or participate alongside Blackstone in the acquisition of a service provider. Blackstone is expected to establish a valuation methodology in relation to any such acquisition by a Client of a service provider. In addition, before entering into any transaction with respect to any such service provider, it is anticipated that Blackstone will obtain any consents that may be required under the Advisers Act or other applicable laws or regulations.

Certain Blackstone-affiliated service providers and their respective personnel will receive a management promote, an incentive fee and other performance-based compensation in respect of Investments. Furthermore, Blackstone-affiliated service providers can be expected to charge costs and expenses based on allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses), *provided* that these amounts will not exceed market rates as determined by the Adviser to be appropriate under the circumstances.

The Adviser will make determinations of market rates (*i.e.*, rates that fall within a range that the Adviser has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms) based on its consideration of a number of factors, which are generally expected to include the Adviser's experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by the Adviser to be appropriate under the circumstances. In respect of benchmarking, while Blackstone often obtains benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by Blackstone Affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services (*e.g.*, within property management services, different assets may receive different property management services). In addition, benchmarking data is based on general market and broad industry overviews, rather than determined on an asset by asset basis. As a result, benchmarking data does not take into account specific characteristics of individual assets then owned or to be acquired by a Client (such as location or size), or the particular characteristics of services provided. For these reasons, such market comparisons may not result in precise market terms for comparable services. Expenses to obtain benchmarking data will be borne by a Client, Other Blackstone Vehicles and

their respective Portfolio Entities and will not offset the Management Fee. Finally, in certain circumstances the Adviser can be expected to determine that third party benchmarking is unnecessary, either because the price for a particular good or service is mandated by law (e.g., title insurance in rate regulated states) or because Blackstone has access to adequate market data to make the determination without reference to third party benchmarking. Some of the services performed by Blackstone-affiliated service providers could also be performed by the Adviser from time to time and vice versa. Fees paid by a Client or its Portfolio Entities to Blackstone-affiliated service providers do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared by a Client.

Transactions with Portfolio Entities. Blackstone and Portfolio Entities of Clients and Other Blackstone Vehicles operate in multiple industries, including the real estate related information technology industry, and provide products and services to or otherwise contract with a Client and its Portfolio Entities, among others. In connection with any such Investment, Blackstone, Clients and Other Blackstone Vehicles and their respective Portfolio Entities and personnel and related parties of the foregoing can be expected to make referrals or introductions to a Client and its Portfolio Entities in an effort, in part, to increase the customer base of such companies or businesses or because such referrals or introductions will, in certain circumstances, result in financial benefits, such as additional equity ownership, accruing to the party making the introduction. A Client and the Investors typically will not share in any fees, economics, equity or other benefits accruing to Blackstone, other Clients, Other Blackstone Vehicles and their Portfolio Entities as a result of the introduction of a Client and its Portfolio Entities. There may, however, be instances in which the applicable arrangements provide that a Client or its Portfolio Entities share in some or all of any resulting financial incentives (including, in some cases, equity ownership) based on structures and allocation methodologies determined in the sole discretion of Blackstone. Conversely, where a Client or one of its Portfolio Entities is the referring or introducing party, rather than receiving all of the financial incentives (including, in some cases, additional equity ownership) for similar types of referrals and/or introductions, such financial incentives (including, in some cases, equity ownership) may be similarly shared with the participating Other Blackstone Vehicles or their respective Portfolio Entities.

With respect to transactions or agreements with Portfolio Entities (including, for the avoidance of doubt, long-term incentive plans) occurring at times when unrelated officers of a Portfolio Entity are not appointed, Blackstone can be expected to negotiate and execute agreements on behalf of the Portfolio Entity with Blackstone, a Client, Other Blackstone Vehicles and their Portfolio Entities and Affiliates and other related parties. These negotiations would not be arm's length and

would entail conflicts of interest. Among the measures Blackstone can be expected to use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms, or establish separate groups with information barriers within Blackstone to advise on each side of the negotiation.

Related Party Leasing. Certain assets related to a Client's Investments, owned by an investment vehicle and/or an Other Blackstone Vehicle will, in certain circumstances, lease property to or from Blackstone, other Clients, Other Blackstone Vehicles and their Portfolio Entities and Affiliates and other related parties. The leases are generally expected to be at market rates. Blackstone can be expected to confirm market rates by reference to other leases it is aware of in the market, which Blackstone expects to be generally indicative of market given the scale of Blackstone's real estate business. Blackstone will nonetheless have conflicts of interest in making these determinations. There can be no assurance that a Client and its Portfolio Entities will lease to or from any such related parties on terms as favorable to a Client and its Portfolio Entities as would apply if the counterparties were unrelated.

Cross-Guarantees and Cross-Collateralization. In certain circumstances a Client and its Portfolio Entities can be expected to enter into cross-collateralization arrangements with other Clients, Other Blackstone Vehicles and their Portfolio Entities, particularly in circumstances in which better financing terms are available through a cross-collateralized arrangement. Also, it is expected that cross-collateralization will generally occur at Portfolio Entities rather than a Client for obligations that are not recourse to a Client except in limited circumstances such as "bad boy" events. Any cross-collateralization arrangements with other Clients or Other Blackstone Vehicles could result in a Client losing its interest in otherwise performing Investments due to poorly performing or non-performing Investments of other Clients or Other Blackstone Vehicles in the collateral pool.

Similarly, a lender could require that it face only one Portfolio Entity of Clients and Other Blackstone Vehicles, even though multiple Portfolio Entities of Clients and Other Blackstone Vehicles benefit from the lending, which will typically result in (i) the Portfolio Entity facing the lender being solely liable with respect to the entire obligation, and therefore being required to contribute amounts in respect of the shortfall attributable to other Portfolio Entities, and (ii) Portfolio Entities of Clients and Other Blackstone Vehicles being jointly and severally liable for the full amount of the obligation, liable on a cross-collateralized basis or liable for an equity cushion (which cushion amount may vary depending upon the type of financing or refinancing (e.g., cushions for refinancings may be smaller)). The Portfolio Entities of Clients and Other Blackstone Vehicles benefiting from a financing can be expected to enter into a back-to-back or

other similar reimbursement agreements to ensure no Portfolio Entity bears more than its *pro rata* portion of the debt and related obligations. It is not expected that the Portfolio Entities would be compensated (or provide compensation to other Portfolio Entities) for being primarily liable, or jointly liable, for other Portfolio Entities *pro rata* share of any financing.

Joint Venture Partners. A Client has and will from time to time enter into one or more JV Arrangements. Investments made with Joint Venture Partners will often involve performance-based compensation and other fees payable to such Joint Venture Partners, as determined by the Adviser in its sole discretion. The Joint Venture Partners could provide services similar to those provided by the Adviser to a Client. Yet, no compensation or fees paid to the Joint Venture Partners would reduce or offset Management Fees or performance-based compensation payable to the Adviser. Additional conflicts would arise if a joint venture partner is related to Blackstone in any way, such as an investor in, lender to, a shareholder of, or a service provider to Blackstone, Clients, Other Blackstone Vehicles, or their respective Portfolio Entities, or any Affiliate, personnel, officer or agent of any of the foregoing.

Valuation Matters. The fair value of all Investments (including any asset received in exchange for any Investments or interests in a Client, as applicable) will ultimately be determined by the Adviser in accordance with the Organizational Documents and a Client's valuation policy and procedures. It will, in certain circumstances, be the case that the carrying value of an Investment may not reflect the price at which the Investment is ultimately sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation methodologies used to value any Investment will involve subjective judgments and projections and will, in certain circumstances, not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond Blackstone's control. There will be no retroactive adjustment in the valuation of any Investment, the offering price at which interests in a Client were purchased by Investors or repurchased by a Client, as applicable, or the fees and/or performance-based compensation paid to the Adviser to the extent any valuation proves to not accurately reflect the realizable value of an asset in a Client.

The valuation of Investments will affect the amount and timing of the Adviser's performance-based compensation and, under certain circumstances, the amount of Management Fees and Servicing Fees (if any) payable to the Adviser. The valuation of Investments of Other Blackstone Vehicles will, in certain circumstances, affect the decision of potential Investors to subscribe for interests in a Client. Similarly, the valuation of Investments of a Client will, in certain

circumstances, affect the ability of Blackstone to form and attract capital to Other Blackstone Vehicles. As a result, the valuation of Investments of a Client and Other Blackstone Vehicles, which generally remains in the sole discretion of Blackstone, involve conflicts.

Group Procurement; Discounts. A Client and its Portfolio Entities will enter into agreements regarding group procurement (such as CoreTrust, an independent group purchasing organization), benefits management, purchase of title and other insurance policies (which can be expected to include brokerage or placement thereof) and will otherwise enter into operational, administrative or management related initiatives. Blackstone will allocate the cost of these various services and products purchased on a group basis among a Client, Other Blackstone Vehicles and their Portfolio Entities. Some of these arrangements result in commissions, discounts, rebates or similar payments to Blackstone and its affiliates and personnel, or other Clients and Other Blackstone Vehicles and their Portfolio Entities, including as a result of transactions entered into by a Client and its Portfolio Entities, and such commissions or payment will not be subject to the Management Fee offset provisions. Blackstone can be expected to also receive consulting or other fees from the parties to these group procurement arrangements. To the extent that a Portfolio Entity of an Other Blackstone Vehicle is providing such a service, such Portfolio Entity and such Other Blackstone Vehicle will benefit. Further, the benefits received by the particular Portfolio Entity providing the service will, in certain circumstances, be greater than those received by a Client and its Portfolio Entities receiving the service. Conflicts exist in the allocation of the costs and benefits of these arrangements, and Investors rely on the Adviser to handle them in its sole discretion.

Diverse Investor Group. Investors in a Client have conflicting investment, tax and other interests with respect to their investments in a Client and with respect to the interests of Investors in other Clients and Other Blackstone Vehicles that participate in the same investments as a Client. The conflicting interests of Investors relate to, among other things, the nature, structuring, financing, tax profile and timing of disposition of Investments. The Adviser will, in certain circumstances, as a result have conflicts in making these decisions, which can be expected to be more beneficial for one or more (but not all) Investors than for other Investors. In addition, a Client can be expected to make Investments that will, in certain circumstances, have a negative impact on related investments made by the Investors in separate transactions. In selecting and structuring Investments appropriate for a Client, the Adviser will consider the investment and tax objectives of a Client and its Investors as a whole (and those of Investors in other Clients and Other Blackstone Vehicles that participate in the same Investments as a Client), not the investment, tax or other objectives of any Investor individually. Additionally, the Adviser will, in certain circumstances, elect to exclude certain Investors from particular Investments for legal or regulatory

reasons applicable to any such Investment, in which case non-excluded Investors will be allocated a greater proportionate interest in such Investment. In addition, certain Investors can be expected to also be Investors in other Clients and Other Blackstone Vehicles, including supplemental capital vehicles and co-investors that invest alongside a Client in one or more Investments, which could create conflicts for the Adviser in the treatment of different Investors.

Investors can be expected to also include Affiliates of Blackstone, such as other Clients, Other Blackstone Vehicles, Affiliates of Portfolio Entities of Clients or Other Blackstone Vehicles, charities or foundations associated with Blackstone personnel and current or former Blackstone personnel, Blackstone's senior advisors and operating partners, and any such Affiliates, funds or persons can be expected to also invest in a Client or through the vehicles established in connection with Blackstone's side-by-side co-investment rights. Some of the foregoing Blackstone related parties are sponsors of feeder vehicles that could invest in a Client as Investors. The Blackstone related sponsors of feeder vehicles generally charge their Investors additional fees, including performance based fees, which could provide Blackstone current income and increase the value of its ownership position in them. Blackstone will therefore have incentives to refer potential Investors to these feeder vehicles. All of these Blackstone related Investors will have equivalent rights to vote and withhold consents as nonrelated Investors, unless otherwise provided by the terms of the Organizational Documents. Nonetheless, Blackstone may have the ability to influence, directly or indirectly, these Blackstone related Investors.

It is also possible that a Client or a Client's Portfolio Entities will, in certain circumstances, be counterparties (such counterparties dealt with on an arm's length basis) or participants in agreements, transactions or other arrangements with an Investor or its Affiliates. Such transactions may include agreements to pay performance fees to a management team and other related persons in connection with a Client's Investment therein, which will reduce a Client's returns and will not necessarily be subordinated to the return of the Investors' Capital Contributions. Such Investors described in the previous sentences can be expected to therefore have different information about Blackstone and a Client than Investors not similarly positioned. In addition, conflicts of interest will, in certain circumstances, arise in dealing with any such Investors, and the Adviser and its Affiliates may not be motivated to act solely in accordance with its interests relating to a Client. (See also "—Other Blackstone Business Activities" herein.) Similarly, not all Investors monitor their investments in vehicles such as a Client in the same manner. For example, certain Investors can be expected to periodically request from the Adviser information regarding a Client and its Portfolio Entities and Investments that is not otherwise included in the reporting and other information delivered to all Investors—for instance, pre-quarterly reporting valuation. In such

circumstances, the Adviser may provide such information to such Investor and not to other Investors. As a result, certain Investors can be expected to receive more information from the Adviser about a Client and its Portfolio Entities or can be expected to receive information about a Client and its Portfolio Entities at an earlier time than other Investors, and the Adviser will have no duty to ensure all Investors receive the same information regarding a Client and its Portfolio Entities. In addition, investment banks or other financial institutions, as well as Blackstone personnel, can be expected to also be Investors. These institutions and personnel are a potential source of information and ideas that could benefit a Client, and can be expected to receive information about a Client and its Portfolio Entities in their capacity as a service provider or vendor to a Client and its Portfolio Entities.

Affiliated Investors. Certain Investors in a Client, including current and/or former senior advisors, officers, directors and personnel of Blackstone, Portfolio Entities of Clients and Other Blackstone Vehicles, personnel of charitable programs, endowment funds and related entities established by or associated with any of the foregoing, and other persons related to Blackstone, will not pay Management Fees or performance-based compensation in connection with their investment in a Client. Notwithstanding the foregoing, such Investors will either directly pay for their *pro rata* share of certain partnership expenses, or the *pro rata* amount of such expenses will be allocated to the Adviser or its Affiliates. Such *pro rata* allocation of partnership expenses will, in certain circumstances, be calculated based on Commitments, invested capital, available capital or other metrics as determined by the Adviser in good faith. Any such methodology (including the choice thereof) involves inherent conflicts and will, in certain circumstances, not result in perfect attribution and allocation of expenses.

Investors' Outside Activities. A Investor shall be entitled to and can be expected to have business interests and engage in activities in addition to those relating to a Client, including business interests and activities in direct competition with a Client and its Portfolio Entities, and may engage in transactions with, and provide services to, a Client or its Portfolio Entities (which will, in certain circumstances, include providing leverage or other financing to a Client or its Portfolio Entities as determined by the Adviser in its sole discretion). None of a Client, any Investor or any other Person shall have any rights by virtue of the Organizational Documents or any related agreements in any business ventures of any Investor. The Investor, and in certain cases the Adviser, will have conflicting loyalties in these situations.

Conflicts Relating to a Subscription Credit Facility. As described herein, a Client has entered into and utilized a subscription credit facility, which involves potential conflicts of interest. Subject to

the limitations in the Organizational Documents, the use of a subscription credit facility by a Client is within the Adviser's discretion. Subject to the limitations set forth in the Organizational Documents and the availability and the terms of any subscription-based credit facility for a Client, the Adviser has adopted a policy relating to the use of fund-level credit facilities for a Client (the "LOC Policy"). Generally and without limiting the foregoing, a Client can be expected to seek to utilize a subscription credit facility for the purpose of, among other things, financing any Investment-related activities of a Client (such as for assets that a Client does not intend to hold for a long term period), covering partnership expenses, Organizational Expenses, Management Fees and any other costs of a Client, making distributions to Partners, providing permanent financing or refinancing or providing interim financing to consummate the purchase of Investments. The amount of credit available to a Client under a subscription credit facility is determined by the credit quality of the Investors as determined by the lender. For this reason, Investors with a higher credit quality, as determined by the lender, generate more credit for a Client than Investors with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality Investors to the others.

Calculations of net and gross IRRs in respect of Investment and performance data as reported to Investors from time to time, are based on the payment date of capital contributions received from Investors. This treatment also applies in instances where a fund utilizes borrowings under a fund's subscription credit facility in lieu of, or in advance of receiving capital contributions from Investors to repay any such borrowings. As a result, use of a subscription credit facility (or other long-term leverage) will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the Investors to a Client. If the use increases the IRR, as it normally does, Blackstone will have various incentives to use the subscription credit facility, including marketing efforts of Clients and Other Blackstone Vehicles. For example, in the event the interest rate on borrowings is lower than the hurdle rate, use of leverage arrangements can be expected to accelerate or increase distributions of performance-based compensation to the Adviser, providing an economic incentive to fund Investments through long-term borrowings in lieu of capital contributions.

A Client expects to utilize its subscription credit facility and enter into other similar arrangements and extensions of credit for the benefit of co-investors, Joint Venture Partners and Other Blackstone Vehicles, including Blackstone side-by-side arrangements, which invest alongside a Client in one or more Investments. For example, a Client can be expected to draw from a borrowing to fund a Joint Venture Partner's or co-investor's *pro rata* share of an Investment or expense related to an Investment. In such circumstances, the Adviser generally intends to disclose such

arrangements as part of the periodic reporting or other appropriate communications relating to a Client and to cause any such co-investors, Joint Venture Partners and other Clients and Other Blackstone Vehicles to bear (or reimburse a Client for) their *pro rata* share of any interest expenses (but not necessarily origination and other costs) allocable to such extensions of credit. The Adviser will, in certain circumstances, receive direct and indirect benefits from such uses as well, including as a result of the facilitation of co-investment by other Clients and Other Blackstone Vehicles. A Client will pay interest expenses and other expenses incurred in relation to the line of credit.

Insurance. A Client will purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) to insure the Client, Portfolio Entities, the Adviser, Blackstone and their respective directors, officers, employees, agents and representatives, and members of the L.P. Advisory Committee or the Investor Representative of the Client and other indemnified parties, against liability in connection with the activities of the Client. This includes a portion of any premiums, fees, costs and expenses for one or more “umbrella”, group or other insurance policies maintained by Blackstone that cover one or more Clients and Other Blackstone Vehicles, the Adviser and Blackstone (including their respective directors, officers, employees, agents and representatives, and members of the L.P. Advisory Committee or the Investor Representative of a Client and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella”, group or other insurance policies among one or more Clients and Other Blackstone Vehicles, the Adviser and Blackstone on a fair and reasonable basis, in its sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable.

Additionally, Clients and Other Blackstone Vehicles (and their respective Portfolio Entities) will, in certain circumstances, jointly contribute to a pool of funds that can be expected to be used to pay losses that are subject to the deductibles on any group insurance policies, which contributions may similarly be allocated in accordance with the relative values of the respective properties that are insured by such policies (or other factors that Blackstone can be expected to reasonably determine). (See also “—Third Party Service Providers, Vendors and Other Counterparties Generally” herein.)

In respect of such insurance arrangements, Blackstone can be expected to make corrective allocations from time to time should it determine subsequently that such adjustments are necessary or advisable. There can be no assurance that different allocations or arrangements than those implemented by Blackstone as provided above would not result in a Client and its Portfolio Entities bearing less (or more) premiums, deductibles, fees, costs and expenses for insurance policies.

Other Conflicts. In addition, other present and future activities of Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities, Affiliates and related parties will from time to time give rise to additional conflicts of interest relating to a Client and its investment activities. The Adviser generally attempts to resolve conflicts in a fair and equitable manner, but conflicts will not necessarily be resolved in favor of a Client's interests. In addition, pursuant to the Organizational Documents, an L.P. Advisory Committee will be established and authorized to give consent on behalf of a Client with respect to certain matters. If the L.P. Advisory Committee or the Investor Representative of a Client consents to a particular matter and the Adviser acts in a manner consistent with, or pursuant to the standards and procedures approved by, the L.P. Advisory Committee or the Investor Representative of a Client, or otherwise as provided in the Organizational Documents, then the Adviser and its Affiliates will not have any liability to a Client or the Investors for such actions taken in good faith by them.

Additional Potential Conflicts of Interest. The officers, directors, members, managers and personnel of the Adviser can be expected to trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies or as otherwise determined from time to time by the Adviser. In addition, as a consequence of Blackstone's status as a public company, the officers, directors, members, managers and personnel of the Adviser can be expected to take into account certain considerations and other factors in connection with the management of the business and affairs of a Client and its Portfolio Entities that would not necessarily be taken into account if Blackstone were not a public company. The directors of Blackstone have fiduciary duties to shareholders of the public company that may conflict with their duties to a Client. Finally, although Blackstone believes its positive reputation in the marketplace provides benefit to a Client and Other Blackstone Vehicles, the Adviser could decline to undertake investment activity or transact with a counterparty on behalf of a Client for reputational reasons, and this decision could result in a Client foregoing a profit or suffering a loss.

Other Financial Industry Affiliations

The Adviser is an Affiliate of the following entities:

Broker-Dealer Entities	
Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services

Dealerweb Inc.*	Operates as an interdealer broker in fixed income securities including U.S. government mortgage-backed securities, repurchase agreements, U.S. treasuries, collateralized mortgage obligations, asset backed securities, EFPs, and municipal securities; and operates as an alternative trading system for fixed income securities
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Alight Financial Solutions, LLC*	Provides self-directed brokerage windows to participants of plan sponsored 401(k) retirement plans
Incenter Securities Group LLC**	Provides a variety of limited investment banking services
Redi Global Technologies LLC*	Operates an EMS (“REDI”) that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Redi Technologies Ltd*	The FCA entity that operates “REDI” EMS, that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Reuters Transaction Services Limited*	UK registered company, whose main activity is the provision of electronic trading venues for foreign exchange spot and forward/swaps foreign exchange instruments
Tradeweb Europe Limited*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments in the United Kingdom and throughout the European economic area
Tradeweb L.L.C.*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments
Tradeweb Direct LLC*	Operates an alternative trading system for taxable and tax-exempt fixed income securities and serves as a venue for matching buyers and sellers in the fixed income marketplace for retail sized orders
Investment Advisor Entities	
Alight Financial Advisors, LLC*	Provides advisory services to participants of plan sponsored 401(k) retirement plans

Blackstone Real Estate Special Situations Advisors L.L.C.
Item 10 – Other Financial Industry Activities and Affiliations

Blackstone

Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs (<i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds and UCITS
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Debt Advisors L.P.	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone Infrastructure Advisors L.L.C.	Provides investment advisory services to one or more infrastructure-focused investment funds
Blackstone ISG-I Advisors L.L.C.	Provides investment advisory services to one or more private investment funds and managed accounts focusing on fixed income investments and investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone ISG-II Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds

Blackstone Real Estate Special Situations Advisors L.L.C.
Item 10 – Other Financial Industry Activities and Affiliations

Blackstone

Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Multi-Asset Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone’s private equity, real asset, credit, hedge fund and opportunistic alternative asset management strategies

Blackstone Real Estate Special Situations Advisors L.L.C.
Item 10 – Other Financial Industry Activities and Affiliations

Blackstone

Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt-focused private investment funds
BSCA Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
BXMT Advisors L.L.C.	Provides investment advisory services to a REIT and other investment vehicles
BX REIT Advisors L.L.C.	Provides investment advisory services to a public, non-traded REIT
Clarus Ventures, LLC	Provides investment advisory services to various private investment funds specializing in the life sciences industry
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third party insurance company
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
First Eagle Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
GSO Asset Management LLC	Provides investment advisory services to a debt-focused registered investment fund electing to do business as a business development company

GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt-focused separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Harvest Fund Advisors LLC	Provides investment advisory services to various categories of institutions and high net worth individuals via private pooled investment vehicles and separate accounts investing principally in publicly-traded energy infrastructure Master Limited Partnerships and the North American energy market
Incenter Capital Management LLC**	Provides investment advisory services to mortgage related asset private funds and managed accounts
First Eagle Private Credit Advisors, LLC*	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in liquid credit
First Eagle Commercial Loan Originator II LLC*	Provides investment advisory services to CLO's specializing in middle market credit
First Eagle Private Credit, LLC*	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in middle market credit
Strategic Partners Fund Solutions Advisors L.P.	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
Refinitiv Global Markets Inc. (D/B/A IFR Markets, Municipal Market Data)*	Provides investment advisory services to U.S. treasuries and U.S. municipal markets
Blackstone Advisors India Private Limited	India investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
Blackstone Europe Fund Management S.a.r.l.	Provides services to various alternative investment funds

Blackstone Singapore Pte Ltd	Singapore investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also provides investment advisory services to funds controlled by the registrant
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group Japan K.K.	Japanese investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing
Blackstone Real Estate Australia Pty	Investment manager for real estate/debt fund investments across Australia and acts as fund manager for certain Blackstone managed funds involving wholesale investors
Blackstone (Shanghai) Equity Investment Management Co. Ltd.	Chinese investment advisory firm, which serves as sub-advisor to affiliates of the registrant
Blackstone (Shanghai) Equity Investments Management Co. Ltd. – Beijing Branch Office	Chinese investment advisory firm, which serves as sub-advisor to affiliates of the registrant
The Blackstone Group Spain SLU	Spain investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone Assessoria em Investimento Ltda.	Brazilian investment advisory firm, which serves as a sub-advisor to the registrant
BX Mexico Advisors S.A. de C.V.	Mexican advisory entity which provides services to certain publicly registered trusts
Registered Commodity Trading Advisor and/or Registered Commodity Pool Operator Entities	
Blackstone Alternative Investment Advisors LLC (CTA/CPO)	Provides investment advisory services to open end mutual funds and UCITS

Blackstone Alternative Asset Management L.P. (CTA/CPO)	Manages a series of private and closed-end funds engaged in multi-manager investment programs (<i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Solutions L.L.C. (CTA/CPO)	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C. (CTA/CPO)	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C. (CPO)	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Treasury Solutions Advisors L.L.C. (CPO)	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Insurance Entities	
Agents National Title Holding Company**	A wholly owned subsidiary of Incenter and is a title insurance broker serving consumers and lenders through a network of independent title agents
Boston National Holdings LLC**	A wholly owned subsidiary of Incenter and is a title insurance agency
HealthMarkets Insurance Agency, Inc.*	An independent health insurance agency that distributes healthcare and Medicare advantage insurance products from more than 200 insurance companies, as well as its own underwritten supplemental insurance products
Lexington National Land Services	Places title insurance and provide title services for real property owned by various funds and/or their Portfolio Entities
Partners Life Limited**	Life and medical insurance company in New Zealand
Rothsay Life Plc**	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

*Portfolio entity of affiliated private equity fund

**Portfolio entity of affiliated Blackstone Tactical Opportunities funds

Note: The Adviser manages a number of private Clients which are listed in ADV Part 1, Schedule D, Section 7.B (1).

Various management personnel are registered with the Blackstone broker-dealer, BAP, which serves as placement agent to Clients but is not compensated for such services. Blackstone does not believe these registrations, in and of themselves, create conflicts for our Investors.

In addition, other present and future activities of Blackstone will from time to time give rise to additional conflicts of interest. In the event that any such conflict of interest arises, Blackstone will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of a Client's interests.

A more detailed description of applicable conflicts of interest is set forth in the Offering Documents of each Client, which Investors are encouraged to consult.

Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

The Adviser is governed by the Code of Ethics. The Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to the Investors in the Clients it manages. The Code of Ethics is reasonably designed to ensure that the Adviser meets its fiduciary obligation to the Adviser's clients (or prospective clients) and to instill a culture of compliance within the Adviser. An additional benefit of the Code of Ethics is to detect and prevent violations of securities laws.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone's intranet website. The Adviser also supplements the Code of Ethics with ongoing monitoring of employee activity.

The Code of Ethics includes, among other items, the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in "whistle blowing" activities from retaliation.

On an annual basis, Blackstone requires all employees to certify that they are in compliance with the Code of Ethics.

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for a list of investment related potential conflicts, including, in particular, "*Other Blackstone Vehicles; Allocation of Investment Opportunities*" describing conflicts related to allocation of investment opportunities among Clients sponsored by Blackstone and co-investors. The Adviser has adopted policies and procedures reasonably designed to address such potential conflicts of interest.

The Adviser's related persons will from time to time have bought or sold, or will subsequently buy or sell, for their personal accounts, securities which are also purchased or sold for the account of the Adviser's clients. The Adviser and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisers have a Code of Ethics. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information.

☐ ☐ ☐ ☐ one's Code of Ethics is available for review upon request.

You may request a copy of Blackstone's Code of Ethics by contacting the Adviser's Chief Compliance Officer, Patrick Kassen; (212) 583-5000.

The Adviser engages from time to time in principal trading to the extent permitted under applicable Organizational Documents and Offering Documents. The Adviser addresses attendant conflicts as described in the applicable Organizational Documents and Offering Documents.

Item 12 – Brokerage Practices

In the event the Adviser executes a brokerage transaction for the Clients (e.g., trades in public securities as part of or following an initial public offering of a Portfolio Entity), the Adviser will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

Each of the Prime Brokers serves as custodian or prime broker for some of the Clients, as applicable. The Clients can be expected to engage other or additional custodians, prime brokers and executing brokers at any time.

Portfolio transactions are allocated to brokers in consideration of such factors as price, the ability of the brokers to effect the transactions and any research or investment management-related services provided by such brokers that the Adviser believes to be of benefit to the Clients.

Securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Clients, not the Adviser or any of its Affiliates, will be obligated to pay. The Adviser has complete discretion in deciding what brokers and dealers the Clients will use and in negotiating the rates of compensation the Clients will pay. In addition to using brokers as "agents" and paying commissions, the Clients will, in certain circumstances, buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

The Adviser has established a Brokerage Review and Best Execution Committee that meets on a quarterly basis to review a schedule of the executing brokers and dealers utilized by the Adviser during the preceding quarter and the commissions paid to, and services received from, such brokers and dealers, to evaluate reasonableness in light of services received and consistency with the Adviser's policies and procedures.

Trade errors are evaluated on a case-by-case basis. If the Adviser determines that the Adviser's gross negligence, willful misconduct or fraud was the direct cause of a trade error, the Adviser generally will compensate a Client for any losses resulting from such trade error. Broker-dealers may not be compensated via commissions or Client transactions for absorbing a trading error for which the Adviser is required to compensate a Client under its policy. Where a third party's negligence or wrongdoing causes a trading error that results in a material loss to a Client, the

Adviser will attempt to recover the amount of the loss from the third party for the Client, but the Adviser does not assume responsibility for compensating the Client, or making the third party compensate the Client, in such cases.

The Adviser will, in certain circumstances, combine purchase or sale orders on behalf of the Clients with orders for other accounts to which the Adviser or any of its Affiliates may provide investment services and allocate the securities or other assets so purchased or sold on an average price basis, or by any other method of equitable allocation, among such accounts.

Research and Other Soft Dollar Benefits

Research (proprietary or otherwise) or investment-related services provided by brokers through which portfolio transactions for the Clients are executed, settled and cleared can be expected to include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services. The Adviser will, in certain circumstances, use “soft dollars” generated by the Clients to pay for certain research and non-research related services and products used by the Adviser within the safe harbor afforded by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. However, the Adviser does not currently have any “soft dollar” arrangements.

The Adviser does not select nor recommend broker-dealers based on Investor referrals nor does the Adviser participate in directed brokerage practices.

Item 13 – Review of Accounts

Review of Accounts

Currently, the only accounts under the supervision of the Adviser are the accounts of the Clients. The Clients' accounts and Investment positions are monitored by the Adviser's personnel on a regular and current basis. The Adviser might periodically review on an expedited basis the assets of a Client following a unique occurrence in the financial industry or market generally.

The Blackstone Real Estate Group Investment Committee meets weekly to carefully review and challenge Investments and dispositions around the world. Discussions are led by the Global Co-Heads of Real Estate. In addition to its Chairman, the Blackstone Real Estate Group Investment Committee also includes the Chairman and CEO of Blackstone, the Executive Vice Chairman of Blackstone, and all Senior Managing Directors in the Blackstone Real Estate Group. Blackstone manages its Investments through proactive day-to-day asset management, as well as regular global asset reviews and quarterly valuation meetings. Certain significant Investments of the Clients are reviewed and approved by the Blackstone Real Estate Group Investment Committee. Smaller Investments are reviewed by a prescribed subset of the Blackstone Real Estate Group Investment Committee. The Blackstone Real Estate Group Investment Committee utilizes a consensus-based approach to decision making among the members.

In addition to the Blackstone Real Estate Group Investment Committee meetings discussed above, the Adviser's investment committee meets regularly to discuss certain significant potential and pending transactions for the Clients. The Adviser's investment committee discusses the transaction in depth with the transaction team and decides whether to pursue the transaction and on which terms. In addition to an in-depth discussion of the subject Investment, the investment thesis and investment allocation, deal tactics and syndication strategies, if applicable, will usually be discussed by the Adviser's investment committee and the transaction team. Smaller transactions are reviewed by a prescribed subset of the Adviser's investment committee. The Adviser's investment committee utilizes a consensus-based approach to decision making among its members.

Reports to Clients

Investors in the Clients generally will receive written periodic reports which will include capital balance and Client performance statistics. Investors in the Clients will also receive written annual audited financial statements for the Client in which they are invested. The Adviser makes use of a website, BXAccess, available at www.bxaccess.com, for the distribution of reports and other information to Investors in the Clients.

The Adviser generally will provide information that certain Investors in the Clients may request, including additional information relating to the Clients, to the extent such information is readily available or may be obtained without unreasonable effort or expense. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Clients that may not be known to other Investors. As a result, certain Investors can be expected to be able to take actions on the basis of such information which, in the absence of such information, other Investors do not take.

Item 14 – Client Referrals and Other Compensation

The Adviser has distribution and placement agent arrangements with a number of unaffiliated third parties. Such unaffiliated third parties can be expected to form Investment Vehicles for the purpose of investing in any Client and the capital commitments of such third party Investment Vehicles will, in certain circumstances, account for a substantial portion of the overall capital commitments to such Client. In a typical distribution or placement agent arrangement, the Adviser agrees to pay a third-party solicitor for referring Investors into a Client. Typically, third-party solicitors will receive compensation based on the commitment amounts of the Investors they solicited (although other payment arrangements could exist).

A prospective Investor solicited by a third-party solicitor engaged by the Adviser will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be ultimately borne by the Adviser (through a corresponding reduction in the Management Fee or otherwise), and none of the Investors in the Clients will be subject to any increased or additional fees or charges. With respect to expenses relating to the diligence and negotiation of placement agent arrangements, please see **Item 5 – Fees and Compensation**.

Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

BAP, an Affiliate of the Adviser, serves as a placement agent to the Clients in the U.S. but is not compensated for such services. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.

Item 15 – Custody

The Custody Rule defines custody as holding client securities or funds or having any authority to obtain possession of them. The Clients generally have an Affiliate of the Adviser acting as General Partner and, as such, the Adviser is deemed to have custody of the Clients' funds. The Adviser generally complies with the Custody Rule by, among other things, providing all Investors in a Client with audited financial statements.

Item 16 – Investment Discretion

The Adviser maintains the authority to manage or advise the Clients on a discretionary basis, subject to the overall supervision of the applicable General Partner (or board of directors (as applicable)), in accordance with the investment guidelines, objectives, limitations and other provisions and terms set forth in the Organizational Documents and the Advisory Agreements, as applicable.

Item 17 – Voting Client Securities (*i.e.*, Proxy Voting)

Proxy Policy

The Proxy Rule requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because the Adviser will generally be deemed to have authority to vote Proxies relating to the companies in which its clients invest, the Adviser has adopted the Proxy Voting Policy in compliance with the Proxy Rule. To the extent that the Adviser exercises or is deemed to be exercising voting authority over its clients' securities, the Proxy Voting Policy is reasonably designed and implemented in a manner reasonably expected to ensure that voting with respect to Proxies is exercised in a manner that serves the best interest of its clients, as determined by the Adviser in its sole discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, the Adviser may not always vote Proxies in accordance with the Proxy Voting Policy. In addition, many possible proxy matters are not covered in the Proxy Voting Policy. Generally, the Adviser will vote Proxies (i) in favor of management's recommendation for the election of the board of directors and (ii) to approve the financial statements as presented by management.

From time to time, conflicts can be expected to arise between the interests of the Investor, on the one hand, and the interests of the Adviser or its Affiliates, on the other hand. If a material conflict is identified by the Chief Compliance Officer, Head of Asset Management and/or one or both of the Global Co-Heads, the Blackstone Real Estate Group will determine whether voting in accordance with the Adviser's proxy voting guidelines is in the best interests of its clients. The Adviser, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Investors may request a copy of the Proxy Voting Policy and the voting records relating to Proxies as provided by the Proxy Rule by contacting the Adviser's Chief Compliance Officer, Patrick Kassen; (212) 583-5000.

Item 18 – Financial Information

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Investors.

Item 19 – Requirements for State Registered Advisers

This item is not applicable as the Adviser is not registered in any state.