

**Item 1 – Cover Page**

**Blackstone Core Equity Advisors L.L.C.**

345 Park Avenue

New York, NY 10154

(212) 583-5000

[www.blackstone.com](http://www.blackstone.com)

as of March 30, 2016

Form ADV, Part 2; the “Disclosure Brochure” or “Brochure” provides information about the qualifications and business practices of Blackstone Core Equity Advisors L.L.C. (“BCEA L.L.C.”).

If you have any questions about the contents of this Brochure, please contact us 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. BCEA L.L.C. is registered with the SEC as an investment adviser. BCEA L.L.C.’s registration as an investment adviser does not imply any level of skill or training.

Additional information about BCEA L.L.C. is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in “Blackstone Core Equity”). The search results will provide you with both Parts 1 and 2A of our Form ADV.

## **Item 2 – Material Changes**

As of March 3, 2016, BCEA L.L.C. has accepted commitments of \$650,000,000 to its Funds.

This Brochure also provides updates to Item 5 as it relates to payments of fees and expenses by advisory clients and portfolio companies and Item 11 as it relates to conflicts of interests.

BCEA L.L.C., at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (e-mail) or in hard copy form).

## Item 3 – Table of Contents

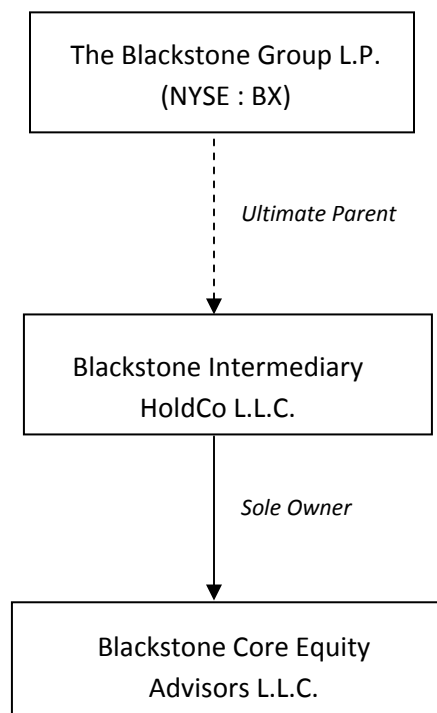
Item 1 – Cover Page .....	
Item 2 – Material Changes .....	i
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 – Disciplinary Information .....	13
Item 10 – Other Financial Industry Activities and Affiliations .....	14
Item 11 – Code of Ethics .....	422
Item 12 – Brokerage Practices .....	444
Item 13 – Review of Accounts.....	455
Item 14 – Client Referrals and Other Compensation.....	466
Item 15 – Custody .....	48
Item 16 – Investment Discretion .....	488
Item 17 – Voting Client Securities (i.e., Proxy Voting) .....	499
Item 18 – Financial Information.....	50
Item 19 – Requirements for State Registered Advisers.....	511

## Item 4 – Advisory Business

Blackstone Core Equity Advisors L.L.C. (“BCEA L.L.C.”) is a Delaware limited liability company. BCEA L.L.C. provides investment advisory services to Blackstone Core Equity Partners L.P., a Delaware limited partnership (the “Partnership”), any parallel funds, managed accounts, arrangements or alternative investment vehicles relating to the foregoing and other investment vehicles having the same or similar investment objections as the Partnership, including the parallel vehicles (the “Parallel Vehicles,” and collectively with the Partnership, the “Funds”).

Each of the Funds is an investment fund which may hold one or more principal investments. Affiliates of BCEA L.L.C. serve as the general partner (the “General Partner”) of each of the Funds.

BCEA L.L.C. was established in 2015 as part of The Blackstone Group L.P., which is the ultimate parent of BCEA L.L.C. and is a publicly traded partnership listed on the New York Stock Exchange which trades under the ticker symbol “BX”. Please see the structure chart below. The Blackstone Group L.P. (together with its affiliates, “Blackstone”) is one of the leading alternative investment managers in the world with investment programs concentrating in the private equity, real estate and debt/credit areas, as well as the hedge fund solutions business. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for more information.



BCEA L.L.C.'s regulatory assets under management ("RAUM") were \$0 as of December 31, 2015.

**Description of Advisory Services:**

BCEA L.L.C. serves as investment advisor to the Funds pursuant to the terms of the investment advisory agreements (the "Advisory Agreements") between BCEA L.L.C. and each of the Funds, and makes investment decisions for the Funds including by evaluating the Funds' investments.

The individual needs of the investors in the Funds are not the basis of investment decisions by BCEA L.L.C. Investment advice is provided directly to the Funds by BCEA L.L.C. and not individually to the Funds' investors.

## Item 5 – Fees and Compensation

### *Management Fees and Performance Fees*

Per the Advisory Agreements with each of the Funds, BCEA L.L.C. is entitled to compensation for its services in the form of a management fee (the “Management Fee”), generally payable quarterly in advance. The Management Fee often varies by investor and the size of their commitment and is based on either invested capital, remaining uninvested capital or committed capital. In certain cases, the Management Fee will be reduced for investments made by an investor in a Fund above a specified dollar amount. Prorated refunds would be provided for partial quarters, if any, to the extent applicable. For certain Funds, BCEA L.L.C. may agree to waive management fees for a specified period of time following a Fund’s effective date with respect to investors that have certain characteristics, such as if an investor participates in an initial closing of a Fund or makes a commitment to a Fund above a certain threshold. As set forth in Item 6 below, the General Partners of the Funds are each eligible to receive performance-based or “carried interest” allocations. The Confidential Private Placement Memorandum (“PPM”, as supplemented from time to time) and the Partnership Agreement and Advisory Agreements (the “Organizational Documents”) of each Fund include further details on fees and compensation and related matters.

Management Fees and performance-based allocations are either withheld from distributions or invoiced at an appropriate time pursuant to a capital call notice.

Certain investors in the Funds, which are generally related persons, current or former senior advisors, employees and retired partners of Blackstone, chief executive officers of Blackstone portfolio companies, investment funds advised by Blackstone Multi-Asset Advisors L.L.C. (“BMAA”), employees of PJT Partners Inc. and certain other Blackstone funds and/or charitable programs, endowment funds and related entities established by or associated with any of the foregoing (“Blackstone Investors”), will not pay Management Fees and/or performance-based allocations in connection with their investment in Blackstone-sponsored funds that make investments in or alongside the Funds. Notwithstanding the foregoing, such investors will either directly pay for their pro rata share of certain Fund expenses (as described below), or the pro rata amount of such expenses will be allocated to the General Partner or its affiliates.

In addition, Blackstone has, and it can be expected that Blackstone in the future will, enter into agreements with investors involving an investor’s overall relationship with Blackstone, involving one or more strategies, which may include the Funds’ strategies with terms and conditions applicable to such investor and its investment in multiple Blackstone strategies that would not

apply to a limited partner's investment in any of the Funds. Such an agreement would typically involve an investor agreeing to make a capital commitment to multiple Blackstone funds or strategies. Investors will not receive a copy of the agreement memorializing such a multi-strategy investment program (even if in the form of a side letter) and will be unable to elect any rights or benefits granted to such multi-strategy investor. Specific examples of such additional rights and benefits include specialized reporting, discounts on and/or reimbursement of management fees and/or carried interest applied to some or all of the relevant investment program and/or investment vehicles (including, as applicable, any of the Funds), secondment of personnel from the investor to Blackstone (or vice versa), rights to participate in the investment review and evaluation process as well as priority rights or targeted amounts for co-investments alongside Blackstone funds, including in investments made by the Funds. The existence of any such arrangements could result in fewer co-investment opportunities (or reduced allocations) being made available to other investors.

#### *Other Fees Payable to BCEA L.L.C. and its Affiliates*

In addition to BCEA L.L.C.'s Management Fee and performance-based allocations (see Item 6 below), BCEA L.L.C. and its affiliates may also receive financial advisory fees, monitoring fees, organization and financing fees and similar fees for arranging acquisitions and other major financial restructurings, commitment, transaction, break-up and topping fees, divestment fees and directors' fees, fees for services related to group purchasing, healthcare consulting/brokerage, investment banking, capital markets, credit origination, loan servicing and/or other types of insurance, management consulting and other similar operational and finance matters, and/or other fees and annual retainers from (or, with respect to) the Funds' portfolio companies. The Management Fee paid by investors may be offset by a specified percentage of the net break-up, topping, commitment (including fees received in respect of guarantees as contemplated by the applicable partnership agreement), monitoring, transaction, directors' and organizational fees received by BCEA L.L.C. and its affiliates net of reasonable out-of-pocket expenses incurred by BCEA L.L.C. and its affiliates. In addition, though BCEA L.L.C. does not currently contemplate charging any transaction or monitoring fees, such fees, to the extent that they are charged to portfolio companies would offset the Management Fee paid by investors by an equivalent amount. Any other fees received by BCEA L.L.C. would not offset the Management Fee or performance-based allocations. Certain of the Funds bear the cost of fund administration services provided by Blackstone employees (including the allocation of their compensation) and/or internal costs attributable to BCEA L.L.C.'s Portfolio Operations Group (which works with portfolio company management to help portfolio companies become more productive, efficient and valuable), and except in certain limited circumstances or with respect to certain Funds, such amounts will not offset management fees. Investors should carefully

consult the applicable Fund’s offering documents and Organizational Documents to determine the offsetable fees and the management fee offset percentage applicable to the Funds in which they are invested. (See “Other Fees Received by BCEA L.L.C. and its Affiliates” in Item 10 below) In addition, BCEA L.L.C. will also engage and retain on behalf of the Funds and/or their portfolio companies senior advisors, consultants, and other similar professionals who are not employees or affiliates of BCEA L.L.C. and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies or the Funds, and such amounts will not offset the Management Fee paid by the Funds. (See “Advisors” in Item 10 below).

### *Expenses*

The following is a list of expenses that are typically borne by the Funds (and indirectly by the limited partners of the Funds). This list is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the applicable Fund offering materials and Organizational Documents for a more extensive description of the expenses associated with an investment in the Funds.

- Legal fees
- Regulatory filing fees of the Funds
- Expenses related to BCEA L.L.C.’s compliance matters and reporting obligations to the extent they relate to the Funds’ activities (e.g., Form PF, U.S. Commodity Futures Trading Commission (“CFTC”) filings, the European Union Alternative Investment Fund Managers Directive (“AIFMD”) filings)
- Administrative fees, expenses and/or charges (See “Other Fees Received by BCEA L.L.C. and its Affiliates” in Item 10 below)
- Consultant and senior advisor expenses (See “Advisors” in Item 10 below)
- Technology expenses (which may include internally allocated charges for certain Funds)
- Accounting fees
- Taxes
- Audit fees
- Brokerage commissions
- Transaction fees
- Custodial fees
- Research-related expenses, including news and quotation equipment and services
- Broken-deal expenses (See “Other Fees Received by BCEA L.L.C. and its Affiliates” in Item 10 below)



- Expenses associated with the preparation of the Funds' periodic reports and related financial and other statements
- Expenses of investor meetings
- Expenses of litigation involving the Funds or entities in which the Funds 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, including "most favored nations" provisions
- In-house fund administration costs and related overhead (See "Other Fees Received by BCEA L.L.C. and its Affiliates" in Item 10 below)
- Travel and entertainment expenses in connection with the Funds' 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 closing dinners and mementos, cars and meals (outside normal business hours), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers))
- Expenses of liquidating the Funds

Investors in a Fund are allocated their pro rata share of such additional fees and expenses.

From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or the General Partner and BCEA L.L.C., on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and Other Blackstone Funds (as defined below), on the other. Certain expenses may be suitable for only a particular Fund or parallel fund and borne only by such Fund, or, as is more often the case, expenses may be allocated pro rata among the Fund and all parallel funds even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partner will make such judgments in a manner that it determines to be fair and reasonable in good faith, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable.

## **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 BCEA L.L.C. or its affiliates, the General Partner of each Fund receives a portion of the profits of current disposition proceeds from each Fund with respect to each limited partner (other than those that are affiliates of BCEA L.L.C.), which is equal to ten percent of the amounts otherwise distributable to such limited partner with respect to any particular investment. Such allocation of profits is only allocated to the General Partner when specific conditions are met, including the return to the limited partner of an aggregate amount equal to all capital contributed to the applicable Fund by such limited partner for realized investments and any writedowns on unrealized investments, fees and expenses allocable to such investment and the receipt of a preferred return on such amounts. Certain Organizational Documents may permit either the General Partner of a Fund or the limited partners of a Fund to elect for the General Partner to receive a percentage of the carried interest due to Blackstone with respect to that investment (assuming the investment were sold, at that time, for fair market value) prior to disposition of the investment.

The Funds generally distribute current income from an investment to their investors on an investment by investment basis and will not take into account a return of capital or any aggregate net losses on investments not disposed of, but will take into account actual unrecouped losses from prior dispositions.

The fact that BCEA L.L.C.'s affiliate is in part compensated based on the performance of the Funds may create an incentive for BCEA L.L.C. to make investments on behalf of investors that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, the commitment by Blackstone to invest in the Funds and clawback provisions (which are provisions in the Organizational Documents that require the General Partner to return excess amounts of performance based allocations that have been received) should tend to reduce the incentive to make more speculative investments or otherwise time the sale of investments in a manner motivated by personal interests of Blackstone personnel. In connection therewith, the General Partner's clawback obligation may create an incentive for the General Partner to defer the disposition of one or more investments if such disposition would result in a realized loss, a return on investment that was less than the preferred return and/or the finalization of dissolution and liquidation of a Fund where a clawback obligation would be owed.

As described in Item 5, Blackstone Investors are not subject to Management Fees or carried interest allocations.

## Item 7 – Types of Clients

BCEA L.L.C. manages the Funds. The Funds' investors may consist of some or all of the following:

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

Investors may also include other funds, vehicles and/or accounts managed by affiliates of Blackstone. All investors are subject to applicable suitability requirements. BCEA L.L.C. and the General Partner require that each investor in the Funds be (i) an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and (ii) 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 at the General Partner’s discretion.

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

### **Investment Strategies:**

BCEA L.L.C. offers advice to the Funds generally to invest in equity and equity-related securities (including (i) preferred stock, debt and other securities relating to common equity investments and (ii) preferred stock, debt and other securities that are expected to produce equity-like returns) in conjunction with privately negotiated transactions. These investments are generally made in connection with acquisitions, dispositions, restructurings, workouts, management acquisitions and other similar situations and utilize some degree of leverage. Funds may each hold only a single investment or they may hold several investments in different companies.

BCEA L.L.C.'s investment analysis methods include fundamental, technical and cyclical research. BCEA L.L.C.'s investment team is responsible for evaluating securities (and other products) for investment. BCEA L.L.C.'s investment professionals also review all portfolios for adherence to the investment objectives of each portfolio and the Fund's stated investment strategies.

BCEA L.L.C. personnel generally meet each Monday to discuss potential and pending transactions. At that meeting such transactions are discussed (unless there are no new developments or activities to report). If BCEA L.L.C.'s consideration of a transaction has advanced beyond the preliminary evaluation stage, a brief memorandum to the Review Committee is prepared and the transaction is discussed at the regular weekly meetings of the Review Committee. If at such meeting the Review Committee authorizes the transaction team to continue to pursue the transaction, the transaction team will conduct further work. If the transaction reaches the stage where the transaction team proposes to make a definitive bid to acquire or invest in the target company or business (usually this is the "second round" of bidding, following an initial round in which preliminary, non-binding indications of interest are submitted by interested bidders), it will prepare a detailed memorandum on the transaction for the Investment Committee and convene a meeting of the Investment Committee at which that Committee will discuss the transaction in depth with the transaction team and decide whether to authorize such a definitive bid and what the bid should be. In addition to an in-depth discussion of the target company or business and the investment thesis, deal tactics and potential exit strategies will usually be discussed by the Investment Committee and the transaction team. The Investment Committee will often conduct multiple meetings on a particular deal.

**Risk of Loss:**

An investment in the Funds entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks:

1. No established market for potential investments exists
2. Illiquidity of investments by the Funds
3. Changes in legal, fiscal, and regulatory regimes
4. Nature of equity or equity-related investments
5. Non-U.S. investments, including currency fluctuation and political factors
6. Dependence on BCEA L.L.C., BCEA L.L.C.'s key personnel and portfolio company management
7. Portfolio concentration
8. Investment environment and market risk
9. Market volatility risks
10. Risk of loss of entire investment
11. Due diligence may not reveal all factors affecting an investment
12. Highly competitive market for investment opportunities
13. Currency fluctuations
14. Leverage risk
15. Hedging Risks
16. Enhanced scrutiny and potential regulation of the private investment fund industry and the financial services industry (including Dodd-Frank)
17. CFTC registration requirements and compliance with the AIFMD
18. Cyber Security breaches and identity theft
19. Unspecified investments

## 20. Risks arising from ERISA including potential control group liability

**Investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds.**

Stock markets and bond markets fluctuate substantially over time and performance of any investment is not guaranteed. As a result, there is a risk of loss of value in the assets which BCEA L.L.C. manages that is out of BCEA L.L.C.'s control. BCEA L.L.C. cannot guarantee any level of performance or that investors in the Funds will not experience a substantial or complete investment loss. There is no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategies. The marketability and value of any investment will depend upon many factors beyond the control of the Funds. The expenses of the Funds may exceed their income, and an investor in a Fund could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of the Funds cannot be taken to guarantee future results of the Funds or any investment in the Funds.

## Item 9 – Disciplinary Information

BCEA L.L.C. does not have any legal, financial or other “disciplinary” event to report. As a registered investment adviser, BCEA L.L.C. 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 October 7, 2015, without admitting or denying any wrongdoing, certain Blackstone private equity advisers consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, with respect to certain legacy private equity funds, these advisers did not provide sufficient pre-commitment disclosure regarding the possibility of accelerating otherwise authorized fees upon termination of monitoring fee agreements with its portfolio companies. The order also found that these advisers did not adequately disclose that certain legal fee discounts it received, prior to 2011, were greater than discounts received by its funds. In addition, the order found that these advisers did not adopt and implement a written compliance policy or procedure regarding the foregoing. These advisers agreed as part of the settlement to pay disgorgement to the limited partners of those legacy private equity funds, and a civil monetary penalty to the SEC.

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, BCEA L.L.C. does not believe that any current legal proceeding or claim to which Blackstone is a party would individually or in the aggregate materially affect BCEA L.L.C. and/or the Funds’ results of operations, financial position or cash flows.



## Item 10 – Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities

From time to time, various potential and actual conflicts of interest arise from the overall investment activities of BCEA L.L.C. and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Investors should consult the applicable Fund's offering documents for a more complete listing of applicable conflicts. Any references to Blackstone and BCEA L.L.C. in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that BCEA L.L.C. determines in its good faith judgment constitutes an actual conflict of interest, BCEA L.L.C. will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions BCEA L.L.C. will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example and without limitation, (i) presenting a conflict of interest to the L.P. Advisory Committee as expressly provided for in the Organizational Documents, (ii) disposing of the security giving rise to the conflict of interest, (iii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest, (iv) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the L.P. Advisory Committee regarding the conflict of interest and either obtaining a waiver or consent from the L.P. Advisory Committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the L.P. Advisory Committee with respect to such conflict of interest, (v) disclosing the conflict to the investors, or (vi) implementing certain policies and procedures designed to ameliorate such conflict of interest. There can be no assurance that BCEA L.L.C. will identify or resolve all conflicts of interest in a manner that is favorable to the Funds. By acquiring an Interest in the Fund, each investor will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

***Blackstone Policies and Procedures.*** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will from time to time reduce the synergies across Blackstone's various businesses that the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management

businesses, a capital markets group and a real estate advisory business, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that reduce the positive synergies that the Funds could otherwise expect to utilize for purposes of finding attractive investments. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which the Funds may be considering making an investment. As a consequence, that information, which could be of benefit to the Funds, might be unavailable to the Funds. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Blackstone fund has or has considered making an investment will from time to time restrict or otherwise limit the ability of the Funds and/or their portfolio companies and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Funds, may require the Funds to share such opportunities or otherwise limit the amount of an opportunity the Funds can otherwise take.

***Performance Allocation; Management Fee.*** The existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based compensation. Under the terms of certain of the Funds' Organizational Documents, the General Partner is entitled to elect to receive its carried interest with respect to an investment that is otherwise being sold in the form of an in-kind distribution of securities of the related portfolio company, including if the purpose is to permit one or more Blackstone personnel to donate such securities to charity (which may include private foundations, funds or other charities associated with any such personnel). The tax efficiencies to such Blackstone personnel associated with this form of charitable giving may have the effect of reinforcing and/or enhancing the General Partner's incentives otherwise resulting from the existence of its carried interest and therefore conflicts of interest may arise in making decisions on behalf of the Funds (including the timing of the disposition of investments). However, the commitment by Blackstone to invest in the Funds, the clawback provisions in the Organizational Documents and the fact that the preferred return is calculated on an aggregate basis should tend to reduce the incentive to make more speculative investments or otherwise time the sale of investments in a manner motivated by the personal interests of Blackstone personnel. In connection therewith, the General Partner's clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments if such disposition would result in a realized loss,

a return on investment that was less than the preferred return and/or the finalization of dissolution and liquidation of a Fund where a clawback obligation would be owed. In addition, the fact that the Management Fee is calculated based on invested capital rather than capital commitments may create an incentive for the General Partner to (i) defer realization of investments, (ii) make more speculative investments than it otherwise would have made if Management Fees were based on capital commitments if a realization of a different investment would result in a realized loss and/or the finalization of dissolution and liquidation of the Funds would otherwise result in a clawback obligation being owed, (iii) seek to deploy the capital commitments in investments at an accelerated pace, and/or (iv) hold investments longer than it otherwise would have if Management Fees were based on capital commitments. Furthermore, upon a withdrawal by a limited partner from the Funds (in limited circumstances) and upon the liquidation of the Funds, the General Partner may receive carried interest distributions with respect to a distribution in kind of non-marketable securities. The valuation of such securities for such purposes will be determined by the General Partner as set forth in the Fund's Organization Documents.

***Allocation of Personnel.*** BCEA L.L.C. and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, Blackstone personnel, including certain members of the Investment Committee, will work on other projects and/or Other Blackstone Funds, will serve on other committees and have other responsibilities throughout Blackstone and/or its portfolio companies, and, therefore, conflicts are expected to arise in the allocation of personnel and personnel's time. In this regard, however, a core group of Blackstone private equity professionals will devote a significant portion of their business time to the business related to the Funds, successor funds thereto (and their respective investments) and related entities.

***Other Fees Received by BCEA L.L.C and its Affiliates.*** BCEA L.L.C. and its affiliates may receive fees relating to the Funds' investments or from unconsummated transactions (e.g., directors', topping, break-up, commitment, financing and other similar fees). In addition, although Blackstone does not presently intend to generally charge transaction and/or monitoring fees to portfolio companies, such fees, to the extent that they are charged to portfolio companies, would offset the Management Fee paid by investors by an equivalent amount. To the extent Blackstone charges transaction and/or monitoring fees, in the case of monitoring fees, these may be payable as fixed dollar amounts or may be calculated as a percentage of EBITDA (or other similar metric). In the case of transaction fees, often times these will be calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of funds raised (including invested capital, rolled over equity and debt assumed or financed by the Fund and/or the portfolio company and its subsidiaries and affiliates. Additionally, BCEA L.L.C. and its affiliates may receive fees from or with respect to portfolio

companies and/or other persons (including co-investors and joint venture parties) as part of the investment activities of the Funds, including fees relating to compensation for capital markets transactions and advice, real estate advisory, and other services, and will be entitled to be reimbursed for reimbursable ops expenses as more fully described in the Fund's Organizational Documents. With respect to fees received by Blackstone relating to the Funds' investments or from unconsummated transactions, investors will not receive the benefit of any fees relating to the Funds' investments or paid by portfolio companies other than as set forth in the offering documents of a Fund. For example, investment banking, capital markets, debt syndication, and/or real estate advisory, where applicable, fees paid to Blackstone from portfolio companies will not result in any offset to the Management Fee payable by investors. To the extent the receipt by BCEA L.L.C. of any such fees results in an offset of the Management Fee payable by a Fund's investors as provided in applicable Organizational Documents of such Fund, such fees will first be allocated among such Fund, any other investment funds and collective investment vehicles and/or accounts managed by affiliates of Blackstone (including vehicles in existence as of the date hereof and those that may be formed in the future, collectively, "Other Blackstone Funds") and/or accounts participating (or intending to participate) in such investment, any co-investment vehicles (including any vehicles established in connection with Blackstone's side-by-side co-investment rights as provided in the applicable Fund's Organizational Documents) participating (or intending to participate) in such investment. The amount of such fees allocable to such Other Blackstone Funds and/or accounts and co-investment vehicles will generally not result in an offset of the Management Fee payable by investors, even if such Other Blackstone Funds and/or accounts and co-investment vehicles 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 provide for a management fee or carried interest payable by participants therein), subject to certain limitations. Moreover, Blackstone and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds which will not be subject to management fee offset or otherwise shared with the Funds, limited partners and/or portfolio companies. For example, airline travel or hotel stays incurred as partnership expenses may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Blackstone and/or such personnel (and not the Funds, limited partners and/or portfolio companies) even though the cost of the underlying service is borne by the Funds and/or portfolio companies.

Certain Funds will bear the cost of fund administration and other related services provided by Blackstone employees and/or affiliates (including the allocation of their compensation otherwise payable by Blackstone), and such amounts will not offset the Management Fee. Any

such expenses, charges, or related costs shall generally 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 according to the Funds, (ii) Blackstone approximating the proportion of certain personnel's time spent on particular funds, (iii) 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 market rate for such services or (iv) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Any such methodology (including the choice thereof) involves inherent conflicts and may not result in perfect attribution and allocation of expenses. These expenses will be borne by the Funds as partnership expenses and will not result in any offset to the Management Fee.

The Funds will 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 facilitating the Funds' investment activities (including, without limitation, travel and related expenses related to such entity and the salary and benefits of any personnel (including personnel of BCEA L.L.C. or its affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity), expenses of liquidating the Fund, capital raising and investor-related services and other similar costs and costs, expenses of administering side letters entered into with limited partners (including legal and other expenses in connection with the process of distributing and implementing applicable elections pursuant to any "most-favored-nations" 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 entertainment, advisory and, consulting and printing expenses and any liquidated damages, forfeited deposits, reverse termination fees or similar payments).

Certain of the Funds may in the future use the services of and/or acquire an ownership interest in a Luxembourg management company ("Lux Co"), a European entity that manages or would manage a group of Luxembourg-based companies through which the Funds (and potentially Other Blackstone Funds) may structure some of their European investments. Lux Co would be entirely owned by the Funds and potentially by Other Blackstone Funds that also use Lux Co in addition to the Funds. Key service functions provided by the Lux Co will include domiciliation, accounting, regulatory and tax reporting and compliance. All costs associated with Lux Co's services and operations (including any Lux Co employee compensation and other general overhead) will be ultimately borne by the Funds and the Other Blackstone Funds that own or use Lux Co. These shared costs are intended to be allocated and charged on a cost sharing basis

to the individual fund related entities utilizing the services of Lux Co based on the type and level of services provided and may include a mark-up, though Lux Co is generally intended to operate on a nominal profit basis. The General Partner endeavors to allocate fees and expenses associated with Lux Co fairly and equitably, which allocation involves certain methodologies based on actual data pertaining to the services provided. The General Partner believes that these methodologies results in a fair and equitable allocation of expenses.

The Funds may be required to make contingent funding commitments or guarantees to its portfolio entities or other vehicles or entities in or alongside which the Funds 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 may result in fees, expenses and interest costs to the Funds, which could adversely impact the results of the Funds, subject to certain limitations set forth in the Organizational Documents.

Certain Blackstone personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies and the compensation for such personnel during the secondment will be borne by the portfolio companies. To the extent Blackstone receives any fees or expense reimbursement from the portfolio companies with respect to such personnel, they will not result in any offset to the Management Fee payable by the relevant Funds.

***Advisors.*** Blackstone engages and retains strategic advisors, consultants, senior advisors, executive advisors and other similar professionals who are not employees or affiliates of Blackstone and who are expected, from time to time, to receive payments from, or allocations with respect to, portfolio companies (as well as from Blackstone or the Funds). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or the Funds may be treated as partnership expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Blackstone, be deemed paid to or received by Blackstone and such amounts will not be subject to the offset of any Management Fee otherwise due. These strategic advisors, senior advisors, consultants, executive advisors and/or other professionals (which may include certain former Blackstone employees) often have the right or may be offered the ability to co-invest alongside the Funds, including in those investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce the Funds' returns and will not necessarily be subordinated to the return of investors' capital contributions), or otherwise participate in equity plans for management of any such portfolio company or invest directly in the Funds or in a vehicle controlled by the Funds subject to reduced or waived management fees and/or carried interest, including after the termination of their engagement by or other

status with Blackstone, and such co-investment and/or participation (which generally will result in the Funds being allocated a smaller share of an investment) will not be considered as part of Blackstone's side-by-side co-investment rights. Additionally, and notwithstanding the foregoing, these strategic advisors, executive advisors, senior advisors, consultants and/or other professionals, as well as current and former chief executive officers of Blackstone portfolio companies, are expected to be (or have the preferred right to be) investors in Blackstone portfolio companies (which, in some cases, may involve agreements to pay performance fees to such persons in connection with the Funds' investments therein, which will reduce the Funds' returns and will not necessarily be subordinated to the return of investors' capital contributions) and/or Other Blackstone Funds, and may be permitted to participate in Blackstone's side-by-side co-investment rights. The nature of the relationship with each of the strategic advisors, senior advisors, consultants, executive advisors and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide the General Partner and/or BCEA L.L.C. with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Blackstone has formal arrangements with these senior advisors, executive advisors, consultants, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement, and, in any event, pursuant to negotiated arrangements that will not be confirmed as being comparable to the market rates for such services) from Blackstone, one or more Funds and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Payments or allocations to Blackstone's strategic advisors, executive advisors, consultants, senior advisors and other similar professionals, will not be subject to the Management Fee offset provisions. There can be no assurance that any of the executive advisors, senior advisors, consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Funds and/or any portfolio companies throughout the term of the Funds. Additionally, members of Blackstone's Portfolio Operations group, who are Blackstone employees, are able to provide services to the Funds' portfolio companies, and any payments made by such portfolio companies to Blackstone for reimbursement of the internal compensation costs for time spent on such portfolio companies will be no greater than would be obtained in an arm's-length transaction for similar services as determined by the General Partner in good faith, and will, subject to certain limits, be included as reimbursable ops expenses and not be subject to the offset provisions as more fully set out in the Funds'

Organizational Documents. As a result, Blackstone may be incentivized to cause members of the Portfolio Operations group to spend more time on the Funds' portfolio companies as compared to portfolio companies of Other Blackstone Funds that do not differentiate such payments for purposes of the management fee offset provisions. On the other hand, there can be no assurance that members of the Portfolio Operations group will be able to provide their services to portfolio companies and/or that any individuals within the Portfolio Operations group will remain employed by Blackstone through the term of the Funds.

***Portfolio Company Relationships.*** Certain of the Funds' portfolio companies are or will be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other investment funds managed by BCEA L.L.C. or other Blackstone affiliates, or certain third-party service providers that, although BCEA L.L.C. determines to be consistent with the requirements of such Funds' Organizational Documents, would not have otherwise been entered into but for the affiliation or relationship with Blackstone, and which involve fees, commissions, servicing payments and/or discounts to BCEA L.L.C., a Blackstone affiliate or a portfolio company, which are not subject to the Management Fee offset provisions described herein. For example, certain portfolio companies of one or more Blackstone funds enter into agreements regarding group procurement (such as the group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will be pooled across portfolio companies and discounted due to scale) and other operational, administrative or management related matters from a third party or a Blackstone affiliate, and other similar operational initiatives that result in fees, commissions or similar payments and/or discounts being paid to BCEA L.L.C. or its affiliates, or a portfolio company, including related to a portion of the savings achieved by the portfolio company. To the extent that a portfolio company of an Other Blackstone Fund is providing such a service, such portfolio company will benefit. Further, the benefits received by the particular portfolio company providing the service may be greater than those received by the Fund(s) and their portfolio companies receiving the service.

As a part of such benefits management, certain portfolio companies of one or more Blackstone Funds' may enter into an employer health program arrangement or similar arrangements with Equity Healthcare LLC ("Equity Healthcare"), a Blackstone affiliate which negotiates with providers of standard administrative services and insurance carriers for health benefit plans and other related services for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms from providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. The payments made to Blackstone in connection with Equity Healthcare, group purchasing, insurance and benefits management will not be subject to the Management Fee offset provisions. Additionally, Blackstone will from time to time hold equity or other investments in



companies or businesses (even if they are not “affiliates” of Blackstone) that provide services to or otherwise contract with portfolio companies. Blackstone has in the past entered (and can be expected in the future to enter) into relationships with companies in the information technology and related industries whereby Blackstone acquires an equity or similar interest in such company. In connection with such relationships, Blackstone may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Blackstone that are tied or related to participation by portfolio companies). The Funds and the limited partners will not share in any fees or economics accruing to Blackstone as a result of these relationships and/or participation by portfolio companies.

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

With respect to transactions or agreements with portfolio companies, if unrelated officers of a portfolio company have not yet been appointed, Blackstone may be negotiating and executing agreements between BCEA L.L.C. and/or the Fund, on the one hand, and the portfolio company 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. While fees received in connection with any such transactions or agreements may be subject to an L.P. Advisory Committee objection right as provided in the Organizational Documents, in the absence of any such objection, the amounts determined by the Funds are conclusive. 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. It is also possible that the Funds or the Funds’ portfolio companies will be counterparties (such counterparties dealt with on an arm’s length basis) or participants in agreements, transactions or other arrangements with an investor or an affiliate of an investor.

Moreover, in connection with seeking financing or refinancing of portfolio companies and their assets, it may be the case that better financing terms are available when more than one portfolio company provides collateral, particularly in circumstances where the assets of each portfolio company are similar in nature. As such, rather than seeking such financing or refinancing on their own, portfolio companies of the Funds may enter into cross collateralization arrangements with other portfolio companies of the Funds or portfolio companies of one or more Other Blackstone Funds. While Blackstone would expect any such financing arrangements to generally be non-recourse to the Funds and the Other Blackstone Fund, as a result of any cross-collateralization, the Funds could also lose their interests in

otherwise performing investments due to poorly performing or non-performing investments of Other Blackstone Funds.

It is also possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one portfolio company or group of portfolio companies, which may result in (i) any of the portfolio companies of the Funds or a portfolio company of an Other Blackstone Fund being solely liable with respect to their own and such third party for such Other Blackstone Fund's portfolio company's share of the applicable obligation and therefore, being required to contribute amounts in excess of their pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness and/or (ii) any of the Funds' portfolio companies and such Other Blackstone Fund's portfolio company being jointly and severally liable for the full amount of such applicable obligation or liable on a cross-collateralized basis on an investment-by-investment or portfolio wide basis, in each case which may result in the Funds' portfolio companies and such Other Blackstone Fund's portfolio company entering into a back-to-back or other similar reimbursement agreement.

***Other Blackstone Businesses and Activities.*** As part of its regular business, Blackstone provides a broad range of services. In addition, from time to time, Blackstone and its affiliates will provide services in the future beyond those currently provided. Investors will not receive a benefit from such fees.

In connection with its capital markets, investment banking, real estate advisory and other businesses, Blackstone may determine that there are conflicts of interest or come into possession of information that limits its and its affiliates' ability to engage in potential transactions. The Funds' activities may be constrained as a result of these conflicts of interest and Blackstone personnel's inability to use such information. Additionally, there may be circumstances in which one or more individuals associated with Blackstone will be precluded from providing services to the General Partner or BCEA L.L.C. because of certain confidential information available to those individuals or to other parts of Blackstone. Blackstone is under no obligation to decline any investments in order to make an investment opportunity available to the Funds. The Funds may 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. The Funds may also co-invest with Other Blackstone Funds in particular investment opportunities, and the relationship with such clients could influence the decisions made by the General Partner with respect to such investments. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to the Funds.

Blackstone will from time to time participate in underwriting or lending syndicates with respect to portfolio companies of a Fund, or otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, a Fund's portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies. Such underwritings will be on a firm commitment basis or may be on an uncommitted "best efforts" basis. A Blackstone broker-dealer will from time to time act as the managing underwriter or a member of the underwriting syndicate and purchase securities from the Funds or such portfolio companies or advise on such transactions. Blackstone will also from time to time, on behalf of a Fund or other parties to a transaction involving a Fund, effect transactions, including transactions in the secondary markets where it will from time to time nonetheless have a potential conflict of interest regarding a Fund and the other parties to those transactions to the extent it receives commissions or other compensation from a Fund and such other parties. Subject to applicable law, Blackstone will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing (including loan servicing) fees, advisory fees, lending arrangement and consulting, monitoring, commitment, syndication, origination, organizational financing and divestment fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone or an Other Blackstone Fund or account is purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with the Funds or BCEA L.L.C. and the Management Fee with respect to an investor generally will not be reduced by such amounts. Blackstone will from time to time nonetheless have a potential conflict of interest regarding Funds and the other parties to those transactions to the extent it receives commissions, discounts, fees or such other compensation from such other parties. BCEA L.L.C. will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Fund, or as dealer, broker or advisor, on the other side of a transaction with a Fund only where BCEA L.L.C. believes in good faith that such transactions are appropriate for a Fund and, by executing a subscription agreement for interests in such Fund, an investor consents to all such transactions, along with the other transactions involving conflicts of interest described herein, to the fullest extent permitted by law. Sales of securities for the account of the Funds (particularly marketable securities) will from time to time be bunched or aggregated with orders for other accounts of Blackstone including other investment partnerships. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged which may be disadvantageous to the Funds.

Where Blackstone serves as underwriter with respect to a portfolio company's securities, Funds will from time to time be subject to a "lock-up" period following the offering under applicable regulations during which time their ability to sell any securities that they continue to hold is

restricted. This may prejudice the Funds' ability to dispose of such securities at an opportune time. (See also "—Other Trading and Investing Activities" below.)

Blackstone employees, including employees of BCEA L.L.C., are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of the Funds. Investors will not receive any benefit from any such investments.

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 Partners Inc. ("PJT"), an independent financial advisory firm founded by Paul J. Taubman. While the new combined business operates independently from Blackstone and is not an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving the Funds and their portfolio companies on the one hand and PJT on the other. Specifically, given PJT will not be an affiliate of Blackstone, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by the new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of Blackstone. 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 in doing transactions involving PJT will still arise. The pre-existing relationship between Blackstone and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, co-investment and other continuing arrangements, may influence Blackstone/BCEA L.L.C. in deciding to select or recommend PJT to perform such services for BCEA L.L.C. or for the Funds (or a portfolio company) (the cost of which will generally be borne directly or indirectly by the Funds or such entities, as applicable). Nonetheless, the General Partner and its affiliates will be free to cause the Funds and portfolio companies to transact with PJT generally without restrictions under the applicable Organizational Documents notwithstanding such overlapping interests in, and relationships with, PJT. (See also "Service Providers" below).

In addition, other present and future activities of Blackstone and its affiliates (including BCEA L.L.C.) will from time to time give rise to additional conflicts of interest relating to the Funds and their investment activities. 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 the Funds' interests.

***Other Blackstone Funds; Allocation of Investment Opportunities.*** Through Other Blackstone Funds and its affiliates, Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities globally. Investors should expect that in certain circumstances, not all of the opportunities suitable for the Funds will be presented to

the Funds. Each Fund's Organizational Documents set forth certain exceptions that allow specified types of investment opportunities that might otherwise fall within a Fund's investment objectives or strategy to be allocated to Other Blackstone Funds (in whole or in part). Some of these exceptions are subject to reasonable interpretation and require BCEA L.L.C. to exercise its good faith judgment in determining whether an investment opportunity should be allocated to one of the Funds or an Other Blackstone Fund. Blackstone currently manages and will continue to manage, sponsor and close a variety of Other Blackstone Funds that have investment objectives and/or guidelines that overlap, in whole or in part, with those of the Funds.

With respect to any such Other Blackstone Funds that have investment objectives or guidelines that overlap with the Funds, in whole or in part, investment opportunities that fall within such common objectives or guidelines shall generally be allocated among the Funds and such Other Blackstone Funds on a basis that the General Partner determines is fair and reasonable in good faith, subject to (i) any applicable investment parameters, limitations or other contractual provisions of the Funds and such Other Blackstone Funds, (ii) the Funds and such Other Blackstone Funds having available capital with respect thereto and (iii) legal, tax, regulatory and other considerations deemed relevant by the General Partner (including, without limitation, the specific nature of the investment, size and type of the investment, relative investment strategies and primary investment mandates, portfolio diversification concerns, contractual obligations, applicable investment limitations, relative amounts of available capital for each investment fund, source of the investment opportunity, the investment focus of each investment fund, anticipated holding period and remaining investment periods, co-investment arrangements, extent of involvement of the respective teams of investment professionals dedicated to the Funds and the Other Blackstone Funds, and other relevant considerations). As a result of the foregoing the Funds may not participate (and/or not participate to the same extent) in certain investment opportunities in which they would have otherwise participated had the related allocations been determined without regard to such methodology and/or based only on the circumstances of those particular investments. In addition, allocation of such opportunities by Blackstone requires it to make subjective judgments regarding application of the above guidelines. Any such judgments and application involves inherent conflicts and risks that assumptions regarding investment opportunities will not ultimately prove correct. For example, investment opportunities that were determined to be appropriate for opportunistic private equity funds may ultimately produce returns that are more consistent with the Funds' objectives (and vice-versa). As such, there can be no assurance that the subjective judgments made by the General Partner will prove correct in hindsight. Furthermore, certain of such Other Blackstone Funds and/or certain funds sponsored by Pátria may also receive priority with respect to the General Partner's ability to allocate investment opportunities, including where

such opportunities are within the common objectives and guidelines of the Fund and another Blackstone fund (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable), Blackstone has established general guidelines for determining how such allocations are to be made, which, among other things, set forth priorities and presumptions regarding what constitutes “debt” investments, ranges of rates of returns for defining “core” investments, presumptions regarding allocation of certain types of investments (e.g., distressed investments) and other matters. The application of those guidelines may result in the Funds not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines and/or based only on the circumstances of those particular investments that are within their primary strategy which may otherwise be appropriate for the Funds, in each case, to the extent required by the applicable limited partnership agreements of such other funds and subject to certain exceptions. To the extent any Other Blackstone Funds have investment objectives or guidelines that overlap with those of the Funds, such Other Blackstone Funds may receive (or be required to receive) allocations of investment opportunities that may otherwise be appropriate for the Funds. As a result, the Funds will not necessarily receive an allocation of each investment opportunity within its mandate, which may impact the Funds’ ability to consummate attractive investment opportunities and achieve its investment objectives.

The General Partner reserves the right to organize, sponsor, raise and/or manage Parallel Vehicles, either directly or through an affiliate, for the benefit of certain investors, which may (a) employ investment strategies that are the same as or that overlap with those of the Partnership or the same or similar investment objectives as the Partnership and (b) have terms that differ from those of the Partnership. Parallel accounts may have terms that are more beneficial than those of the Partnership.

For any investments that fall within the investment objectives of the Funds, the Funds will generally invest and divest in each such investment at substantially the same time and on substantially the same terms pro rata based on the maximum aggregate capital commitments that each of the Funds may contribute to any single investment, unless the General Partner determines in good faith that a different allocation or terms are reasonably necessary or appropriate due to legal, regulatory, tax, accounting or other considerations (which may include investment objective, investment limitations, investor preferences, available capital and/or other reasons). While the General Partner will seek to allocate investments among the Funds, it is acknowledged and agreed that certain Parallel Vehicles may not necessarily participate in each investment as a result of the terms of the governing agreement of a relevant parallel vehicle, legal, tax, regulatory or other considerations, which will from time to time result in an

increase in the Funds' allocable share of such investment. By acquiring an interest in the Fund, the investors will be deemed to have acknowledged and consented to any such arrangements and transactions and the Funds' participation therein for purposes of the Organizational Documents and applicable law (including, without limitation, the Advisers Act).

In addition to different investor preferences, prospective investors should also note that the terms of the existing and future Parallel Vehicles (including the economic terms, investment limitations and veto rights with respect to investments, liquidity rights (including, but not limited to the ability to request or object to dispositions of investments, which may adversely affect investments in which the Funds or other investors have an interest, and contribution obligations of other investors with respect to such investments), investment period and suspension rights related thereto, diversification parameters, co-investment and any board or governance rights afforded to limited partners of Parallel Vehicles) may materially differ, and may in some instances be more favorable to the limited partners of Parallel Vehicles than the terms of this Fund. Such different terms will from time to time create potential conflicts of interests for the General Partner or its affiliates, including with respect to the allocation of investment opportunities. In particular, the existence of different rates of carried interest and/or management fees paid by the Fund may be less than or exceed the amount of carried interest charged and/or management fees paid by a parallel vehicle or an Other Blackstone Fund. Such variation may create an incentive for Blackstone to allocate a greater percentage of an investment opportunity to the Funds or such Other Blackstone Fund, as the case may be. The terms of the partnership agreements and side letters of parallel accounts and Other Blackstone Funds will not be electable by investors under any "most-favored-nations" clauses in such investors' side letters.

The Fund may lend an amount to Blackstone and its affiliates with respect to its pro rata share of such investments in those circumstances where the Fund is borrowing with respect thereto on a short-term basis; *provided*, that any such amounts so borrowed shall be (x) on a short-term basis (based on the General Partner's reasonable belief at the time of the investment); and (y) on no more favorable terms than those applicable to the Fund's borrowing of the related proceeds. The Funds' Organizational Documents specify that Blackstone (which includes participation by Blackstone professionals and employees and Other Blackstone Funds or entities and other key advisors/relationships of Blackstone and/or endowment funds, charitable programs and/or other similar or related entities associated with Blackstone or its affiliates) will be permitted to make investments alongside the Funds, including as part of their participation in Blackstone's side-by-side co-investment program, up to a maximum specified percentage of the total investment amount. Such side-by-side investments do not bear fees and generally result in the Funds being allocated a smaller share of an investment than would

otherwise be the case in the absence of such side-by-side investment rights. Additionally, Other Blackstone Funds will be (or have the preferred right to be) permitted to participate in Blackstone's side-by-side co-investment rights. In particular, funds, vehicles, accounts and other similar arrangements managed by BMAA, which co-invests with multiple Blackstone funds, are expected to participate in investments alongside the Funds pursuant to Blackstone's side-by-side investment rights or other co-investment arrangements. In such cases, such funds, vehicles, accounts and other similar arrangements managed by BMAA would be eligible to receive fees and carried interest on its portion of any such investment.

The existence of different rates of carried interest and/or management fees paid by the Funds may be less than or exceed the amount of carried interest charged and/or management fees paid by Other Blackstone Funds. Such variation may create an incentive for Blackstone to allocate a greater percentage of an investment opportunity to the Funds or such Other Blackstone Funds, as the case may be.

There will be circumstances where an amount that would have otherwise been invested by a Fund is instead allocated to co-investors (who may or may not be investors, including, for greater certainty, limited partners of Other Blackstone Funds), and there is no guarantee for any investor that it will be offered any co-investment opportunities. As a general matter, the allocation of co-investment opportunities is entirely discretionary, and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. The General Partner will take into account various facts and circumstances deemed relevant by the General Partner. Such factors are likely to include, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the General Partner'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 General Partner'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 may also include, among others and without limitation, the size of investor commitments to the Funds and Other Blackstone Funds and strategic third-party investors, whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone, the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of the Fund's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Fund), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, the Funds, or other co-investments and/or



Other Blackstone Funds, and such other factors that Blackstone deems relevant under the circumstances. In addition, Blackstone may agree with investors in the Funds or as a part of an overall strategic relationship with Blackstone to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to investors. Furthermore, in connection with any such co-investment by third-party co-investors, Blackstone may establish one or more investment vehicles managed or advised by Blackstone to facilitate such co-investors' investment alongside the Funds. 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 may receive a smaller amount of co-investment opportunities than the amount requested.

Additionally, the General Partner and/or its affiliates may be incentivized to offer certain potential co-investors the opportunities to co-invest since the amount of carried interest and/or Management Fee to which the General Partner and/or its affiliates are entitled under the arrangements with such co-investors with respect to such co-investor's participation in the Funds and/or Other Blackstone Funds may depend on, among other things, the extent to which such co-investors participates in co-investments. 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 the Funds will be made available to the Funds. Co-investments may be offered by the General Partner on such terms and conditions (including with respect to Management Fees, carried interest and related arrangements) as the General Partner determines in its discretion on a case-by-case basis.

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, provides for referral or sharing of investment opportunities. While it is possible that the Funds will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by the Funds would instead be referred (in whole or in part) to such third party. For example, a firm with which Blackstone has entered into a strategic relationship may be afforded with "first-call" rights on a particular category of investment opportunities.

***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 the Funds' investment program and Pátria's investment activities, there may be instances where appropriate investment opportunities will be shared with (or allocated to) Pátria. Therefore, there may be opportunities available to Pátria that are not shared with the Funds, and there may be opportunities available to the Funds that are shared with one or more Pátria funds. In addition, the Funds may invest in companies or other entities in which Pátria sponsored investment funds have or are concurrently making a different investment (e.g., an equity investment vs. a debt investment) at the time of such Fund's investment, and investment funds that have been or may be formed by Pátria may invest in different securities of companies or other entities in which a Fund has made an investment. In such situations, the Fund and such other Pátria sponsored investment funds (and therefore Blackstone through its indirect minority interest in Pátria) may have conflicting interests (e.g., over the terms of their respective investments).

**Service Providers.** Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms) to the Funds, Blackstone and/or certain entities in which the Funds have an investment also provide goods or services to, or have business, personal, financial or other relationships with Blackstone, its affiliates and portfolio companies. Such advisors and service providers may be investors in the Funds, affiliates of the General Partner, sources of investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or Other Blackstone Funds have an investment, and payments by the Funds and/or such entities may indirectly benefit Blackstone and/or such Other Blackstone Funds. For example, in 2013, funds controlled by Blackstone acquired Intertrust Group. From time to time, Intertrust Group performs corporate and trust services on an arms-length basis for the Funds, intermediate entities or portfolio companies. Such retention of Intertrust Group as a service provider may give rise to actual or potential conflicts of interest such as those described above.

Additionally, certain employees of BCEA L.L.C. may have family members or relatives employed by such advisors and service providers. These relationships may influence Blackstone, the General Partner and/or BCEA L.L.C. in deciding whether to select or recommend such service providers to perform services for the Funds or portfolio companies (the cost of which will generally be borne directly or indirectly by the Funds or such entities, as applicable). Notwithstanding the foregoing, transactions relating to the Funds that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the General Partner believes to be of benefit to the Funds. Advisors and service providers, or their affiliates, often charge different

rates or have different arrangements for specific types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by the Funds and portfolio companies are different from those used by Blackstone and its affiliates, BCEA L.L.C. or its affiliates may pay different amounts or rates than those paid by the Funds and portfolio companies. However, BCEA L.L.C. and its affiliates have a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates or discounts than those available to the Funds or portfolio companies for the same services.

***Investments in Which Other Blackstone Funds Have a Different Principal Investment.*** To the extent a Fund holds securities in investments that are different (including with respect to their relative seniority) than those held by Other Blackstone Funds in the same investment, the General Partner and its affiliates may be presented with decisions when the interests of the two funds are in conflict. For example, if such a Fund makes or has an investment in a company in which an Other Blackstone Fund has a mezzanine, senior debt or distressed debt investment, Blackstone will generally have conflicting loyalties between its duties to such Fund and to Other Blackstone Funds. In that regard, actions may be taken for the Other Blackstone Funds that are adverse to such Fund. In addition, it is possible that in a bankruptcy proceeding a Fund's interests may be subordinated or otherwise adversely affected by virtue of such Other Blackstone Funds' involvement and actions relating to its investment. In connection with negotiating senior loans and bank financings in respect of Blackstone-sponsored transactions, from time to time Blackstone will obtain the right to participate on its own behalf (or on behalf of vehicles that it manages) in a portion of the senior term financings with respect to such Blackstone-sponsored transactions on an agreed upon set of terms. Blackstone does not believe that the foregoing arrangements have an effect on the overall terms and conditions negotiated with the arrangers of such senior loans.

The Fund may initially acquire all or a portion of an investment intended as a co-investment as described herein and syndicate such co-investment to certain persons (in accordance with the Organizational Documents within one hundred twenty (120) days of consummating such co-investment at a price equal to the sum of (i) the Fund's acquisition cost for the transferred portion of such co-investment, including any allocable expenses relating thereto (based on the amount syndicated relative to the amount retained by the Fund) and (ii) interest on such amount from the closing date of such co-investment by the Fund through the transfer date to such certain participating persons at a rate at least equal to the Fund's cost of funds, for the period of time during which such transferred portion was funded by borrowing by the Fund). By executing a subscription agreement for interests in the Fund, an investor consents to all such transactions to the fullest extent permitted by law.

***Investments in Portfolio Companies Alongside Other Blackstone Funds.*** From time to time, certain Funds may co-invest with Other Blackstone Funds (including co-investment or other vehicles in which Blackstone or its personnel invest and that co-invest with such Other Blackstone Funds) or accounts in investments that are suitable for both one or more of the Funds and such Other Blackstone Funds or accounts. Even if the Funds and any such Other Blackstone Funds and/or co-investment or other vehicles invest in the same securities, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for the Funds and/or such other funds and vehicles may not be the same. Additionally, the Funds and/or such Other Blackstone Funds and/or vehicles will generally have different expiration dates and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities. Moreover, while Blackstone generally seeks to use reasonable efforts to avoid cross-guarantees and other similar arrangements, it is possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one fund entity or group of entities, which may result in (i) any of the Funds and/or such Other Blackstone Funds and/or vehicles being solely liable with respect to its own and such third party for such other funds' or vehicles' share of the applicable obligation and/or (ii) any of the Other Blackstone Funds and/or vehicles being jointly and severally liable for the full amount of such applicable obligation, in each case which may result in the Funds and such Other Blackstone Funds and/or vehicles entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Funds and/or such Other Blackstone Funds and/or vehicles would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third party counterparty.

***Diverse Investor Group.*** The investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds and with respect to the interests of investors in other investment vehicles managed or advised by Blackstone that may participate in the same investments as the Funds. The conflicting interests of individual investors with respect to other investors and investors in other investment vehicles would generally relate to or arise from, among other things, the nature of investments made by the Funds and such other investment vehicles, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner or BCEA L.L.C., including with respect to the nature or structuring of investments, which may be more beneficial for one or more (but not all) investors than for another investor, especially with respect to investors' individual tax situations. In addition, the Funds may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting and structuring investments appropriate for

the Funds, the General Partner and BCEA L.L.C. will consider the investment and tax objectives of the Funds and the investors as a whole (and those of investors in other investment vehicles managed or advised by Blackstone that participate in the same investments as the Funds), not the investment, tax, or other objectives of any investor individually. Additionally, the General Partner may elect to exclude certain investors from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded investors in the Funds shall be allocated a greater proportionate interest in such investment. In addition, certain investors may also be limited partners in other investment funds sponsored or managed by Blackstone. Investors may also include affiliates of Blackstone, such as Other Blackstone Funds, charities or foundations associated with Blackstone personnel and/or current or former Blackstone employees, Blackstone's senior advisors and any such affiliates, funds or persons may also invest through the vehicles established in connection with Blackstone's side-by-side co-investment rights. Such investors described in the previous sentences may therefore have different information about Blackstone and the Funds than investors not similarly positioned. Similarly, not all investors monitor their investments in vehicles such as the Funds in the same manner. For example, certain investors may periodically request from the General Partner information regarding the Funds and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all investors. In such circumstances, the General Partner may provide such information to such investor, but just because it has provided such information upon request by one or more investors does not mean the General Partner will be obligated to affirmatively provide such information to all investors (although the General Partner will generally provide the same information upon request and treat investors equally in that regard). As a result, certain investors may have more information about the Funds than other investors, and the General Partner will have no duty to ensure all investors seek, obtain or process the same information regarding the Funds and its investments and/or portfolio companies.

BCEA L.L.C. will enter into "side letters" with certain investors in the Funds, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors. Side letters generally do not provide for reduction in Management Fees or performance allocations.

**Valuation Matters.** The fair value of all investments or of property received in exchange for any investments will be determined by the General Partner in accordance with the applicable organization documents of the relevant Fund. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by the General Partner in accordance with procedures

set forth in the Fund's Organizational Documents. The valuation of investments will affect the amount and timing of the General Partner's performance allocation and, under certain circumstances, the amount of Management Fees payable to BCEA L.L.C. The valuation of investments may also affect the ability of Blackstone to raise successor funds to the Funds. As a result, there may be circumstances where the General Partner is incentivized to determine valuations that are higher than the actual fair value of investments.

***Other Trading and Investing Activities.*** Certain Other Blackstone Funds may invest in securities of publicly traded companies which are actual or potential investments of the Funds. The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Funds in such securities or related securities. In addition, the Funds may not pursue an investment in a portfolio company as a result of such trading activities by Other Blackstone Funds.

### **Other Financial Industry Affiliations**

BCEA L.L.C. is an affiliate of the following entities:

<b>Broker/Dealer Entities</b>	
Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
<b>Investment Advisor Entities</b>	
Bayview Asset Management, LLC*	Provides investment advisory services focusing on real estate backed loans and mortgage securities
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
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 Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
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 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 L.L.C.	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 Senfina Advisors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
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 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 and separately managed accounts
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
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
CT Large Loan 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 OPI 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
First Eagle Investment Management, 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
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 private investment funds and separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts

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
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
Blackstone Advisors India Private Limited (“BAIPL”)	India investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone Singapore Pte Ltd (“BSPL”)	Singapore investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (Australia) Pty Limited (“BGAPL”)	Australian investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (HK) Limited (“BHK”)	Hong Kong investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group International Partners LLP (“BGIP”)	U.K. investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone (Shanghai) Equity Investments Management Co. Ltd. (“BSEIM”)	Provides investment advisory services to a foreign private investment fund with solely non-US investors
Blackstone (Shanghai) Equity Investments Management Co. Ltd. – Beijing Branch Office	Provides investment advisory services to a foreign private investment fund with solely non-US investors
<b>Commodity Trading Advisor &amp; Commodity Pool Operator Entities (Registered)</b>	
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 LLC	Provides investment advisory services to open end mutual funds

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 Senfina Advisors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
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
First Eagle Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
<b>Commodity Pool Operator Entities (Registered)</b>	
Blackstone Alternative Asset Management Associates L.L.C.	Serves as general partner of BAAM Funds which are structured as limited partnerships
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Insurance Entities</b>	
Lexington National Land Services**	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
Lombard International Assurance S.A.***	Company specializing in global wealth structuring using life assurance
Rothsay Life Plc***	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

\* Portfolio company of affiliated private equity fund

\*\*Joint venture between Blackstone and an existing title agent

\*\*\*Portfolio company of affiliated Tactical Opportunities funds

BHK is registered in Hong Kong, BAIPL is registered in India, BSPL is registered in Singapore, BGIP is registered in the United Kingdom and BGAPL is registered in Australia. They provide certain advisory services to BCEA L.L.C. and certain of its affiliates in Hong Kong, India, Singapore the United Kingdom, Shanghai, and Australia, respectively.

Various management and marketing personnel are registered with our broker-dealer, BAP, which serves as placement agent to the Funds in the U.S. but is not compensated for such services. We do not believe these registrations, in and of themselves, create conflicts for the Funds' investors.

**A more detailed description of applicable conflicts of interest is set forth in the Private Placement Memorandum of each Fund.**

## Item 11 – Code of Ethics

BCEA L.L.C. recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of investors come first; and (iii) it has a fiduciary duty to its investors to act in the best interests of the Funds. All BCEA L.L.C. personnel are required to act in accordance with the implied contractual covenants of good faith and fair dealing in respect of their dealings with investors and are required to comply with all applicable laws.

BCEA L.L.C. is governed by the Blackstone Code of Ethics (the “Code”). The Code governs a number of potential conflicts of interest which exist in connection with the Funds it manages. The Code is designed to ensure that BCEA L.L.C. meets its fiduciary obligation to BCEA L.L.C.’s investors (or prospective investors) and to instill a culture of compliance within BCEA L.L.C. An additional benefit of the Code is to detect and prevent violations of securities laws.

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

The Code 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.

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 & Affiliations** for a list of investment related potential conflicts, including, in particular, “Other Blackstone Funds; Allocation of Investment Opportunities” describing conflicts related to allocation of investment opportunities among

investment funds sponsored by Blackstone and co-investors. BCEA L.L.C. has adopted policies and procedures to address such potential conflicts of interest.

BCEA L.L.C.'s related persons from time to time have bought or sold, or may in the future buy or sell, for their personal accounts, securities which are also purchased or sold for the account of our clients. BCEA L.L.C. and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes (including by having minimum holding periods) and that all such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. These guidelines are designed to comply with SEC requirements that registered investment advisors have a Code. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. The Code is available for review upon request.

You may request a copy of the Code by contacting Vikrant Sawhney - Senior Managing Director; 212-583-5487; [sawhney@blackstone.com](mailto:sawhney@blackstone.com).

## **Item 12 – Brokerage Practices**

BCEA L.L.C. does not generally trade in public securities; however, in the event BCEA L.L.C. executes a brokerage transaction for the Funds (e.g. trades in public securities or enters into hedging transactions), BCEA L.L.C. 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.

## Item 13 – Review of Accounts

### REVIEW OF ACCOUNTS

Currently, the only accounts under the supervision of BCEA L.L.C. are the Funds' accounts. The Funds' accounts and investment positions are monitored by BCEA L.L.C. personnel on a regular and current basis. BCEA L.L.C.'s Investment Committee meets as necessary to review general portfolio composition, investment opportunities, market conditions, potential conflicts, and recent trading activities. The Investment Committee consists of 5 permanent members, all of whom are Senior Managing Directors or Founding Members of our private equity business. BCEA L.L.C. might periodically review on an expedited basis the assets of the Fund following a unique occurrence in the financial industry or market generally. The BCEA L.L.C. Investment Committee will also draw on regional and/or sector experts within Blackstone as appropriate given the specific profile of each investment opportunity.

### REPORTS TO INVESTORS

Investors in the Funds generally will receive written quarterly reports which will include capital balance and Fund performance statistics. Investors also will receive written annual audited financial statements for the Fund in which they are invested. BCEA L.L.C. makes use of a website, BX Access, available at [www.bxaccess.com](http://www.bxaccess.com) for the distribution of reports and other information to investors in the Funds.

Certain investors in the Funds may request additional information relating to the Funds and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, BCEA L.L.C. generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Funds that may not be known to other investors. As a result, certain investors may 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**

BCEA L.L.C. will enter into distribution and/or placement agent arrangements with a number of unaffiliated third parties. In a typical distribution or placement agent arrangement, BCEA L.L.C. will agree to pay a third party solicitor for referring investors into a BCEA L.L.C. fund. Typically, third-party solicitors will receive a portion of the Management Fee and/or performance fee paid to BCEA L.L.C. (although other payment arrangements could exist). If third-party solicitors are engaged, a prospective investor solicited by a third party 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 paid/borne by a corresponding reduction in the Management Fee by BCEA L.L.C. and none of the investors in the Funds will be subject to any increased or additional fees or charges. 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.

## Item 15 – Custody

Rule 206(4)-2, as amended (the “Custody Rule”), of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) defines custody as holding client securities or assets or having any authority to obtain possession of them. The Funds generally have a BCEA L.L.C. affiliate acting as general partner and, as such, BCEA L.L.C. is deemed to have custody of the Funds’ assets. BCEA L.L.C. complies with the Advisers Act custody rules by providing all investors in the Funds with audited financial statements within 120 days of each Fund’s fiscal year end.

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, each Fund asset is held in custody by a “qualified custodian” (as defined by the Custody Rule), an unaffiliated broker/dealer or bank in the name of the Fund.

## **Item 16 – Investment Discretion**

BCEA L.L.C. maintains the authority to manage the Funds on a discretionary basis, subject to the overall supervision of the applicable General Partner, in accordance with the investment guidelines, objectives, limitations, other provisions and terms set forth in the Funds' Organizational Documents.

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

### Proxy Policy

Rule 206(4)-6 under the Advisers Act (the “Proxy Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because BCEA L.L.C. will generally be deemed to have authority to vote proxies relating to the companies in which its clients invest, BCEA L.L.C. has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that BCEA L.L.C. exercises or is deemed to be exercising voting authority over its clients’ securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of the Funds, as determined by BCEA L.L.C. in its sole discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, BCEA L.L.C. may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, BCEA L.L.C. 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 may arise between the interests of the investor, on the one hand, and the interests of BCEA L.L.C. or its affiliates, on the other hand. If BCEA L.L.C. determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BCEA L.L.C. will address matters involving such conflicts of interest on a case-by-case basis by consulting with the Chief Compliance Officer to determine how to vote in the best interests of the investors, subject to legal, regulatory, contractual or other applicable considerations. The analysis will be documented. BCEA L.L.C., in its sole discretion, may elect not to vote certain routine proxies if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Rule by contacting Vikrant Sawhney - Senior Managing Director; 212-583-5487; sawhney@blackstone.com.

## **Item 18 – Financial Information**

BCEA L.L.C. is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

## **Item 19 – Requirements for State Registered Advisers**

This item is not applicable as BCEA L.L.C. is not registered in any state.