

**Item 1 – Cover Page**

**Blackstone Real Estate Advisors L.P.**

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[www.blackstone.com](http://www.blackstone.com)  
as of March 30, 2020

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

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

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

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

The Blackstone logo, consisting of the word "Blackstone" in a white serif font, centered within a solid black rectangular box.

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## **Item 2 – Material Changes**

There has not been a material change to this Brochure since the last annual update on March 29, 2019 other than the inclusion of updated information regarding the conversion of the Adviser's indirect parent company from a limited partnership to a corporation effective July 1, 2019 in an other-than-annual amendment of this Brochure on July 15, 2019.

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

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

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

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## Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 3.1 – Defined Terms .....	4
Item 4 – Advisory Business .....	9
Item 5 – Fees and Compensations.....	11
Item 6 – Performance-Based Fees and Side-By-Side Management .....	21
Item 7 – Types of Clients.....	23
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	24
Item 9 – Disciplinary Information .....	30
Item 10 – Other Financial Industry Activities and Affiliations .....	31
Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading .....	89
Item 12 – Brokerage Practices .....	91
Item 13 – Review of Accounts.....	92
Item 14 – Client Referrals and Other Compensation .....	93
Item 15 – Custody.....	94
Item 16 – Investment Discretion.....	95
Item 17 – Voting Client Securities ( <i>i.e.</i> , Proxy Voting).....	96
Item 18 – Financial Information .....	97
Item 19 – Requirements for State Registered Advisers .....	98

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## Item 3.1 – Defined Terms

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

**Acquisition Fees:** Fees received by the Adviser and its Affiliates with respect to the acquisition of an Investment, which are often calculated as a percentage of the total enterprise valuation of the transaction (*i.e.* generally the aggregate amount of invested capital and debt assumed or financed by the purchaser).

**Additional Fees:** Additional fees received by the Adviser and its Affiliates for the performance of certain services, directly or indirectly, for Clients, which are not specifically identified as services to be performed by the Adviser and its Affiliates pursuant to the Organizational Documents of the relevant Client.

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

**Adviser:** Blackstone Real Estate Advisors L.P. (“BREA”), a Delaware limited partnership formed on December 20, 2006.

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

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

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

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**AIFMD:** The EU Alternative Investment Fund Managers Directive.

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

**BIS:** Blackstone Insurance Solutions private investment platform.

**BIS Clients:** Insurers and other investors (including insurance companies that are owned, directly or indirectly, by Blackstone or Other Blackstone Vehicles, in whole or in part) to whom BIS provides investment advisory services.

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

**Blackstone Employee Investors:** Current and/or former senior advisors, officers, directors and personnel of Blackstone, Portfolio Entities of the Clients and Other Blackstone Vehicles, including any account, client, fund vehicle or any other similar arrangement managed by Blackstone Multi-Asset Advisors L.L.C., personnel of PJT and charitable programs, endowment funds and related entities established by or associated with any of the foregoing, and other persons related to Blackstone.

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

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

**BREP Funds:** Investment Vehicles managed by the Adviser that invest primarily in control-oriented "opportunistic" Investments in real estate assets or real estate related companies.

**BSCH:** Blackstone Strategic Capital Holdings.

**BTAS Funds:** Any account, client, fund, vehicle or any other similar arrangement managed by Blackstone Multi-Asset Advisors L.L.C.

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**BXMT:** Blackstone Mortgage Trust Inc. and related entities.

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

**CMBS:** Commercial mortgage backed securities.

**Code of Ethics:** The Blackstone Code of Ethics.

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

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

**Data Holders:** Portfolio Entities, Clients and Other Blackstone Vehicles to whom Blackstone or an Affiliate thereof provides data management services.

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

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

**Investor:** Limited partners or other investors in a Client or other Investment Vehicle.

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

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

**IRR:** Internal rates of return.

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

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

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

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

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

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

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

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

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

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

**PJT:** PJT Partners Inc.

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

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

**Proxies:** Proxy proposals, amendments, consents or resolutions.

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

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

**Real Estate Vehicles:** The BREP Funds and the Other Real Estate Vehicles.

**REIT:** Real estate investment trust.

**SEC:** U.S. Securities and Exchange Commission.

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

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

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

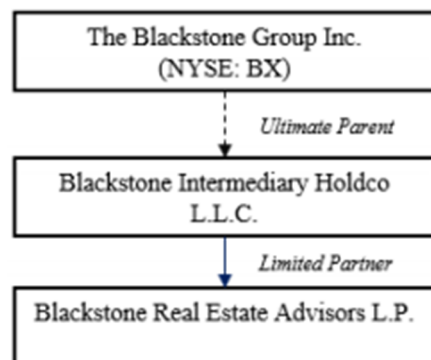


## Item 4 – Advisory Business

### Overview of the Firm

The Adviser, directly or indirectly through its subsidiaries, provides investment advisory services to its Clients, and Affiliates of the Adviser generally serve as General Partner of each Client. The Adviser’s Clients primarily make control-oriented “opportunistic” Investments in real estate and real estate related assets and companies. The Adviser also serves as an investment sub-advisor to certain Investment Vehicles, pursuant to sub-advisory agreements with the applicable Investment Vehicle’s investment adviser.

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



As of December 31, 2019, the Adviser had regulatory assets under management of approximately \$94.1 billion on a discretionary basis. Please note that this figure is an unaudited estimate.

### Description of Advisory Services

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

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

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

The Adviser also provides specific portfolio management services to certain Investment Vehicles managed by an affiliated alternative investment fund manager for the purposes of AIFMD, through a series of delegation agreements.

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## Item 5 – Fees and Compensations

### Management Fees and Performance Fees

The Adviser charges each Client a Management Fee quarterly that is payable in arrears at a rate of up to 1.50% per annum (which varies by Client) pursuant to the terms of the applicable Advisory Agreement. During a Client's investment period, Management Fees are charged based on capital commitments, and thereafter based on invested capital.

The Management Fee is prorated for any partial periods. In certain cases, the portion of the Management Fee allocable to an Investor in a Client is offset by specified Additional Fees received by the Adviser (as more fully described below) or will be waived or reduced for a certain period for certain Investors (including but not limited to Investors participating in early closings or Blackstone Employee Investors).

As set forth in **Item 6** below, each of the General Partners receives performance-based compensation in respect of realized appreciation, subject to certain conditions, and, in addition, certain Clients distribute current income from Investments.

Management Fees and performance-based compensation are either called from Investors, drawn down from the relevant Client's subscription credit facility or withheld from distributions to Investors, if applicable.

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

### Other Fees Payable to the Adviser and its Affiliates

In addition, pursuant to the Advisory Agreements with certain Clients, the Adviser can be expected to charge Investors a Servicing Fee, subject to the right of the applicable General Partner to reduce or waive such fee in its sole discretion (for any reason or no reason). The Servicing Fee is generally

equal to a percentage based on capital commitments (and, generally for closed-end Clients, based on invested capital after the end of the investment period) and payable quarterly in arrears.

The Adviser and its Affiliates will also from time to time receive (dependent upon the Client) (i) Acquisition Fees; (ii) fees relating to Investments for any management, construction, leasing, development and other property management services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets (including with respect to syndications or placements of debt and/or equity securities or instruments issued by Portfolio Entities formed to invest therein), credit origination, loan servicing, property, title and/or other types of insurance, management consulting and other similar operational matters performed by the Adviser or its Affiliates on arm's-length terms and at competitive market rates; (iii) fees for advisory services (including investment banking services) provided to entities (or with respect to assets) in which the Clients, directly or indirectly, have an interest, on arm's length terms and at competitive market rates; and (iv) fees associated with capital invested by co-investors relating to Investments in which the Clients participate or otherwise, in connection with a JV Arrangement in which the Clients participate or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Adviser or its Affiliates performs services. Such fees will not result in an offset to the Management Fee, except as set forth in the Organizational Documents of the Clients. Furthermore, the Adviser and its Affiliates will, in certain circumstances, receive Additional Fees, which do offset the Management Fee.

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

The Management Fees paid to the Adviser, pursuant to the Organizational Documents of Clients, with respect to Investors in the Clients is generally offset by some or all of such Investor's share

of the placement fees paid by such Investor, Additional Fees and Acquisition Fees, which vary among the Clients. Such fees will be allocated between the relevant Client and any other Investment Vehicles sponsored by the Adviser and its Affiliates having an interest in such fees on a *pro rata* basis.

The amount of such fees which are allocable to Other Blackstone Vehicles or accounts and co-investment vehicles generally do not offset the Management Fee allocable to Investors in the Clients, even if such Other Blackstone Vehicles 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 performance-based compensation payable by participants therein), subject to certain limitations.

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

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

provision of in-house legal and tax advice and/or services allocated by the Adviser to the Clients or their Portfolio Entities on matters related to potential or actual Investments or transactions and other legal matters; *provided, however*, that any such fees will not be greater than what would be paid to an unaffiliated third party for substantially similar advice and/or services. Such allocations require judgments as to methodology that Blackstone will make in good faith. Such methodologies can include (i) requiring personnel to periodically record or allocate their historical time spent with respect to the Clients or Blackstone approximating the proportion of certain personnel's time spent with respect to the Clients, and in each case allocating their compensation and allocable overhead based on time spent, or charging their time spent at market rates, (ii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and a market rate for such services or (iii) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Any methodology (including the choice thereof) involves inherent conflicts and may result in incurrence of greater expenses by the Clients and their Portfolio Entities than would be the case if such services were provided by third parties. These expenses will be borne by the Clients and will not result in any offset to the Management Fee.

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

CoreTrust is an independent group purchasing organization used by large corporations and private equity firms to obtain volume discounts on products and services. In consideration of Blackstone's work in facilitating Portfolio Entities' participation in CoreTrust and in enhancing CoreTrust's program, Blackstone receives a portion of the administrative fee CoreTrust collects from vendors as well as an annual consulting fee from CoreTrust. These fees do not offset Management Fees payable by Investors.

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

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

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

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

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

### **Expenses**

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

- Legal fees (including costs for in-house legal and tax advice and/or services charged or attributed or allocated by the Adviser and its Affiliates to the Clients or their Portfolio Entities on matters related to potential or actual Investments or transactions of the Clients and their Portfolio Entities, as applicable; *provided*, that any such expenses, fees, charges or related costs shall not be greater than what would be paid to an unaffiliated third party for substantially similar advice and/or services)
- Placement fees and due diligence of placement agents (See **Item 14** below)
- Regulatory filing fees of the Clients, including but not limited to compliance with U.S. federal and state securities laws and international laws, such as AIFMD (including any costs associated with the AIFMD marketing passport)
- Expenses related to the Adviser's compliance matters and reporting obligations to the extent they relate to the Clients' activities (*e.g.*, Form PF, CFTC filings, AIFMD)
- Risk management
- Data management and services
- Administrative fees (including in-house administration/accounting costs), expenses and charges, including overhead related thereto
- Administrator fees and due diligence of such administrator or other service provider
- Organizational expenses
- Operating expenses



- Consultant, operating partner and senior advisor expenses (See “*Advisors, Consultants and Partners*” in **Item 10** below) and the expenses of investment bankers (See “*Other Blackstone Business Activities*” and “*Multiple Blackstone Business Lines*” in **Item 10** below)
- Technology expenses (including third-party as well as internally allocated charges)
- Certain hardware expenses and software fees
- Property, loan administration and servicing and other asset management fees
- Audit and accounting fees (including costs for in-house tax advice and/or services specifically charged or specifically attributed or allocated by the Adviser and its Affiliates to the Clients or their Portfolio Entities on matters related to potential or actual Investments or transactions of the Clients and their Portfolio Entities, as applicable; *provided*, that any such expenses, fees, charges or related costs shall not be greater than what would be paid to an unaffiliated third party for substantially similar services)
- Fees and expenses associated with brokerage services (including prime broker account charge, brokerage commissions and distribution fees)
- Fees and expenses associated with borrowing, guarantees and other financing, including interest charges
- Fee and other expenses incurred in connection with derivative transactions
- Expenses associated with the development, negotiation, acquisition, settling, holding, monitoring and disposition of Investments and transaction fees
- Costs and expenses associated with vehicles through which the Clients or their Investors directly or indirectly participate in Investments
- Taxes, fees or governmental charges imposed on the Investment Vehicles and expenses related to the preparation and delivery of any entity-level taxes
- Custodial, depository, representative and paying agent and other third-party professional fees
- Bank and bank wire fees
- Fees and expenses related to hedging and currency conversion
- Travel and other expenses in connection with the Clients’ organization, fundraising and Investment activities (including first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours) and social and entertainment events with Portfolio Entity employees, customers, clients, investors, borrowers, brokers and service providers) and related costs and expenses incidental thereto)). Most staff out-of-pocket travel expenses in

connection with the Clients' transactions are treated as expenses of the Clients, subject to the terms of the Offering Materials, Organizational Documents and the Advisory Agreements.

- Fees, costs and expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of any one or more Investment(s) or otherwise facilitating a Client's Investment activities, including without limitation any travel and accommodation expenses related to such entity and the salary and benefits of any personnel (including personnel of the Adviser or its Affiliates and Luxembourg entities formed in connection with the Clients' activities) reasonably necessary and/or advisable for the maintenance and operation of such entity, costs associated with the leasing of office space (including, without limitation, rent and refurbishment costs and office space in Luxembourg), or other overhead expenses in connection therewith.
- Fees, costs and expenses of feeder vehicles to the extent not paid by such vehicle or its partners, as applicable
- Expenses related to the preparation and delivery of internal control reports
- Marketing, advertising, printing, wholesaling and other capital raising expenses associated with Investor admission/subscription and Investor-related services and other similar costs
- Research-related expenses, including news and quotation equipment and services
- Expenses associated with market data and research (including fees for internal and/or third-party research-related services)
- Expenses of Blackstone-internal and third-party printing and publishing (including time spent performing such printing and publishing services)
- Preparing, printing and delivering all reports, documents and filings related to the Clients and their Investments
- Expenses associated with the preparation of the Clients' periodic reports (and related financial and other statements) and Investor notices and communications
- Expenses of Investor meetings
- Broken-deal expenses
- Insurance expenses
- Extraordinary expenses, including expenses of litigation or settlement involving the Clients or Portfolio Entities in which the Clients have Investments and the amount of any judgments or settlements paid in connection therewith
- Expenses incurred in connection with complying with provisions in Investor side letter agreements related to the Clients, including "Most-Favored Nations" provisions

- Valuation costs (including costs related to a third-party valuation advisor and/or third-party appraiser)
- Expenses of the L.P. Advisory Committee or board of directors, including director fees, as applicable
- Expenses of third-party advisory committees and Investor Representatives of the Clients as well as of other goods and services provided by third parties
- Expenses incurred in connection with organizing and/or attending Investment-related conferences
- Dissolution and liquidation expenses
- Arbitration expenses
- Expenses of loan servicers and other service providers
- Expenses associated with redemptions and admissions/subscriptions

Investors in a Client are typically allocated (or otherwise bear) their *pro rata* share of such fees and expenses, which will, in certain circumstances, be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by the General Partner in its sole discretion. From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Client, on the one hand, or the General Partner and the Adviser, on the other, and/or whether certain costs and expenses should be allocated between or among the Clients, on the one hand, and the Other Blackstone Vehicles on the other. Certain expenses may be suitable for only a particular Client, its parallel fund or participating Other Blackstone Vehicles and borne only by such Client, or, as is more often the case, expenses may be allocated *pro rata* among the Client, all of its parallel funds and participating Other Blackstone Vehicles, even if the expenses relate only to particular vehicle(s) and/or Investor(s) therein, and such allocation can be expected to be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by the General Partner in its sole discretion. Any entities established in connection with Blackstone's side-by-side co-investment rights and any Other Blackstone Vehicles that co-invest alongside one or more Clients in investments will generally bear their *pro rata* share of any expenses related to such investments, but such entities (which, for the avoidance of doubt, are not considered "parallel vehicles" of the applicable Client) will generally not be required to bear any portion of the organizational expenses or any other non-investment related partnership expenses of such Clients (given that those other vehicles bear their own non-investment related expenses). The General Partner will make such judgments on a fair and reasonable basis, and in its sole discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable.

There can be no assurance that a different manner of allocation would not result in a Client bearing less (or more) expenses.

Certain personnel of Blackstone and its Affiliates, including Consultants (as defined herein), will, in certain circumstances, be seconded to one or more Portfolio Entities, vendors, service providers and vendors or Investors of the Clients and Other Blackstone Vehicles to provide services, including the sourcing of Investments for the Clients or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment could be borne by Blackstone and its Affiliates or the organization for which the personnel are working or both. In addition, personnel of Portfolio Entities, vendors, service providers (including law firms and accounting firms) and Investors of the Clients and Other Blackstone Vehicles will, in certain circumstances, be seconded to, serve internships at or otherwise provide consulting services to Blackstone, Clients, Other Blackstone Vehicles and the Portfolio Entities of Clients and Other Blackstone Vehicles. (See “*Secondment and Internships*” in **Item 10** below) While often the Clients, Other Blackstone Vehicles and their Portfolio Entities are the beneficiaries of these types of arrangements, Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the vendor or service provider also provides services to the Clients in the ordinary course. While often the Clients, Other Blackstone Vehicles and their Portfolio Entities are the beneficiaries of these types of arrangements, Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the vendor or service provider also provides services to the Clients, Other Blackstone Vehicles, their Portfolio Entities or Blackstone in the ordinary course. Blackstone, the Clients, Other Blackstone Vehicles or their Portfolio Entities could receive benefits from these arrangements at no cost, or alternatively could pay all or a portion of the fees, compensation or other expenses in respect of these arrangements. The Management Fee will not be offset or reduced as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. The personnel described above may provide services in respect of multiple matters, including in respect of matters related to Blackstone, the Clients, Other Blackstone Vehicles, Portfolio Entities, each of their respective Affiliates and related parties, and Blackstone will endeavor in good faith to allocate the costs of these arrangements, if any, to Blackstone, the Clients, Other Blackstone Vehicles, Portfolio Entities and other parties based on time spent by the personnel or another methodology Blackstone deems appropriate in a particular circumstance.

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

In addition to the Management Fees and other fees described in **Item 5** that are received by the Adviser, General Partners or their respective Affiliates (as applicable), the General Partners of each Client receives a portion of the profits of current disposition proceeds from each Client with respect to each Investor (other than Blackstone Employee Investors), which is equal to, in the case of the BREP Funds, 20% of the amounts otherwise distributable to such Investor, and in the case of the Other Real Estate Vehicles, a percentage of the amounts otherwise distributable to such Investor that varies depending on the particular Other Real Estate Vehicle. Such allocation of profits is only allocated to the General Partners when specific conditions are met, including the return to each of the Investors of an aggregate amount equal to all capital contributed by such Investors for realized Investments, writedowns (or net writedowns in certain cases) on unrealized Investments, fees and expenses allocable to such Investments and the receipt of a preferred return on such amounts.

The Investment Vehicles distribute current income from an Investment generally in the manner described above relating to the distribution of disposition proceeds, except that distributions of current income are made on an Investment by Investment basis and do not take account of a return of capital and any writedowns, but will take into account actual unrecouped losses from prior dispositions.

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

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

Finally, as described in **Item 10 – “Joint Venture Partners”**, the Clients will from time to time enter into one or more JV Arrangements with Joint Venture Partners, which will often involve performance-based compensation and/or other fees payable to such Joint Venture Partners directly or indirectly by such Clients. Any such compensation and/or fees will reduce the actual returns realized by Investors on their Investments in the Clients and will not result in an offset of the Management Fee.

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

As described in **Item 5 – “Expenses”**, any entities established in connection with Blackstone’s side-by-side co-investment rights and any Other Blackstone Vehicles that co-invest alongside one or more Clients in investments will generally bear their *pro rata* share of any expenses related to such investments, but such entities (which, for the avoidance of doubt, are not considered “parallel vehicles” of the applicable Client) will generally not be required to bear any portion of the organizational expenses or any other non-investment related partnership expenses of such Clients.

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## Item 7 – Types of Clients

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

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

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

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

### Analysis

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

### Investment Strategies

The Adviser generally advises the Clients to invest in equity, equity-related real estate 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), single real estate assets, portfolios of real estate assets, real estate operating companies, and other real estate and real estate-related assets.

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

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

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

- A preliminary review of each opportunity is conducted to screen the attractiveness of each Investment followed by an initial projection based on macro- and micro-economic analyses.



Projection assumptions are generally developed from analysis of historical operating performance, discussions with local real estate contacts, and review of published sources.

- The Adviser reviews relevant books and records (such as comparing rent roll to leases for office buildings), confirms cash flow information provided by the seller, and conducts similar types of analysis, in most instances using outside Consultants.
- Physical due diligence primarily involves an analysis of environmental and engineering matters through third-party Consultants. Conclusions from environmental/engineering reports are incorporated into the financial projection analysis. Additionally, each potential Investment and comparable assets are investigated to assess relative market position, functionality and obsolescence.
- The Adviser works closely with legal counsel to review, diligence and negotiate all applicable legal and property-specific documents pertaining to an Investment (*e.g.*, loan documents, leases, management agreements, purchase contracts, etc.).

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

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

### **Risk of Loss**

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

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1. No established market for potential Investments exists
  2. Illiquidity of Investments by the Clients
  3. Restrictions on transfers of investor interests under the Organizational Documents or the Securities Act and lack of a public market
  4. Financial market fluctuations and the availability of financing
  5. Economic, political and social uncertainty in the markets where Clients invest and globally
  6. Regional risk; interdependence of markets
  7. Changes in legal, fiscal and regulatory regimes
  8. Nature of equity or equity-related Investments
  9. For non-U.S. Investments, currency fluctuation, exchange controls and political factors
  10. Portfolio and geographic concentration
  11. Investment environment and market risk
  12. Market volatility risks, including interest rate fluctuations and inflation
  13. Public Health Risk/Pandemics
  14. Environmental risks and potential liabilities, including weather and climatological risks
  15. Risk of loss of entire Investment
  16. Deterioration of property values
  17. Policy risks in emerging markets
  18. Highly competitive nature of real estate investment business
  19. Inability to deploy capital in conjunction with finding suitable Investments
  20. Lender liability risks, including equitable subordination
  21. Leverage risk (including with respect to subscription credit facilities)
  22. Hedging risk
  23. Inability to implement a Client's investment strategy
  24. Service provider process / control
  25. Increase in supply / decrease in demand
  26. Dependence on the Adviser, the Adviser's key personnel, and Portfolio Entity management

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27. Real estate's susceptibility to adverse changes in economic and employment conditions
  28. Valuation matters, including deficiencies in appraisal quality in the investment process (see **Item 10 – “Valuation Matters”** for more information)
  29. Accounting, disclosure and regulatory standards
  30. Risks of acquiring real estate property, including fluctuations in occupancy, rental rates, operating income and expenses
  31. Contingent liabilities incurred on dispositions or financings of Investments
  32. Limited ability to protect the Client's interest when making non-controlling Investments or Investments with third parties (including joint ventures)
  33. Lack of diversification in Investments
  34. Limited availability of investment opportunities
  35. Operating and financial risks of Portfolio Entities
  36. Reliance on Portfolio Entity management and third parties
  37. Cyber security breaches and identity theft
  38. Risks arising from ERISA including potential control group liability
  39. Litigation risk (including at the property level)
  40. Cross incurrence of indebtedness or guarantees on a several, joint and several or cross-collateralized basis among the Clients and with Other Blackstone Vehicles (please see **Item 10 – “Cross-Guarantees and Cross-Collateralization”** for more information)
  41. CFTC registration requirements or maintenance of exemptions therefrom
  42. Enhanced scrutiny and potential regulation of the private investment fund industry and the financial services industry (including Dodd-Frank)
  43. Compliance with pay-to-play laws, regulations and policies
  44. Compliance with U.S. economic and trade sanctions
  45. Compliance with anti-corruption laws and regulations
  46. Compliance with AIFMD and other international law
  47. Compliance with tax law (including FATCA and partnership audit rules)

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48. Counterparty risks due to derivative contracts
  49. Risks of fraud
  50. Delayed construction arising in Investments in new development
  51. Acquisition of sub-performing real estate loans and participations
  52. Risks of distressed securities being subject to workouts, restructurings or bankruptcy
  53. Risks of investing in publicly-traded securities
  54. Risks associated with real estate investment activities generally
  55. Interest rate, credit, reinvestment and general market risks related to Investments in securities
  56. Uncertainty regarding the future utilization of LIBOR
  57. Risks associated with distributions in-kind
  58. Due diligence may not reveal all factors affecting an Investment and may not reveal weaknesses in underlying loans securing such Investments in all circumstances
  59. Nature of mezzanine and other real-estate related debt Investments
  60. Risks related to bridge financings
  61. Sharing and use of “big data” and other information
  62. Future investment techniques and instruments
  63. Terrorist activities
  64. Natural disasters
  65. Availability of insurance against certain catastrophic losses
  66. Risks relating to due diligence of Investments
  67. Risks relating to technological innovations

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

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

Additionally, certain countries have been susceptible to epidemics, most recently COVID-19, which may be designated as pandemics by world health authorities. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Clients invest), and thereby is expected to adversely affect the performance of the Clients' Investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Client and the performance of its Investments.

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## Item 9 – Disciplinary Information

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

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

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

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## Item 10 – Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities

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

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

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

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

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

***Outside Activities of Principals and Other Personnel and their Related Parties.*** Certain personnel of Blackstone will, in certain circumstances, be subject to a variety of conflicts of interest relating to their responsibilities to Clients, Other Blackstone Vehicles and their respective Portfolio Entities, and their outside personal or business activities, including as members of investment or advisory committees or boards of directors of or advisors to investment funds, corporations, foundations or other organizations. Such positions create a conflict if such other entities have interests that are adverse to those of Clients, including if such other entities compete with Clients for investment opportunities or other resources. The Blackstone personnel in question may have a greater financial interest in the performance of the other entities than the performance of a Client. This involvement may create conflicts of interest in making Investments on behalf of a Client and such other funds, accounts and other entities. Although the Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for a Client. Also, Blackstone personnel are generally permitted to invest in alternative investment funds, private equity funds, real estate funds, hedge funds and other investment vehicles, as well as engage in other personal trading activities relating to companies, assets, securities or instruments (subject to Blackstone's Code of Ethics requirements), some of which will involve conflicts of interests. Such personal securities transactions will, in certain circumstances, relate to securities or instruments which can be expected to also be held or acquired by a Client or Other Blackstone Vehicles, or otherwise relate to companies or issuers in which a Client has or acquires a different principal investment (including, for example, with respect to seniority). There can be no assurance that conflicts of interest arising out of such activities will be resolved in favor of the Clients. Investors will not receive any benefit from any such Investments, and the financial incentives of Blackstone personnel in such other Investments could be greater than their financial incentives in relation to a Client.



Additionally, certain personnel and other professionals of Blackstone have family members or relatives that are actively involved in industries and sectors in which Clients invest or have business, personal, financial or other relationships with companies in such industries and sectors (including the advisors and service providers described above) or other industries, which gives rise to potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors, personnel or owners of companies or assets which are actual or potential Investments of Clients or other counterparties of Clients and their Portfolio Entities or assets. Moreover, in certain instances, a Client or their Portfolio Entities can be expected to purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. In most such circumstances, the Organizational Documents will not preclude a Client from undertaking any of these investment activities or transactions. To the extent Blackstone determines appropriate, conflict mitigation strategies may be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by the Adviser. The Investors rely on the Adviser to manage these conflicts in its sole discretion.

***Secondments and Internships.*** Certain personnel of Blackstone, including Consultants, will, in certain circumstances, be seconded to one or more Portfolio Entities, vendors, service providers and vendors or Investors of Clients and Other Blackstone Vehicles to provide services, including the sourcing of Investments for Clients or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment could be borne by Blackstone or the organization for which the personnel are working or both. In addition, personnel of Portfolio Entities, vendors, service providers (including law firms and accounting firms) and Investors of Clients and Other Blackstone Vehicles will, in certain circumstances, be seconded to, serve internships or otherwise provide consulting services to Blackstone, Clients, Other Blackstone Vehicles and Portfolio Entities of Clients and Other Blackstone Vehicles. While often Clients and their Portfolio Entities are the beneficiaries of these types of arrangements, Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the vendor or service provider also provides services to Clients, Other Blackstone Vehicles or Blackstone in the ordinary course. Blackstone, its Clients, Other Blackstone Vehicles or their Portfolio Entities could receive benefits from these arrangements at no cost, or alternatively could pay all or a portion of the fees, compensation or other expenses in respect of these arrangements. The Management Fee will not be offset or reduced as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. The personnel described above may provide

services in respect of multiple matters, including in respect of matters related to Blackstone, Clients, Other Blackstone Vehicles, Portfolio Entities, each of their respective affiliates and related parties, and Blackstone will endeavor in good faith to allocate the costs of these arrangements, if any, to Blackstone, Clients, Other Blackstone Vehicles, Portfolio Entities and other parties based on time spent by the personnel or another methodology Blackstone deems appropriate in a particular circumstance.

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

***Advisors, Consultants and Partners.*** The Adviser, its Affiliates and their personnel and related parties engage and retain Consultants to provide a variety of services. Similarly, Clients, Other Blackstone Vehicles and their Portfolio Entities retain and pay compensation to Consultants to provide services, or to undertake a build-up strategy to acquire and develop assets and businesses in a particular sector or involving a particular strategy. Any amounts paid by a Client or a Portfolio Entity to Consultants in connection with the above, including performance-based compensation (*e.g.*, promote), retainers and expense reimbursements, will be treated as partnership expenses or expenses of the Portfolio Entity, as the case may be, and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser, be chargeable to the Adviser or deemed paid to or received by the Adviser, or offset or reduce any Management Fees to the Adviser or be subordinated to return of the Investor’s capital. Amounts charged by Consultants will not necessarily be confirmed as being comparable to market rates for such services. Also, Consultants often co-invest alongside a Client in Portfolio Entities and Investments, participate in long-term incentive plans of a Portfolio Entity, and invest directly in a Client or in vehicles controlled by a Client, with reduced or waived Management Fees and performance-based

compensation and such co-investment or participation (which generally will result in the Client being allocated a smaller share of an Investment and less co-investment being available to Investors) may or may not be considered part of Blackstone’s side-by-side co-investment rights, as determined by the Adviser in its sole discretion. Consultants’ benefits described in this paragraph will, in certain circumstances, continue after termination of status as a Consultant.

The time dedication and scope of work of a Consultant varies considerably. In some cases, a Consultant provides the Adviser with industry-specific insights and feedback on investment themes, assists in transaction due diligence, and makes introductions to, and provides reference checks on, management teams. In other cases, Consultants take on more extensive roles, including serving as executives or directors on the boards of Portfolio Entities and contributing to the identification and origination of new investment opportunities. A Client may rely on these Consultants to recommend the Adviser and Client as a preferred investment partner and carry out its investment program, but there is no assurance that any Consultant will continue to be involved with a Client for any length of time. The Adviser and Client can be expected to have formal or informal arrangements with Consultants that may or may not have termination options and may include compensation, no compensation, or deferred compensation until occurrence of a future event, such as commencement of a formal engagement. In certain cases, Consultants have attributes of Blackstone “employees” (*e.g.*, they can be expected to have dedicated offices at Blackstone, receive administrative support from Blackstone personnel, participate in general meetings and events for Blackstone personnel or work on Blackstone matters as their primary or sole business activity, have Blackstone-related e-mail addresses or business cards and participate in certain benefit arrangements typically reserved for Blackstone employees), even though they are not Blackstone employees, Affiliates or personnel for purposes of the Organizational Documents and the Advisory Agreement, and their salary and related expenses are paid by a Client as partnership expenses or by Portfolio Entities without any reduction or offset to Management Fees. Some Consultants work only for a Client and its Portfolio Entities, while other Consultants may have other clients. In particular, in some cases, Consultants, including those with a “Senior Advisor” title, have been and will be engaged with the responsibility to source and recommend transactions to the Adviser potentially on a full-time and/or exclusive basis and, notwithstanding any overlap with the responsibilities of the Adviser under the Investment Advisory Agreement, the compensation to such Consultants is often borne fully by the Client and/or Portfolio Entities (with no reduction or offset to Management Fees) and not the Adviser. Consultants could have conflicts of interest between their work for a Client and its Portfolio Entities, on the one hand, and

themselves or other clients, on the other hand, and the Adviser is limited in its ability to monitor and mitigate these conflicts.

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

In addition, the Adviser may engage third parties as senior advisors (or another similar capacity) in order to advise it with respect to existing investments, specific investment opportunities, and economic and industry trends. Such senior advisors may receive reimbursement of reasonable related expenses by Portfolio Entities or the Client and may have the opportunity to invest in a portion of the assets available to the Client for investment which may be taken by the Adviser and its affiliates. If such senior advisors generate investment opportunities on the Client's behalf, such senior advisors may receive special additional fees or allocations comparable to those received by a third party in an arm's length transaction and such additional fees or allocations would be borne fully by the Client and/or Portfolio Entities (with no reduction or offset to Management Fees) and not the Adviser.

***Multiple Blackstone Business Lines.*** Blackstone has multiple business lines, including the Blackstone Capital Markets Group, which Blackstone, Clients, Other Blackstone Vehicles,

Portfolio Entities of Clients and Other Blackstone Vehicles and third parties will, in certain circumstances, engage for debt and equity financings and to provide other investment banking, brokerage, investment advisory or other services. As a result of these activities, Blackstone is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than if it had one line of business. For example, Blackstone may come into possession of information that limits the Client's ability to engage in potential transactions. Similarly, other Blackstone businesses and their personnel may be prohibited by law or contract from sharing information with the Adviser that would be relevant to monitoring the Client's Investments and other activities. Additionally, Blackstone or Other Blackstone Vehicles can be expected to enter into covenants that restrict or otherwise limit the ability of a Client or its Portfolio Entities and their respective Affiliates to make investments in, or otherwise engage in, certain businesses or activities. For example, Other Blackstone Vehicles could have granted exclusivity to a Joint Venture Partner that limits a Client and Other Blackstone Vehicles from owning assets within a certain distance of any of the joint venture's assets, or Blackstone or an Other Blackstone Vehicle could have entered into a non-compete in connection with a sale or other transaction. These types of restrictions may negatively impact the ability of a Client to implement its investment program. (See also "—Other Blackstone Vehicles; Allocation of Investment Opportunities" herein.) Finally, Blackstone personnel who are members of the investment team or investment committee may be excluded from participating in certain investment decisions due to conflicts involving other Blackstone businesses or for other reasons, including other business activities, in which case a Client will not benefit from their experience. The Investors will not receive a benefit from any fees earned by Blackstone or its personnel from these other businesses.

Blackstone is under no obligation to decline any engagements or Investments in order to make an investment opportunity available to a Client. Blackstone has long-term relationships with a significant number of corporations and their senior management. The Adviser will consider those relationships when evaluating an investment opportunity, which may result in the Adviser choosing not to make such an Investment due to such relationships (*e.g.*, Investments in a competitor of a client or other Person with whom Blackstone has a relationship). A Client 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. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to a Client. (See "—Other Blackstone Vehicles; Allocation of Investment Opportunities" and "Portfolio Entity Relationships Generally" herein.) The Client may also co-invest with clients of

Blackstone or other persons with whom Blackstone has a relationship in particular investment opportunities, and other aspects of these Blackstone relationships could influence the decisions made by the Adviser with respect to a Client's Investments and otherwise result in a conflict. (See also "—Other Blackstone Vehicles; Allocation of Investment Opportunities" herein.)

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

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

***Minority Investments in Asset Management Firms.*** Blackstone and Other Blackstone Vehicles, including BSCH and its related parties, regularly make minority Investments in alternative asset management firms that are not affiliated with Blackstone, Clients, Other Blackstone Vehicles and their respective Portfolio Entities, and which may from time to time engage in similar investment transactions, including with respect to purchase and sale of Investments, with these asset management firms and their sponsored funds and Portfolio Entities. Typically, the Blackstone related party with an interest in the asset management firm would be entitled to receive a share of performance-based compensation and net fee income or revenue share generated from the various products, vehicles, funds and accounts managed by that third-party asset management firm that are included in the transaction or activities of the third-party asset management firm, or a subset of such activities such as transactions with a Blackstone related party. In addition, while such minority investments are generally structured so that Blackstone does not "control" such third-party asset management firms, Blackstone may nonetheless be afforded certain governance rights in relation to such investments (typically in the nature of "protective" rights, negative control rights or anti-dilution arrangements, as well as certain reporting and consultation rights) that afford Blackstone the ability to influence the firm. Although Blackstone and Other Blackstone Vehicles, including BSCH, do not intend to control such third-party asset management firms, there can be no assurance that all third parties will similarly conclude that such investments are non-control investments or that, due to the provisions of the governing documents of such third-party asset management firms or the interpretation of applicable law or regulations, investments by

Blackstone and Other Blackstone Vehicles, including BSCH, will not be deemed to have control elements for certain contractual, regulatory or other purposes. While such third-party asset managers will not be deemed “Affiliates” of Blackstone, Blackstone may, under certain circumstances, be in a position to influence the management and operations of such asset managers and the existence of its economic/revenue sharing interest therein may give rise to conflicts of interest. Participation rights in a third-party asset management firm (or other similar business), negotiated governance arrangements and/or the interpretation of applicable law or regulations could expose the investments of a Client to claims by third parties in connection with such investments (as indirect owners of such asset management firms or similar businesses) that may have an adverse financial or reputational impact on the performance of a Client. Clients, its affiliates and their respective Portfolio Entities may from time to time engage in transactions with, and buy and sell investments from, any such third-party asset managers and their sponsored funds and transactions and other commercial arrangements between such third-party asset managers and a Client and its Portfolio Entities are not subject to L.P. Advisory Committee approval. There can be no assurance that the terms of these transactions between parties related to Blackstone, on the one hand, and a Client and its Portfolio Entities, on the other hand, will be at arm’s length or that Blackstone will not receive a benefit from such transactions, which can be expected to incentivize Blackstone to cause these transactions to occur.

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

***Data.*** Blackstone receives or obtains various kinds of data and information from Clients, Other Blackstone Vehicles and their Portfolio Entities, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as “big data.” Blackstone may be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to (and rights regarding) this data and information from Clients, Other Blackstone Vehicles and their Portfolio Entities.

Blackstone has entered and will continue to enter into information sharing and use arrangements, which will give Blackstone access to (and rights regarding) data that it would not otherwise obtain in the ordinary course, with Clients, Other Blackstone Vehicles and their Portfolio Entities, related parties and service providers. Although Blackstone believes that these activities improve Blackstone's investment management activities on behalf of Clients and Other Blackstone Vehicles, information obtained from a Client and its Portfolio Entities also provides material benefits to Blackstone, other Clients and Other Blackstone Vehicles without compensation or other benefit accruing to a Client or its Investors. For example, information from a Portfolio Entity owned by a Client may enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Other Blackstone Vehicles that do not own an interest in the Portfolio Entity, without compensation or benefit to the Client or its Portfolio Entities.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material nonpublic information, Blackstone is generally free to use data and information from a Client's activities to assist in the pursuit of Blackstone's various other activities, including to trade for the benefit of Blackstone or another Client or Other Blackstone Vehicle. Any confidentiality obligations in the Organizational Documents of a Client do not limit Blackstone's ability to do so. For example, Blackstone's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of a Portfolio Entity in the same or related industry. Such trading is expected to provide a material benefit to Blackstone without compensation or other benefit to the Client or its Investors.

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

***Blackstone Strategic Relationships.*** Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships with Investors (and/or one or more of their Affiliates) that involve an overall relationship with Blackstone that could incorporate one or more strategies in addition to a Client's strategy ("Strategic Relationships"). A Strategic Relationship often involves an Investor agreeing to make a capital commitment to multiple



Blackstone funds, one of which may be a Client. Investors will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect in the “most-favored nations” election process any such rights or benefits afforded through a Strategic Relationship. The co-investment that is part of a Strategic Relationship may include co-investment in investments made by a Client. Blackstone, including its personnel (including real estate personnel), may receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from a Client or source investment opportunities for Strategic Relationships. Strategic Relationships will, in certain circumstances, result in fewer co-investment opportunities (or reduced allocations) being made available to Investors. (See also “—Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment” herein.)

***Buying and Selling Assets from Certain Related Parties.*** A Client and its Portfolio Entities may purchase assets from or sell assets to Investors, Portfolio Entities of Other Blackstone Vehicles or their respective related parties. Purchases and sales of assets between a Client or its Portfolio Entities, on the one hand, and Investors, Portfolio Entities of Other Blackstone Vehicles or their respective related parties, on the other hand, are not generally subject to the approval of the L.P. Advisory Committee or any Investor. These transactions involve conflicts of interest, as Blackstone may receive fees and other benefits, directly or indirectly, from or otherwise have interests in both parties to the transaction.

***Selling Assets to Other Blackstone Vehicles.*** Blackstone will have conflicting duties to a Client and Other Blackstone Vehicles when a Client sells assets to Other Blackstone Vehicles, including as a result of different financial incentives Blackstone may have with respect to a Client and such Other Blackstone Vehicles. There can be no assurance that any assets sold by a Client to an Other Blackstone Vehicle will not be valued or allocated a sale price that is lower than might otherwise have been the case if such asset were sold to a third party rather than to an Other Blackstone Vehicle. Blackstone will not be required to solicit third-party bids prior to causing a Client to sell an asset to an Other Blackstone Vehicle as provided above.

***Blackstone’s Relationship with Pátria.*** Blackstone owns 40% of the equity interests in Pátria Investimentos Ltd. (“Pátria”), a leading Brazilian alternative asset manager and advisory firm. Pátria’s alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short equity fund). Each of Blackstone’s and Pátria’s respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. While it is not expected that

there will be material overlap between a Client's investment program and Pátria's investment activities, there may be instances in which investment opportunities otherwise appropriate for a Client will be shared with (or allocated to) Pátria. In such situations, a Client 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). Pátria is not considered an "Affiliate" of Blackstone under the Organizational Documents of Clients.

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

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

traded companies in which Other Blackstone Vehicles hold existing investments. Among the factors that the Adviser considers in making investment allocations among Clients and Other Blackstone Vehicles are the following: (i) any applicable investment objectives, parameters, limitations and other contractual provisions relating to a Client and such Other Blackstone Vehicles, (ii) available capital of a Client and such Other Blackstone Vehicles, (iii) legal, tax, accounting, regulatory and other considerations, (iv) primary and permitted investment strategies, and objectives of a Client and the Other Blackstone Vehicles, including, without limitation, with respect to Other Blackstone Vehicles that expect to invest in or alongside other funds or across asset classes based on expected return, (v) sourcing of the Investment, (vi) the sector and geography/location of the Investment, (vii) the specific nature (including size, type, amount, liquidity, holding period, anticipated maturity and minimum investment criteria) of the Investment, (viii) expected investment return, (ix) risk profile of the Investment, (x) expected leverage on the Investment, (xi) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows), (xii) capital expenditure required as part of the Investment, (xiii) portfolio diversification concerns (including, but not limited to, whether a particular fund already has its desired exposure to the Investment, sector, industry, geographic region or markets in question), (xiv) relation to existing Investments in a fund, if applicable (*e.g.*, “follow on” to existing Investment, joint venture or other partner to existing Investment, or same security as existing Investment), (xv) avoiding allocation that could result in *de minimis* or odd lot Investments, and (xvi) other considerations deemed relevant by the Adviser in good faith.

- Investments Outside of a Client’s Mandate: Investment opportunities that the Adviser makes a good faith determination are not expected to yield a Client’s targeted return profile or are otherwise inappropriate for a Client given considerations described in Organizational Documents or as otherwise determined by the Adviser, will generally not be allocated to a Client.
- Certain Investments Inside a Client’s Mandate that are not Pursued by a Client: Under certain circumstances, Blackstone can be expected to determine not to pursue some or all of an investment opportunity within a Client’s mandate, including without limitation, as a result of business, reputational or other reasons applicable to Clients, Other Blackstone Vehicles, their respective Portfolio Entities or Blackstone. In addition, the Adviser will, in

certain circumstances, determine that a Client should not pursue some or all of an investment opportunity, including, by way of example and without limitation, because a Client has already invested sufficient capital in the Investment, sector, industry, geographic region or markets in question, as determined by the Adviser in its good faith discretion, or the Investment is not appropriate for a Client for other reasons as determined by the Adviser in its good faith reasonable sole discretion. In any such case Blackstone could, thereafter, offer such opportunity to other parties, including Other Blackstone Vehicles or Portfolio Entities or Investors of a Client or Other Blackstone Vehicles, Joint Venture Partners, related parties or third parties. Any such Other Blackstone Vehicles may be advised by a different Blackstone business group with a different investment committee, which could determine an investment opportunity to be more attractive than the Adviser believes to be the case. In any event, there can be no assurance that the Adviser's assessment will prove correct or that the performance of any Investments actually pursued by a Client will be comparable to any investment opportunities that are not pursued by a Client. Blackstone, including its personnel, will, in certain circumstances, receive compensation from any such party that makes the Investment, including an allocation of performance-based compensation or referral fees, and any such compensation could be greater than amounts paid by a Client to the Adviser. In some cases, Blackstone earns greater fees when Clients or Other Blackstone Vehicles participate alongside or instead of a particular Client in an Investment.

- Financial Compensation to Allocate Investment Opportunities to Other Blackstone Vehicles: When the Adviser determines not to pursue some or all of an investment opportunity for a Client that would otherwise be within the Client's objectives and strategies, and Blackstone provides the opportunity or offers the opportunity to other Clients or Other Blackstone Vehicles, Blackstone, including its personnel (including real estate personnel), can be expected to receive compensation from the other Clients or Other Blackstone Vehicles, whether or not in respect of a particular Investment, including in some cases an allocation of performance-based compensation or referral fees, and any such compensation could be greater than amounts paid by a Client to the Adviser. As a result, the Adviser (including real estate personnel who receive such compensation) could be incentivized to allocate investment opportunities away from a Client to or source investment opportunities for other Clients and Other Blackstone Vehicles. In addition, in some cases Blackstone can be expected to earn greater fees when Clients and Other Blackstone Vehicles participate alongside or instead of a particular Client in an Investment.

- Basis for Investment Allocation Determinations: The Adviser makes good faith determinations for allocation decisions based on expectations that will, in certain circumstances, prove inaccurate. Information unavailable to the Adviser, or circumstances not foreseen by the Adviser at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that the Adviser determines to be consistent with the return objectives of a particular type of fund rather than a particular Client may not match the Adviser’s expectations and underwriting and generate an actual return that would have been appropriate for the Client. Conversely, an Investment that the Adviser expects to be consistent with a Client’s return objectives will, in certain circumstances, fail to achieve them.
- Investment alongside other Clients and Other Blackstone Vehicles: A Client will also invest alongside other Clients and Other Blackstone Vehicles (including other vehicles in which Blackstone or its personnel invest) in Investments that are suitable for one or more of the Client and such other Clients and Other Blackstone Vehicles. To the extent a Client jointly holds securities with any other Client or Other Blackstone Vehicle that has a different expected duration or liquidity terms, conflicts of interest will arise between the Client and such Other Blackstone Vehicle with respect to the timing and manner of disposition of opportunities. In order to mitigate any such conflicts of interest, a Client may recuse itself from participating in any decisions relating, or with respect, to the Investment by a Client or Other Blackstone Vehicle. If the Other Blackstone Vehicle maintains voting rights with respect to the securities it holds, or if a Client does not recuse itself, Blackstone may be required to take action where it will have conflicting loyalties between its duties to Clients and Other Blackstone Vehicles, which may adversely impact a Client. (See also “—Other Blackstone Vehicles; Allocation of Investment Opportunities” herein). In certain instances, a Client and the applicable Other Blackstone Vehicles may dispose of any such shared Investment at different times and on different terms.

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

**PJT.** On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT, an independent financial advisory firm founded by Paul

J. Taubman. While the combined business operates independently from Blackstone and is not an affiliate thereof, it is expected that there will be substantial overlapping ownership between Blackstone and PJT for a considerable period of time going forward. Therefore, conflicts of interest will arise in connection with transactions between or involving a Client and its Portfolio Entities, on the one hand, and PJT, on the other. The pre-existing relationship between Blackstone and its former personnel involved in financial and strategic advisory services at PJT, the overlapping ownership and co-investment and other continuing arrangements between PJT and Blackstone can be expected to influence the Adviser to select or recommend PJT to perform services for a Client or its Portfolio Entities, the cost of which will generally be borne directly or indirectly by a Client and Investors. Given that PJT is no longer an affiliate of Blackstone, the Adviser and its affiliates will be free to cause a Client and Portfolio Entities to transact with PJT generally without restriction under the Organizational Documents of such Client, notwithstanding the relationship between Blackstone and PJT. (See also “—Service Providers, Vendors and Other Counterparties Generally” herein.)

***Allocation of Portfolios.*** Blackstone will, in certain circumstances, have an opportunity to acquire a portfolio or pool of assets, securities and instruments that it determines should be divided and allocated among Clients and Other Blackstone Vehicles. Such allocations generally would be based on Blackstone’s assessment of the expected returns and risk profile of each of the assets. The combined purchase price paid to a seller would be allocated among the multiple assets, securities and instruments in the pool and therefore among the Clients and Other Blackstone Vehicles acquiring any of the assets, securities and instruments. Similarly, there will likely be circumstances in which the Clients and Other Blackstone Vehicles will sell assets in a single or related transactions to a buyer. In some cases a counterparty will require an allocation of value in the purchase or sale contract, though Blackstone could determine such allocation of value is not accurate and should not be relied upon. Blackstone will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third-party valuation reports. Regardless of the methodology for allocating value, Blackstone will have conflicting duties to Clients and Other Blackstone Vehicles when they buy or sell assets together in a portfolio, including as a result of different financial incentives Blackstone has with respect to different vehicles, most clearly when the fees and compensation, including performance-based compensation, earned from the different vehicles differ. There can be no assurance that an Investment of a Client will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such Investment were acquired or sold independently rather than as a component of a portfolio shared with other Clients and Other Blackstone Vehicles.

***Investments in Which Other Blackstone Vehicles Have a Different Principal Investment Generally.*** A Client can be expected to hold an interest in a Portfolio Entity that is different (including with respect to relative seniority) than the interests held by other Clients or Other Blackstone Vehicles. In these situations, conflicts of interest will arise. In order to mitigate any such conflicts of interest, a Client may recuse itself from participating in any decisions relating or with respect to such Investment by a Client or the applicable Investments by other Clients or Other Blackstone Vehicles, or by establishing groups separated by information barriers (which can be expected to be temporary and limited purpose in nature) within Blackstone to act on behalf of each of the Clients. Despite these, and any of the other actions described below that Blackstone may take to mitigate the conflict, Blackstone may be required to take action when it will have conflicting loyalties between its duties to a Client and such other Clients and Other Blackstone Vehicles, which may adversely impact the Client. In that regard, actions may be taken for other Clients and Other Blackstone Vehicles that are adverse to a Client (and *vice versa*). If a Client recuses itself from decision-making, it will generally rely upon a third party to make the decisions, and the third party could have conflicts or otherwise make decisions that Blackstone would not have made.

***Related Financing Counterparties.*** Clients can be expected to invest in companies or other entities in which Other Blackstone Vehicles make an investment in a different part of the capital structure (and *vice versa*). The Adviser requests in the ordinary course proposals from lenders and other sources to provide financing to Clients and their Portfolio Entities. The Adviser takes into account various facts and circumstances it deems relevant in selecting financing sources, including whether a potential lender has expressed an interest in evaluating debt financing opportunities, whether a potential lender has a history of participating in debt financing opportunities generally and with Blackstone in particular, the size of the potential lender's loan amount, the timing of the relevant cash requirement, the availability of other sources of financing, the creditworthiness of the lender, whether the potential lender has demonstrated a long-term or continuing commitment to the success of Blackstone and its funds, and such other factors that Blackstone deems relevant under the circumstances. The cost of debt alone is not determinative.

Debt financing to the Clients and their Portfolio Entities is expected to be provided, from time to time, by Investors, Other Blackstone Vehicles, their Portfolio Entities and other parties with material relationships with Blackstone, such as shareholders of and lenders to Blackstone and lenders to Other Blackstone Vehicles and their Portfolio Entities, as well as by Blackstone itself. Blackstone could have incentives to cause a Client and its Portfolio Entities to accept less favorable

financing terms from an Investor, Other Blackstone Vehicles, their Portfolio Entities and Investors, Blackstone and other parties with material relationships with Blackstone than it would from a third party. The same concerns apply when any of these other parties invest in a more senior position in the capital structure of a Portfolio Entity than such Client, even if the form of the transaction is not a financing. Although less common, a Client or a Portfolio Entity could also occupy a more senior position in the capital structure than an Investor, Other Blackstone Vehicle, their Portfolio Entities and other parties with material relationships with Blackstone, in which case Blackstone could have an incentive to cause such Client or Portfolio Entity to offer more favorable financing terms to such parties. In the case of a related party financing between a Client or its Portfolio Entities, on the one hand, and Blackstone, Other Blackstone Vehicles or their Portfolio Entities, on the other hand, the Adviser could, but is not obligated to, rely on a third-party agent to confirm the terms offered by the counterparty are consistent with market terms, or the Adviser could instead rely on its own internal analysis, which the Adviser believes is often superior to third-party analysis given Blackstone's scale in the market. If however any of Blackstone, a Client, an Other Blackstone Vehicle or any of their Portfolio Entities delegates to a third party, such as another member of a financing syndicate or a Joint Venture Partner, the negotiation of the terms of the financing, the transaction will be assumed to be conducted on an arms-length basis, even though the participation of the Blackstone related vehicle impacts the market terms and Blackstone may have influence on such third parties. For example, in the case of a loan extended to a Client or a Portfolio Entity by a financing syndicate in which an Other Blackstone Vehicle has agreed to participate on terms negotiated by a third-party participant in the syndicate, it may have been necessary to offer better terms to the financing provider to fully subscribe the syndicate if the Other Blackstone Vehicle had not participated; it is also possible that the frequent participation of Other Blackstone Vehicles in such syndicates could dampen interest among other potential financing providers, thereby lowering demand to participate in the syndicate and increasing the financing costs to a Client. The Adviser does not believe either of these effects is significant, but no assurance can be given to Investors that these effects will not be significant in any circumstance. The Adviser will not be required to obtain any consent or seek any approvals from Investors or the L.P. Advisory Committee in the case of any of these conflicts.

Blackstone could cause actions adverse to a Client to be taken for the benefit of Other Blackstone Vehicles that have made an Investment more senior in the capital structure of a Portfolio Entity than such Client (*e.g.*, provide financing to a Portfolio Entity, the equity of which is owned by a Client) and, vice versa, actions will, in certain circumstances, be taken for the benefit of such Client and its Portfolio Entities that are adverse to Other Blackstone Vehicles. Blackstone could seek to



implement procedures to mitigate conflicts of interest in these situations such as (i) a forbearance of rights, including some or all non-economic rights, by a Client or relevant Other Blackstone Vehicle (or their respective Portfolio Entities, as the case may be) by, for example, agreeing to follow the vote of a third party in the same tranche of the capital structure, or otherwise deciding to recuse itself with respect to decisions on defaults, foreclosures, workouts, restructurings and other similar matters, (ii) causing a Client or relevant Other Blackstone Vehicle (or their respective Portfolio Entities, as the case may be) to hold only a non-controlling interest in any such Portfolio Entity, (iii) retaining a third-party loan servicer, administrative agent or other agent to make decisions on behalf of a Client or relevant Other Blackstone Vehicle (or their respective Portfolio Entities, as the case may be), or (iv) create groups of personnel within Blackstone separated by information barriers (which can be expected to be temporary and limited purpose in nature), each of which would advise one of the clients that has a conflicting position with other clients. In these cases, Blackstone would generally act on behalf of one of its clients, though the other client would generally retain certain control rights, such as the right to consent to certain actions taken by the trustee or administrative or other agent of the Investment, including a release, waiver, forgiveness or reduction of any claim for principal or interest; extension of maturity date or due date of any payment of any principal or interest; release or substitution of any material collateral; release, waiver, termination or modification of any material provision of any guaranty or indemnity; subordination of any lien; and release, waiver or permission with respect to any covenants.

In connection with negotiating loans and bank financings in respect of Blackstone-sponsored transactions, Blackstone will generally obtain the right to participate (for its own account or an Other Blackstone Vehicle) in a portion of the financings with respect to such Blackstone-sponsored transactions on the same terms negotiated by third parties with Blackstone or other terms the Adviser determines to be consistent with the market. Although Blackstone could rely on third parties to verify market terms, Blackstone may nonetheless have influence on such third parties. No assurance can be given that negotiating with a third party, or verification of market terms by a third party, will ensure that a Client and its Portfolio Entities receive market terms.

In addition, it is anticipated that in a bankruptcy proceeding a Client's interests will likely be subordinated or otherwise adverse to the interests of Other Blackstone Vehicles with ownership positions that are more senior to those of such Client.

Although Other Blackstone Vehicles can be expected to provide financing to a Client and its Portfolio Entities, there can be no assurance that any Other Blackstone Vehicle will indeed provide any such financing with respect to any particular Investment. Participation by Other Blackstone

Vehicles in some but not all financings of a Client and its Portfolio Entities may adversely impact the ability of a Client and its Portfolio Entities to obtain financing from third parties when Other Blackstone Vehicles do not participate, as it may serve as a negative signal to market participants.

Any financing provided by an Investor or an Affiliate to a Client or a Portfolio Entity is not a capital contribution to such Client. To the extent any Investor in a Client (or Investor in any Other Blackstone Vehicle) or any of its Affiliates provides debt financing to such Client or its Portfolio Entities, it will not be considered “co-investment”.

***Conflicting Fiduciary Duties to Debt Funds.*** Clients and Other Blackstone Vehicles include Debt Funds. It is expected that Clients and Other Blackstone Vehicles will be offered the opportunity to provide financing with respect to Investments made by a Client and its Portfolio Entities. Blackstone owes a fiduciary duty to all Clients and Other Blackstone Vehicles and will encounter conflicts in the exercise of these duties. For example, if a Client or Other Blackstone Vehicle purchases high-yield securities or other debt instruments of a Portfolio Entity of a particular Client, or otherwise occupies a senior (or other different) position in the capital structure of an Investment relative to a particular Client, Blackstone will encounter conflicts in providing advice to this Client and to the other Clients and Other Blackstone Vehicles with regard to appropriate terms of such high-yield securities or other instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies, among other matters. Less commonly, a Client could hold an Investment that is senior in the capital structure, such as a debt instrument, to another Client or Other Blackstone Vehicle. Although measures described above in “—Related Financing Counterparties” can mitigate these conflicts, they cannot completely eliminate them.

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

***Possible Exclusion.*** The General Partner of a Client may determine that it is appropriate to initially exclude (in whole or in part) one or more Investors (or categories of Investors) of the Client from a particular Investment (or category of Investments) due to particular tax concerns related thereto

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

***Related Financing of Counterparties to Acquire Assets from, or Sell Assets to, a Client and its Portfolio Entities.*** In certain transactions, Clients and Other Blackstone Vehicles will commit to and/or provide financing to third parties that bid for or purchase assets from a particular Client or its Portfolio Entities. In addition, a Client and its Portfolio Entities will from time to time purchase assets or portfolio companies from third parties that obtain, or currently have outstanding, debt financing from Other Blackstone Vehicles. See “—Related Financing Counterparties” herein. Although Blackstone believes that the participation by other Clients and Other Blackstone Vehicles in such debt financings could be beneficial to the Client by supporting third parties in their efforts to bid on the sale of assets by, and to sell assets to, the Client and its Portfolio Entities, Blackstone will have an incentive to cause a Client or relevant Portfolio Entity to select to sell an asset to, or purchase an asset from, a third party that obtains debt financing from another Client or Other Blackstone Vehicle to the potential detriment of a Client. For example, although price is often the deciding factor in selecting from whom to acquire, or to whom to sell, an asset, other factors at times influence the buyer or the seller, as the case may be. The Adviser could thereafter cause a Client or a Portfolio Entity to sell an asset to, or buy an asset from, a third party that has received financing from another Client or Other Blackstone Vehicle, even when such third party has not offered the most attractive price. Investors rely on the Adviser to select in its sole discretion

the best overall buyer in sales of, and the best overall seller in the acquisition, of Client assets, despite any conflict related to the parties financing the buyer or the seller, as applicable.

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

- **General Co-Investment Considerations:** There are expected to be circumstances where an amount that would have otherwise been invested by a Client is instead allocated to co-investors (who may or may not be Investors of Clients or Other Blackstone Vehicles) or supplemental capital vehicles, and there is no guarantee that any Investor will be offered any particular co-investment opportunity. The Adviser will take into account various facts and circumstances deemed relevant by the Adviser in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the Adviser's assessment of a potential co-investor's ability to invest an amount of capital that fits the needs of the Investment (taking into account the amount of capital needed as well as the maximum number of Investors that can realistically participate in the transaction) and the Adviser's assessment of a potential co-investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction. Additional considerations can be expected

to also include, among others and without limitation, the size of a potential co-investor's commitments to Clients and Other Blackstone Vehicles and strategic third-party investors; whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone; whether a potential co-investor has committed to a Client or Other Blackstone Vehicle; the size of the potential co-investor's interest to be held in the underlying Portfolio Entity as a result of a Client's Investment (which is likely to be based on the size of the potential co-investor's capital commitment or investment in a Client); whether the potential co-investor has demonstrated a long-term or continuing commitment to the potential success of Blackstone, the Clients or Other Blackstone Vehicles (including whether a potential co-investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to Clients or Other Blackstone Vehicles and their Portfolio Entities, or whether the co-investor has significant capital under management by Blackstone or intends to increase such amount); whether the potential co-investor has an overall Strategic Relationship with Blackstone that provides it with more favorable rights with respect to co-investment opportunities; whether the co-investor is considered "strategic" to the Investment because it is able to offer certain benefits, including, but not limited to, the ability to help consummate the Investment, the ability to aid in operating or monitoring the Portfolio Entity or the possession of certain expertise; the transparency and predictability of the potential co-investor's investment process; whether Blackstone has previously expressed a general intention to seek to offer co-investment opportunities to such potential co-investor; whether a potential co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; the familiarity Blackstone has with the personnel and professionals of the Investor in working together in investment contexts; the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others; the ability of a potential co-investor to invest in potential follow-on acquisitions for the Portfolio Entity or participate in defensive Investments; the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the Investor would be willing to defer to Blackstone and assume a more passive role in governing the Portfolio Entity); any interests a potential co-investor may have in any competitors of the underlying Portfolio Entity; the tax profile of the potential co-investor and the tax characteristics of the Investment (including whether or not the potential co-investor would require particular structuring implementation or covenants that would not otherwise be required but for its participation or whether such co-investor's participation is beneficial to

the overall structuring of the Investment); whether a potential co-investor's participation in the transaction would subject a Client or any of its Portfolio Entities to additional regulatory requirements, review or scrutiny, including any necessary governmental approvals required to consummate the Investment; the potential co-investor's relationship with the potential management team of the Portfolio Entity; whether the potential co-investor has any existing positions in the Portfolio Entity (whether in the same security in which a Client is investing or otherwise); whether there is any evidence to suggest that there is a heightened risk with respect to the potential co-investor maintaining confidentiality; whether the potential co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for distributions; whether the expected holding period and risk-return profile of the Investment is consistent with the stated goals of the Investor; and such other factors that Blackstone may in good faith deem relevant and appropriate to consider in the circumstances. Blackstone can be expected to establish co-investment vehicles for one or more Investors (including third-party Investors and Investors in a Client) in order to co-invest alongside a Client in one or more future Investments. The existence of these vehicles could reduce the opportunity for other Investors to receive allocations of co-investment. Also, Blackstone will, in certain circumstances, agree with Investors (including Investors, Blackstone, Strategic Relationships and third-party Investors) to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to discounts or rebates of performance-based compensation or Management Fees. To the extent any such arrangements are entered into, they can be expected to result in fewer co-investment opportunities being made available to the Investors. In addition, the allocation of Investments to Other Blackstone Vehicles, including as described under "—Other Blackstone Vehicles; Allocation of Investment Opportunities" herein, can be expected to result in fewer co-investment opportunities (or reduced allocations) being made available to Investors.

There may be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, properties, securities or instruments, where a Client or Other Blackstone Vehicle participates in a single or related transactions with a particular seller where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) to any of the Client and such Other Blackstone Vehicle. The allocation of such specific items generally would be based on the Adviser's determination of, among other things, the expected returns for such items, and in any such

case the combined purchase price paid to a seller would be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third-party valuation firm and/or by the Adviser and its Affiliates.

- Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment: The Adviser and its Affiliates will in certain circumstances be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall Strategic Relationship with Blackstone) opportunities to co-invest in priority or on more favorable terms than other potential co-investors due to the amount of performance-based compensation or Management Fees paid by the co-investor receiving the priority allocation or better terms (as well as any additional discounts or rebates avoided by allocating co-investments to such co-investor) or other aspects of such co-investor's relationship with Blackstone. The Management Fees, performance-based compensation and other fees received by Blackstone from and the amount of expenses charged to a Client can be expected to be less or more than such amounts paid by or charged to co-investors pursuant to the terms of such vehicles' partnership agreements and other agreements with co-investors, and such variation in the amount of fees and expenses can be expected to create an economic incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a particular person. In addition, other terms of existing and future co-investors may differ materially, and in certain circumstances, be more favorable to Blackstone, than the terms of a Client, and such different terms can be expected to create an incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a Client or such co-investor, as the case may be. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that any investment opportunities that would have otherwise been offered to a Client or Investors through co-investment will be made available. Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or Strategic Relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral, sourcing or sharing of investment opportunities. Blackstone will, in certain circumstances, pay Management Fees and performance-based compensation in connection with such arrangements. Blackstone will, in certain circumstances, also provide for or receive reimbursement of certain expenses incurred or received in connection with these arrangements, including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses. The amount of such reimbursements can be

expected to relate to allocations of co-investment opportunities and increase if certain co-investment allocations are not made. While it is possible that a Client will, along with Blackstone itself, benefit from the existence of those arrangements and relationships, it is also possible that investment opportunities that would otherwise be presented to or made by a Client would instead be referred (in whole or in part) to such third party.

***Liability Arising From Transactions Entered into Alongside Other Blackstone Vehicles.***

Participating in Investments alongside Clients and Other Blackstone Vehicles will subject a particular Client to a number of risks and conflicts. A transaction counterparty will, in certain circumstances, require facing only one fund entity, which can be expected to result in (i) if a Client is a direct counterparty to a transaction, a Client being solely liable with respect to its own share as well as other Clients and Other Blackstone Vehicles' shares of any applicable obligations, or (ii) if a Client is not the direct counterparty, a Client having a contribution obligation to the relevant other Clients and Other Blackstone Vehicles. Alternatively, a counterparty may agree to face multiple funds, which could result in a Client being jointly and severally liable alongside other Clients and Other Blackstone Vehicles for the full amount of the applicable obligations. In cases in which a Client could be responsible for the liability of another Client or Other Blackstone Vehicle, or *vice versa*, the applicable parties would generally enter into a back-to-back or other similar contribution or reimbursement agreement. Likewise, for certain Investment-related hedging transactions, it can be expected to be advantageous for counterparties to trade solely with a Client (or the relevant parallel fund). For these transactions, it is anticipated that a Client (or the relevant parallel fund) would then enter into back-to-back trade confirmations or other similar arrangements with the relevant parallel fund or Other Blackstone Vehicles. The party owing under such an arrangement may not have resources to pay its liability, however, in which case the other party will bear more than its *pro rata* share of the relevant loss. It is not expected that a Client or Other Blackstone Vehicles will be compensated for agreeing to be primarily liable vis-à-vis a third-party counterparty. Moreover, in connection with the divestment of all or part of a Portfolio Entity (e.g., an initial public offering), Blackstone will seek to track the ownership interests, liabilities and obligations of a Client and any Other Blackstone Vehicles owning an interest in the Portfolio Entity comprising such operating business, but it is possible that a Client and applicable Other Blackstone Vehicles will, in certain circumstances, incur shared, disproportionate or crossed liabilities. Furthermore, depending on various factors including the relative assets, expiration dates, investment objectives and return profiles of each Client and such Other Blackstone Vehicles, it is possible that one or more of them will have greater exposure to legal claims and that they will have conflicting goals with respect to the price, timing and manner of disposition opportunities.



**Syndication; Warehousing.** Blackstone, Clients, Other Blackstone Vehicles, Joint Venture Partners, Affiliates or related parties of the foregoing could, subject to the limitations in the applicable Organizational Documents, acquire an Investment as principal and subsequently sell some or all of it to a Client, Other Blackstone Vehicle or co-investors in an affiliate or related party transaction. Similarly, subject to the limitations in the applicable Organizational Documents, a Client will, in certain circumstances, acquire an Investment and subsequently syndicate, or sell some or all of it, to Blackstone, Other Blackstone Vehicles, co-investors, Joint Venture Partners, or Affiliates or related parties of the foregoing or other third parties. The Adviser may cause these transfers to be made at cost, or cost plus an interest rate or carrying cost charged from the time of acquisition to the time of transfer, notwithstanding that the fair market value of any such Investments may have declined below or increased above cost from the date of acquisition to the time of such transfer. The Adviser may also determine another methodology for pricing these transfers, including fair market value at the time of transfer. Also, the Adviser will, in certain circumstances, charge fees on these transfers to either or both of the parties to them. The Adviser or its Affiliates will from time to time be permitted to retain any portion of an Investment initially acquired by them with a view to syndication to co-investors or other potential purchasers to the extent such portion has not been syndicated after reasonable efforts to do so. Conflicts of interest are expected to arise in connection with these affiliate transactions, including with respect to timing, structuring, pricing and other terms.

More specifically, a Client could initially acquire all or a portion of certain Investments (including through borrowings on a subscription-based credit facility or from Blackstone itself) intended as co-investments as described herein and syndicate all or part of such co-investments to one or more co-investors. The value of the Investment during such period could increase by a greater amount, but a Client will not receive the full benefit of such increase.

**Broken Deal Expenses.** Any expenses that may be incurred by a Client for actual Investments as described herein or in the Organizational Documents of a Client may also be incurred by a Client with respect to broken deals (*i.e.*, investments that are not consummated). The Adviser is not required to and in most circumstances will not seek reimbursement of broken deal expenses (*i.e.*, expenses incurred in pursuit of an Investment that is not consummated) from third parties, including counterparts to the potential transaction or potential co-investors. Examples of such broken deal expenses include, but are not limited to, reverse termination fees, extraordinary expenses such as litigation costs and judgments, travel and entertainment expenses incurred, costs of negotiating co-investment documentation, and legal, accounting, tax and other due diligence

and pursuit costs and expenses). Any such broken deal expenses could, in the sole discretion of the Adviser, be allocated solely to a Client and not to other Clients or Other Blackstone Vehicles or co-investors that could have made the Investment, even when the other Client or Other Blackstone Vehicle or co-investor commonly invests alongside the Client in its Investments or Blackstone or other Clients or Other Blackstone Vehicles in their Investments. In such cases a Client's shares of expenses would increase. In the event broken deal expenses are allocated to another Client or Other Blackstone Vehicle or a co-investor, the Adviser or Client will, in certain circumstances, advance such fees and expenses without charging interest until paid by the other Client or Other Blackstone Vehicle or co-investor, as applicable.

***Other Blackstone Business Activities.*** Blackstone, Clients, Other Blackstone Vehicles, their Portfolio Entities, and personnel and related parties of the foregoing will receive fees and compensation, including performance-based and other incentive fees, for products and services provided to a Client and its Portfolio Entities, such as fees for asset, development and property management; underwriting, syndication or refinancing of a loan or Investment (or other additional fees, including acquisition fees, loan modification or restructuring fees); servicing; loan servicing; special servicing; administrative services; advisory services on purchase or sale of an asset or company; advisory services; investment banking and capital markets services; treasury and valuation services, placement agent services; fund administration; internal legal and tax planning services; information technology products and services; insurance procurement, brokerage, solutions and risk management services; and other products and services. Such parties will also provide products and services for fees to Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their personnel and related parties, as applicable, as well as third parties. Through its Innovations group, Blackstone incubates businesses that can be expected to provide goods and services to Clients and Other Blackstone Vehicles and their Portfolio Entities, as well as other Blackstone related parties and third parties. By contracting for a product or service from a business related to Blackstone, a Client and its Portfolio Entities would provide not only current income to the business and its stakeholders, but could also create significant enterprise value in them, which would not be shared with a Client or Investors and could benefit Blackstone directly and indirectly. Also, Blackstone, Clients, Other Blackstone Vehicles and their Portfolio Entities, and their personnel and related parties will, in certain circumstances, receive compensation or other benefits, such as through additional ownership interests or otherwise, directly related to the consumption of products and services by a Client and its Portfolio Entities. A Client and its Portfolio Entities will incur expense in negotiating for any such fees and services, which will be treated as partnership expenses. In addition, the Adviser may receive fees associated with capital

invested by co-investors relating to Investments in which a Client participates or otherwise, in connection with a joint venture in which a Client participates or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Adviser performs services. Finally, Blackstone and its personnel and related parties will, in certain circumstances, also receive compensation for origination expenses and with respect to un consummated transactions.

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

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

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

In addition, to the extent Blackstone receives any of the fees described above in kind, instead of in cash, in whole or in part, Blackstone would in certain circumstances be a co-investor (or otherwise hold an interest) in such Investments alongside a Client and/or Other Blackstone Vehicles, which may give rise to potential or actual conflicts of interest, including with respect to the timing and manner of sale by Blackstone, on the one hand, and other participating funds, on the other hand. Blackstone’s receipt of such interests in kind generally would not be at the same time or on substantially the same terms, price and conditions as a Client and/or the Other Blackstone Vehicles, as applicable. With respect to any dispositions of securities or investments held by Blackstone resulting from receiving such fees in kind, since a Client and/or Other Blackstone Vehicles, as applicable, are not similarly situated and may have different terms affecting the timing of their respective dispositions, there may be certain situations where Blackstone would not dispose of its securities or interests at the same time and/or on substantially the same terms, price and conditions as such other funds, which would be evaluated by Blackstone on a case-by-case basis taking into account the circumstances at the relevant time. There can be no assurance that any actual or perceived conflicts will be resolved in favor of a Client or Investors.

***Securities and Lending Activities.*** Blackstone, its Affiliates and their related parties and personnel participate in underwriting and lending syndicates and otherwise act as arrangers of financing, including with respect to the public offering and private placement of debt or equity securities issued by, and loan proceeds borrowed by, a Client and its Portfolio Entities. Underwritings and financings can be on a firm commitment basis or on an uncommitted, or “best efforts”, basis, and the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. Blackstone can be expected to also provide placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by Portfolio Entities of Clients and Other Blackstone Vehicles. A Blackstone broker-dealer will from time to time act as the managing underwriter, a member of the underwriting syndicate or broker for a Client or its Portfolio Entities, or as dealer, broker or advisor to a counterparty to a Client or a Portfolio Entity, and purchase securities from or sell securities to a Client, Other Blackstone Vehicles or Portfolio Entities of a Client or Other Blackstone Vehicles. Blackstone will also from time to time, on behalf of a Client or its Portfolio Entities, or other parties to a transaction involving a Client or its Portfolio Entities, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to Blackstone by a Client or its Portfolio Entities or the counterparty to the transaction, thereby creating a potential conflict of interest. This could include, by way of example, fees and/or commissions for equity syndications to co-investment vehicles. Subject to applicable law, Blackstone will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, advisory fees, lending arrangement fees, insurance (including title insurance fees), consulting fees, monitoring fees, commitment fees, syndication fees, origination fees, organizational fees, operational fees, loan servicing fees, and financing and divestment fees (or, in each case, rebates in lieu of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone, Clients, Other Blackstone Vehicle or their Portfolio Entities are purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with a Client or its Investors, and the Management Fee with respect to an Investor generally will not be reduced by such amounts. The Adviser has sole discretion to approve the foregoing arrangements if the Adviser believes in good faith that such transactions are appropriate for a Client.

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

certain circumstances, therefore be averaged which may be disadvantageous to a Client.

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

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

***Portfolio Entity Service Providers and Vendors.*** A Client, Other Blackstone Vehicles and the Portfolio Entities of each of the foregoing and Blackstone can be expected to engage Portfolio Entities of a Client and Other Blackstone Vehicles to provide some or all of the following services: (a) corporate support services (including, without limitation, accounts payable, accounting/audit (including valuation support services), account management, insurance, procurement, placement, brokerage, consulting, cash management, corporate secretarial services, data management, directorship services, domiciliation, finance/budget, human resources, information technology/systems support, internal compliance know-your-client reviews and refreshes, judicial processes, legal, operational coordination (*i.e.*, coordination with Joint Venture Partners, property managers), risk management, reporting, tax, tax analysis and compliance (*e.g.*, CIT and VAT

compliance), transfer pricing and internal risk control, treasury and valuation services; (b) loan management (including, without limitation, monitoring, restructuring and work-out of performing, sub-performing and nonperforming loans, Administrative Services, and cash management); (c) management services (*i.e.*, management by a Portfolio Entity, Blackstone Affiliate or third party (*e.g.*, a third-party manager) of operational services); (d) operational services (*i.e.*, general management of day to day operations, including, without limitation, construction management, leasing services, project management and property management); and (e) transaction support services (including, without limitation, managing relationships with brokers and other potential sources of Investments, identifying potential Investments, coordinating with Investors, assembling relevant information, conducting financial and market analyses and modelling, coordinating closing/post-closing procedures for acquisitions, dispositions and other transactions, coordinating design and development works, overseeing brokers, lawyers, accountants and other advisors, providing in-house legal and accounting services, assisting with due diligence, preparation of project feasibilities, site visits, and specification of technical analysis and review of (i) design and structural work, (ii) architectural, façade and external finishes, (iii) certifications, (iv) operations and maintenance manuals and (v) statutory documents). Similarly, Blackstone, Other Blackstone Vehicles, Clients and their Portfolio Entities can be expected to engage Portfolio Entities of a Client to provide some or all of these services. Some of the services performed by Portfolio Entity service providers could also be performed by the Adviser from time to time and vice versa. Fees paid by a Client or its Portfolio Entities to other Portfolio Entity service providers do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared with a Client.

A Client and its Portfolio Entities will compensate one or more of these service providers and vendors owned by Clients or Other Blackstone Vehicles, including through incentive based compensation payable to their management teams and other related parties. The incentive based compensation paid with respect to a Portfolio Entity or asset of a Client or Other Blackstone Vehicles will vary from the incentive based compensation paid with respect to other Portfolio Entities and assets of a Client and Other Blackstone Vehicles; as a result the management team or other related parties can be expected to have greater incentives with respect to certain assets and Portfolio Entities relative to others, and the performance of certain assets and Portfolio Entities may provide incentives to retain management that also service other assets and Portfolio Entities. Some of these service providers and vendors owned by a Client or Other Blackstone Vehicles will charge Clients and their Portfolio Entities for goods and services at rates generally consistent with those available in the market for similar goods and services. The discussion regarding the

determination of market rates under “—Blackstone Affiliate Service Providers” herein applies equally in respect of the fees and expenses of the Portfolio Entity service providers, if charged at rates generally consistent with those available in the market. Other service providers and vendors owned or controlled by a Client or Other Blackstone Vehicles pass through expenses on a cost reimbursement, no-profit or break-even basis, in which case the service provider allocates costs and expenses directly associated with work performed for the benefit of a Client and its Portfolio Entities to them, along with any related tax costs and an allocation of the service provider’s overhead, including any of the following: salaries, wages, benefits and travel expenses; marketing and advertising fees and expenses; legal, accounting and other professional fees and disbursements; office space and equipment; insurance premiums; technology expenditures, including hardware and software costs; costs to engage recruitment firms to hire employees; diligence expenses; one-time costs, including costs related to building-out and winding-down a Portfolio Entity; taxes; and other operating and capital expenditures. Any of the foregoing costs, although allocated in a particular period, will, in certain circumstances, relate to activities occurring outside the period, and therefore a Client could pay more than its *pro rata* portion of fees for services. The allocation of overhead among the entities and assets to which services are provided can be expected to be based on any of a number of different methodologies, including, without limitation, “cost” basis as described above, “time-allocation” basis, “per unit” basis, “per square footage” basis or “fixed percentage” basis. There can be no assurance that a different manner of allocation would result in a Client and its Portfolio Entities bearing less or more costs and expenses. Furthermore, Blackstone will not always perform or obtain benchmarking analysis or third-party verification of expenses with respect to services provided on a cost reimbursement, no profit or break even basis. There can be no assurances that amounts charged by Portfolio Entity service providers that are not controlled by a Client or Other Blackstone Vehicles will be consistent with market rates or that any benchmarking, verification or other analysis will be performed with respect to such charges. If benchmarking is performed, the related expenses will be borne by Clients, Other Blackstone Vehicles and their respective Portfolio Entities and will not offset the Management Fee. A Portfolio Entity service provider will, in certain circumstances, subcontract certain of its responsibilities to other Portfolio Entities of Clients and Other Blackstone Vehicles. In such circumstances, the relevant subcontractor could invoice the Portfolio Entity for fees (or in the case of a cost reimbursement arrangement, for allocable costs and expenses) in respect of the services provided by the subcontractor. The Portfolio Entity, if charging on a cost reimbursement, no-profit or break-even basis, would in turn allocate those costs and expenses as it allocates other fees and expenses as described above. Similarly, Other Blackstone Vehicles and their Portfolio Entities and Blackstone can be expected to engage Portfolio Entities of a Client to provide services,



and these Portfolio Entities will generally charge for services in the same manner described above, but a Client and its Portfolio Entities generally will not be reimbursed for any costs (such as start-up costs) relating to such Portfolio Entities incurred prior to such engagement.

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

Portfolio Entity service providers described in this section are generally owned and controlled by a Blackstone fund, such as a Client and Other Blackstone Vehicles. In certain instances a similar company could be owned and controlled by Blackstone directly. Blackstone could cause a transfer of ownership of one of these service providers from a Client to an Other Blackstone Vehicle, or from an Other Blackstone Vehicle to a Client. The transfer of a Portfolio Entity service provider between a Client and an Other Blackstone Vehicle (where a Client may be a seller or a buyer in any such transfer) will generally be consummated for minimal or no consideration, and without obtaining any consent from the L.P. Advisory Committee or the Investors. The Adviser may, but is not required to, obtain a third party valuation confirming the same, and if it does, the Adviser can be expected to rely on such valuation. Portfolio Entities of a Client and Other Blackstone Vehicles are not considered “Affiliates” of Blackstone, the Adviser or a Client under the Organizational Documents and therefore are not covered by affiliate transaction restrictions included in the Organizational Documents, such as the requirement to obtain consent from the L.P. Advisory Committee in certain circumstances.

***Service Providers, Vendors and Other Counterparties Generally.*** Certain third-party advisors and other service providers and vendors to a Client and its Portfolio Entities (including accountants, administrators, lenders, bankers, brokers, attorneys, Consultants, title agents, property managers and investment or commercial banking firms) are owned by Blackstone, Clients or Other Blackstone Vehicles or provide goods or services to, or have other business, personal, financial or other relationships with, Blackstone, the Other Blackstone Vehicles and their Portfolio Entities, and Affiliates and personnel of the foregoing. Also, advisors, lenders, Investors, commercial counterparties, vendors and service providers (including any of their Affiliates or personnel) to a Client and its Portfolio Entities could have other commercial or personal relationships with

Blackstone, Other Blackstone Vehicles (including co-investment vehicles) and their respective Portfolio Entities, or any Affiliates, personnel or family members of personnel of the foregoing. Although Blackstone selects service providers and vendors it believes are most appropriate in the circumstances based on its knowledge of such service providers and vendors (which knowledge is generally greater in the case of service providers and vendors that have other relationships to Blackstone), the relationship of service providers and vendors to Blackstone as described above will, in certain circumstances, influence Blackstone in deciding whether to select, recommend or form such an advisor or service provider to perform services for a Client or a Portfolio Entity, the cost of which will generally be borne directly or indirectly by a Client, and can be expected to incentivize Blackstone to engage such service provider over a third party, utilize the services of such service providers and vendors more frequently than would be the case absent the conflict, or to pay such service providers and vendors higher fees or commissions than would be the case absent the conflict. The incentive could be created by current income and/or the generation of enterprise value in a service provider or vendor; Blackstone can be expected to also have an incentive to invest in or create service providers and vendors to realize on these opportunities. Furthermore, Blackstone will from time to time encourage third-party service providers to a Client and its Portfolio Entities to use other Blackstone-affiliated service providers and vendors in connection with the business of a Client, Portfolio Entities, and unaffiliated entities, and Blackstone has an incentive to use third-party services providers who do so as a result of the indirect benefit to Blackstone and additional business for the related service providers and vendors. Fees paid to or value created in these service providers and vendors do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared with a Client. In the case of brokers, Blackstone has a best execution policy that it updates from time to time to comply with regulatory requirements in applicable jurisdictions.

Blackstone has a practice of not entering into any arrangements with advisors, vendors or service providers that provide lower rates or discounts to Blackstone itself compared to those it enters into on behalf of a Client and its Portfolio Entities for the same services. However, legal fees for unconsummated transactions are often charged at a discounted rate, such that if a Client and its Portfolio Entities consummate a higher percentage of transactions with a particular law firm than Blackstone, Other Blackstone Vehicles and their Portfolio Entities, the Investors could indirectly pay a higher net effective rate for the services of that law firm than Blackstone, other Clients, Other Blackstone Vehicles or their Portfolio Entities. Also, advisors, vendors and service providers often charge different rates or have different arrangements for different types of services. For example, advisors, vendors and service providers often charge fees based on the complexity of the matter as

well as the expertise and time required to handle it. Therefore, to the extent the types of services used by a Client and its Portfolio Entities are different from those used by Blackstone, Other Blackstone Vehicles and their Portfolio Entities, and their Affiliates and personnel, a Client and its Portfolio Entities can be expected to pay different amounts or rates than those paid by such other persons. Similarly, Blackstone, Clients, the Other Blackstone Vehicles and their Portfolio Entities and Affiliates can be expected to enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Blackstone) from time to time whereby such counterparty will, in certain circumstances, charge lower rates (or no fees) or provide discounts or rebates for such counterparty's products or services depending on the volume of transactions in the aggregate or other factors.

**Data Management Services.** Blackstone or an Affiliate of Blackstone formed in the future will provide data management services to Data Holders. Such services may include assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, holding, transforming, enhancing, marketing and selling such data (among other related data management and consulting services) for monetization through licensing or sale arrangements with third parties and, subject to the limitations in the Organizational Documents of a Client and any other applicable contractual limitations, with a Client, Other Blackstone Vehicles, Portfolio Entities and other Blackstone affiliates and associated entities (including funds in which Blackstone and Other Blackstone Vehicles make investments, and portfolio entities thereof). If Blackstone enters into data services arrangements with Portfolio Entities and receives compensation from such Portfolio Entities for such data services, Clients will indirectly bear their share of such compensation based on their *pro rata* ownership of such Portfolio Entities. Where Blackstone believes appropriate, data from one Data Holder may be pooled with data from other Data Holders. Any revenues arising from such pooled data sets would be allocated between applicable Data Holders on a fair and reasonable basis as determined by the Adviser in its sole discretion, with the Adviser able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable. Blackstone is expected to receive compensation for such data management services, which may include a percentage of the revenues generated through any licensing or sale arrangements with respect to the relevant data, and which compensation is also expected to include fees, royalties and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses)) will not be subject to the Management Fee offset provisions or otherwise shared with a Client or its Investors. Additionally, Blackstone is also expected to determine to share the products from such Data Management Services within Blackstone or its affiliates

(including Other Blackstone Vehicles or their Portfolio Entities) at no charge and, in such cases, the Data Holders may not receive any financial or other benefit from having provided such data to Blackstone. The potential receipt of such compensation by Blackstone may create incentives for Blackstone to cause a Client to invest in Portfolio Entities with a significant amount of data that it might not otherwise have invested in or on terms less favorable than it otherwise would have sought to obtain. (See also “—Data” herein).

***Blackstone Affiliate Service Providers.*** In addition to the service providers (including Portfolio Entity service providers) and vendors described above, a Client and its Portfolio Entities will engage in transactions with one or more businesses that are owned or controlled by Blackstone directly, not through one of its funds, including the businesses described below. These businesses will, in certain circumstances, also enter into transactions with other counterparties of a Client and its Portfolio Entities, as well as service providers, vendors and Investors of a Client. Blackstone could benefit from these transactions and activities through current income and creation of enterprise value in these businesses. No fees charged by these service providers and vendors will offset or reduce Management Fees. Furthermore, Blackstone, other Clients, the Other Blackstone Vehicles and their Portfolio Entities and their Affiliates and related parties will use the services of these Blackstone Affiliates, including at different rates. Although Blackstone believes the services provided by its Affiliates are equal or better than those of third parties, Blackstone directly benefits from the engagement of these Affiliates, and there is therefore an inherent conflict of interest.

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

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

The Adviser will make determinations of market rates (*i.e.*, rates that fall within a range that the Adviser has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms) based on its consideration of a number of factors, which are generally expected to include the Adviser's experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by the Adviser to be appropriate under the circumstances. In respect of benchmarking, while Blackstone often obtains benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by Blackstone Affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services (*e.g.*, within property management services, different assets may receive different property management services). In addition, benchmarking data is based on general market and broad industry overviews, rather than determined on an asset by asset basis. As a result, benchmarking data does not take into account specific characteristics of individual assets then owned or to be acquired by a Client (such as location or size), or the particular characteristics of services provided. For these reasons, such market comparisons may not result in precise market terms for comparable services. Expenses to obtain benchmarking data will be borne by a Client, Other Blackstone Vehicles and their respective Portfolio Entities and will not offset the Management Fee. Finally, in certain circumstances the Adviser can be expected to determine that third-party benchmarking is unnecessary, either because the price for a particular good or service is mandated by law (*e.g.*, title insurance in rate regulated states) or because Blackstone has access to adequate market data to make the determination without reference to third-party benchmarking. Some of the services performed by Blackstone-affiliated service providers could also be performed by the Adviser from time to time and vice versa. Fees paid by a Client or its Portfolio Entities to Blackstone-affiliated service providers do not offset or reduce the Management Fee payable by the Investors of a Client and are not otherwise shared by a Client.

***Transactions with Clients of Blackstone Insurance Solutions.*** Blackstone has formed BIS, a business unit of Blackstone that is comprised of two affiliated registered investment advisers and provides investment advisory services to BIS Clients. BIS Clients will engage in a variety of activities, including participating in transactions related to a Client and/or its Portfolio Entities (*e.g.*, as originators, co-originators, counterparties or otherwise). Under certain circumstances (*e.g.*, where a BIS Client participates in a transaction directly (and not through a vehicle controlled by Blackstone) and independently consents to participating in a transaction), a BIS Client will not

be an “Affiliate” under the Organizational Documents of a Client, in which case any limitations or obligations pursuant to such Organizational Documents with respect to transactions with Affiliates will not apply.

***Transactions with Portfolio Entities.*** Blackstone and Portfolio Entities of Clients and Other Blackstone Vehicles operate in multiple industries, including the real estate related information technology industry, and provide products and services to or otherwise contract with a Client and its Portfolio Entities, among others. In connection with any such Investment, Blackstone, Clients and Other Blackstone Vehicles and their respective Portfolio Entities and personnel and related parties of the foregoing can be expected to make referrals or introductions to a Client and its Portfolio Entities in an effort, in part, to increase the customer base of such companies or businesses or because such referrals or introductions will, in certain circumstances, result in financial benefits, such as cash payments, additional equity ownership, or participation in revenue share, accruing to the party making the introduction. In the alternative, Blackstone may form a joint venture (or other business relationship) with such a Portfolio Entity to implement such arrangements, pursuant to which the joint venture or business provides services (including, without limitation, corporate support services, loan management services, management services, operational services, ongoing account services (*e.g.*, dealing with banks/KYC), risk management services, data management services, consulting services, brokerage services, insurance procurement, placement, brokerage and consulting services, and other services) to such Portfolio Entities that are referred to the joint venture or business by Blackstone. Such joint venture or business could use data obtained from such portfolio entities (see “Data” herein). A Client and the Investors typically will not share in any fees, economics, equity or other benefits accruing to Blackstone, other Clients, Other Blackstone Vehicles and their Portfolio Entities as a result of the introduction of a Client and its Portfolio Entities. There may, however, be instances in which the applicable arrangements provide that a Client or its Portfolio Entities share in some or all of any resulting financial incentives (including, in some cases, equity ownership) based on structures and allocation methodologies determined in the sole discretion of Blackstone. Conversely, where a Client or one of its Portfolio Entities is the referring or introducing party, rather than receiving all of the financial incentives (including, in some cases, additional equity ownership) for similar types of referrals and/or introductions, such financial incentives (including, in some cases, equity ownership) may be similarly shared with the participating Other Blackstone Vehicles or their respective Portfolio Entities.

Blackstone has also entered into an investment management arrangement whereby it provides investment management services for compensation to Fidelity & Guaranty Life Insurance Company, a Portfolio Entity of an Other Blackstone Vehicle, which will involve investments across a variety of asset classes (including investments that may otherwise be appropriate for a Client), and in the future Blackstone may enter into similar arrangements with other Portfolio Entities.

With respect to transactions or agreements with Portfolio Entities (including, for the avoidance of doubt, long-term incentive plans) occurring at times when unrelated officers of a Portfolio Entity are not appointed, Blackstone can be expected to negotiate and execute agreements on behalf of the Portfolio Entity with Blackstone, a Client, Other Blackstone Vehicles and their Portfolio Entities and Affiliates and other related parties. These negotiations would not be arm's length and would entail conflicts of interest. Among the measures Blackstone can be expected to use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms, or establish separate groups with information barriers within Blackstone to advise on each side of the negotiation.

***Related Party Leasing.*** A Client and its Portfolio Entities will, in certain circumstances, lease property to or from Blackstone, other Clients, Other Blackstone Vehicles and their Portfolio Entities and Affiliates and other related parties. The leases are generally expected to, but may not always be at market rates. Blackstone may confirm market rates by reference to other leases it is aware of in the market, which Blackstone expects to be generally indicative of market given the scale of Blackstone's real estate business. Blackstone can be expected to nonetheless have conflicts of interest in making these determinations. There can be no assurance that a Client and its Portfolio Entities will lease to or from any such related parties on terms as favorable to a Client and its Portfolio Entities as would apply if the counterparties were unrelated.

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

Vehicles in the collateral pool or such persons otherwise defaulting on their obligations under the terms of such arrangements.

Similarly, a lender could require that it face only one Portfolio Entity of Clients and Other Blackstone Vehicles, even though multiple Portfolio Entities of Clients and Other Blackstone Vehicles benefit from the lending, which will typically result in (i) the Portfolio Entity facing the lender being solely liable with respect to the entire obligation, and therefore being required to contribute amounts in respect of the shortfall attributable to other Portfolio Entities, and (ii) Portfolio Entities of Clients and Other Blackstone Vehicles being jointly and severally liable for the full amount of the obligation, liable on a cross-collateralized basis or liable for an equity cushion (which cushion amount may vary depending upon the type of financing or refinancing (*e.g.*, cushions for refinancings may be smaller)). The Portfolio Entities of Clients and Other Blackstone Vehicles benefiting from a financing can be expected to enter into a back-to-back or other similar reimbursement agreements to ensure no Portfolio Entity bears more than its *pro rata* portion of the debt and related obligations. It is not expected that the Portfolio Entities would be compensated (or provide compensation to other Portfolio Entities) for being primarily liable, or jointly liable, for other Portfolio Entities *pro rata* share of any financing.

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

**Valuation Matters.** The fair value of all Investments (including any asset received in exchange for any Investments or interests in a Client, as applicable) will ultimately be determined by the Adviser in accordance with the Organizational Documents and a Client's valuation policy and procedures. It will, in certain circumstances, be the case that the carrying value of an Investment may not reflect the price at which the Investment is ultimately sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation methodologies used to value any Investment will involve subjective judgments and projections and will, in certain



circumstances, not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond Blackstone's control. There will be no retroactive adjustment in the valuation of any Investment, the offering price at which interests in a Client were purchased by Investors or repurchased by a Client, as applicable, or the fees and/or performance-based compensation paid to the Adviser to the extent any valuation proves to not accurately reflect the realizable value of an asset in a Client.

The valuation of Investments will affect the amount and timing of the Adviser's performance-based compensation and, under certain circumstances, the amount of Management Fees and Servicing Fees (if any) payable to the Adviser. The valuation of Investments of Other Blackstone Vehicles will, in certain circumstances, affect the decision of potential Investors to subscribe for interests in a Client. Similarly, the valuation of Investments of a Client will, in certain circumstances, affect the ability of Blackstone to form and attract capital to Other Blackstone Vehicles. As a result, the valuation of Investments of a Client and Other Blackstone Vehicles, which generally remains in the sole discretion of Blackstone, involve conflicts.

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

***Diverse Investor Group.*** Investors in a Client have conflicting investment, tax and other interests with respect to their investments in a Client and with respect to the interests of Investors in other Clients and Other Blackstone Vehicles that participate in the same investments as a Client. The conflicting interests of Investors relate to, among other things, the nature, structuring, financing, tax profile and timing of disposition of Investments. The Adviser will, in certain circumstances, as a result have conflicts in making these decisions, which can be expected to be more beneficial for one or more (but not all) Investors than for other Investors. In addition, a Client can be expected to make Investments that will, in certain circumstances, have a negative impact on related investments made by the Investors in separate transactions. In selecting and structuring Investments appropriate for a Client, the Adviser will consider the investment and tax objectives of a Client and its Investors as a whole (and those of Investors in other Clients and Other Blackstone Vehicles that participate in the same Investments as a Client), not the investment, tax or other objectives of any Investor individually. Additionally, the Adviser will, in certain circumstances, elect to exclude certain Investors from particular Investments for legal or regulatory reasons applicable to any such Investment, in which case non-excluded Investors will be allocated a greater proportionate interest in such Investment. In addition, certain Investors can be expected to also be Investors in other Clients and Other Blackstone Vehicles, including supplemental capital vehicles and co-investors that invest alongside a Client in one or more Investments, which could create conflicts for the Adviser in the treatment of different Investors.

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

It is also possible that a Client or a Client's Portfolio Entities will, in certain circumstances, be counterparties (such counterparties dealt with on an arm's length basis) or participants in agreements, transactions or other arrangements with an Investor or its Affiliates (which may occur in connection with such Investor or its affiliates making a capital commitment to a Client or Other Blackstone Vehicles), including with respect to one or more Investments (or types of Investments). Such transactions may include agreements to pay performance fees to a management team and other related persons in connection with a Client's Investment therein, which will reduce a Client's returns and will not necessarily be subordinated to the return of the Investors' Capital Contributions. Such Investors described in the previous sentences can be expected to therefore have different information about Blackstone and a Client than Investors not similarly positioned. In addition, conflicts of interest will, in certain circumstances, arise in dealing with any such Investors, and the Adviser and its Affiliates may be motivated to enter into agreements, transactions or arrangements with Investors or their affiliates in order to secure capital commitments from Investors to a Client or Other Blackstone Vehicles and may otherwise be motivated by factors other than the interests of the Client. (See also "—Other Blackstone Business Activities" herein.) Similarly, not all Investors monitor their investments in vehicles such as a Client in the same manner. For example, certain Investors can be expected to periodically request from the Adviser information regarding a Client and its Portfolio Entities and Investments that is not otherwise included in the reporting and other information delivered to all Investors—for instance, pre-quarterly reporting valuation. In such circumstances, the Adviser may provide such information to such Investor and not to other Investors. As a result, certain Investors can be expected to receive more information from the Adviser about a Client and its Portfolio Entities or can be expected to receive information about a Client and its Portfolio Entities at an earlier time than other Investors, and the Adviser will have no duty to ensure all Investors receive the same information regarding a Client and its Portfolio Entities. In addition, investment banks or other financial institutions, as well as Blackstone personnel, can be expected to also be Investors. These institutions and personnel are a potential source of information and ideas that could benefit a Client, and can be expected to receive information about a Client and its Portfolio Entities in their capacity as a service provider or vendor to a Client and its Portfolio Entities.

***Affiliated Investors.*** Certain Investors in a Client, including current and/or former senior advisors, officers, directors and personnel of Blackstone, Portfolio Entities of Clients and Other Blackstone Vehicles, including the BTAS Funds and BIS Clients, personnel of PJT and charitable programs, endowment funds and related entities established by or associated with any of the foregoing, and other persons related to Blackstone, will not pay Management Fees or performance-based

compensation in connection with their investment in a Client. Notwithstanding the foregoing, such Investors will either directly pay for their *pro rata* share of certain partnership expenses, or the *pro rata* amount of such expenses will be allocated to the Adviser or its Affiliates. Such *pro rata* allocation of partnership expenses will, in certain circumstances, be calculated based on Commitments, invested capital, available capital or other metrics as determined by the Adviser in good faith. Any such methodology (including the choice thereof) involves inherent conflicts and will, in certain circumstances, not result in perfect attribution and allocation of expenses.

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

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

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

A Client expects to utilize its subscription credit facility and enter into other similar arrangements and extensions of credit for the benefit of co-investors, Joint Venture Partners and Other Blackstone Vehicles, including Blackstone side-by-side arrangements, which invest alongside a Client in one or more Investments. For example, a Client can be expected to draw from a borrowing to fund a Joint Venture Partner's or co-investor's *pro rata* share of an Investment or expense related to an Investment. In such circumstances, the Adviser generally intends to disclose such arrangements as part of the periodic reporting or other appropriate communications relating to a Client and to cause any such co-investors, Joint Venture Partners and other Clients and Other Blackstone Vehicles to bear (or reimburse a Client for) their *pro rata* share of any interest expenses (but not necessarily origination and other costs) allocable to such extensions of credit. The Adviser will, in certain circumstances, receive direct and indirect benefits from such uses as well, including as a result of the facilitation of co-investment by other Clients and Other Blackstone Vehicles. A Client will pay interest expenses and other expenses incurred in relation to the line of credit.

**Insurance.** A Client will purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) to insure the Client, Portfolio Entities, the Adviser, Blackstone and their respective directors, officers, employees, agents, representatives and members of the L.P. Advisory Committee and other indemnified parties, against liability in connection with the activities of the Client. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella", group or other insurance policies maintained by Blackstone that cover one or more Clients and Other Blackstone Vehicles, the Adviser and

Blackstone (including their respective directors, officers, employees, agents and representatives, and members of the L.P. Advisory Committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella”, group or other insurance policies among one or more Clients and Other Blackstone Vehicles, the Adviser and Blackstone on a fair and reasonable basis, in its sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable.

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

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

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

Committee or to review the actions or deliberations of the L.P. Advisory Committee. Furthermore, some or all of the members of the L.P. Advisory Committee, if any, may also be on the advisory committee of Other Blackstone Vehicles with which there is a potential conflict or may represent Investors that have an interest in both a Client and such Other Blackstone Vehicle. Such L.P. Advisory Committee members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve actual or potential conflict of interests.

***Additional Potential Conflicts of Interest.*** The officers, directors, members, managers and personnel of the Adviser can be expected to trade in securities and make personal investments for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies or as otherwise determined from time to time by the Adviser. Such personal securities transactions and investments will, in certain circumstances, result in conflicts of interest, including to the extent they relate to (i) a company in which a Client holds or acquires an interest (either directly through a privately negotiated investment or indirectly through the purchase of securities or other traded instruments related thereto) and (ii) entities that have interests which are adverse to those of a Client or pursue similar investment opportunities as a Client. In addition, as a consequence of Blackstone’s status as a public company, the officers, directors, members, managers and personnel of the Adviser can be expected to take into account certain considerations and other factors in connection with the management of the business and affairs of a Client and its Portfolio Entities that would not necessarily be taken into account if Blackstone were not a public company. The directors of Blackstone have fiduciary duties to shareholders of the public company that may conflict with their duties to a Client. Finally, although Blackstone believes its positive reputation in the marketplace provides benefit to a Client and Other Blackstone Vehicles, the Adviser could decline to undertake investment activity or transact with a counterparty on behalf of a Client for reputational reasons, and this decision could result in a Client foregoing a profit or suffering a loss.

#### **Other Financial Industry Affiliations**

The Adviser is an Affiliate of the following entities:

<b>Broker-Dealer Entities</b>	
Alight Financial Solutions, LLC*	Provides self-directed brokerage windows to participants of plan sponsored 401(k) retirement plans

Assetpoint Financial, LLC*	Operates a service that facilitates the entry by banks and other financial institutions in to repurchase agreement transactions for themselves or as agent for their customers
Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services
Dealerweb Inc.*	Operates as an interdealer broker in fixed income securities including U.S. government mortgage-backed securities, repurchase agreements, U.S. treasuries, collateralized mortgage obligations, asset backed securities, EFPs, and municipal securities; and operates as an alternative trading system for fixed income securities
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Incenter Securities Group LLC**	Provides a variety of limited investment banking services
Redi Global Technologies LLC*	Operates an EMS (“REDI”) that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Redi Technologies Ltd*	The FCA entity that operates “REDI” EMS, that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Refinitiv Transaction Services Limited*	UK registered company, whose main activity is the provision of electronic trading venues for foreign exchange spot and forward/swaps foreign exchange instruments
Tradeweb Direct LLC*	Operates an alternative trading system for taxable and tax-exempt fixed income securities and serves as a venue for matching buyers and sellers in the fixed income marketplace for retail sized orders
Tradeweb Europe Limited*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments in the United Kingdom and throughout the European economic area
Tradeweb L.L.C.*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments



<b>Investment Advisor Entities</b>	
Alight Financial Advisors, LLC (D/B/A Aon Hewitt Financial Advisors, LLC)*	Provides advisory services to participants of plan sponsored 401(k) retirement plans
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds and UCITS
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Growth Advisors L.L.C.	Provides investment advisory services to private growth investment funds
Blackstone Infrastructure Advisors L.L.C.	Provides investment advisory services to one or more infrastructure-focused investment funds
Blackstone ISF Advisors LP	Provides investment advisory services to a number of debt-focused separately managed accounts
Blackstone ISG-I Advisors L.L.C.	Provides investment advisory services to one or more private investment funds and managed accounts focusing on fixed income investments and investments across Blackstone’s private equity, real asset, credit, hedge fund and opportunistic asset management strategies

Blackstone ISG-II Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone’s private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone Life Sciences Advisors L.L.C.	Provides investment advisory services to Blackstone Life Sciences V L.P.
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 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 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 Advisors International L.L.C.	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 Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end 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 Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to various private real estate investment funds
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 and separately managed accounts
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 CLO Management LLC (Management Series)	Provides investment advisory services to U.S. CLOs
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.
BX REIT Advisors L.L.C.	Provides investment advisory services to a public, non-traded REIT
BXMT Advisors L.L.C.	Provides investment advisory services to a REIT and other investment vehicles

Clarus Ventures, LLC	Provides investment advisory services to various private investment funds specializing in the life sciences industry
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third-party insurance company
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
First Eagle Alternative Credit, LLC*	Provides investment advisory services for both direct lending and broadly syndicated investments, through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds
First Eagle Alternative Credit SLS, LLC*	Provides investment advisory services to clients in below investment grade investment opportunities in bank loans, high yield debt, collateralized loan obligations (“CLOs”), including CLO debt or equity mandates, and other securities
First Eagle BDC Adviser LLC*	Investment adviser created to provide investment advisory services to a business development company that has not yet launched
First Eagle Commercial Loan Originator II LLC*	Provides investment advisory services to CLO’s specializing in middle market credit
First Eagle Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
First Eagle Private Credit Advisors, LLC*	Provides investment advisory services to a number of CLO’s, private investment funds and separately managed accounts specializing in liquid credit

First Eagle Private Credit, LLC*	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in middle market credit
GSO Asset Management LLC	Provides investment advisory services to a debt-focused investment company electing to do business as a business development company
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt-focused separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Harvest Fund Advisors LLC	Provides investment advisory services to various categories of institutions and high net worth individuals via private pooled investment vehicles and separate accounts investing principally in publicly-traded energy infrastructure Master Limited Partnerships and the North American energy market
Incenter Capital Management LLC**	Provides investment advisory services to mortgage related asset private funds and managed accounts
Refinitiv Global Markets Inc. (D/B/A IFR, Municipal Market Data)*	Provides investment advisory services to U.S. treasuries and U.S. municipal markets
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
THL Credit, Inc.*	Provides investment advisory services to certain private funds and separate accounts that have invested alongside THL Credit, Inc.
THL Credit Direct Lending Manager III LLC*	Serves as the manager of a private direct lending fund

Blackstone Advisors India Private Limited	India investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
Blackstone Assessoria em Investimento Ltda.	Brazilian investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone Europe Fund Management S.a.r.l.	Provides services to various alternative investment funds
Blackstone Insurance Solutions Europe LLP	Provides investment advisory services to one or more private investment funds and managed accounts focusing on European investment grade securities, investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies and origination opportunities
Blackstone Real Estate Australia Pty Limited	Australia investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also provides investment advisory services to funds controlled by the registrant
Blackstone (Shanghai) Equity Investment Management Co. Ltd.	Chinese investment advisory firm, which serves as sub-advisor to affiliates of the registrant
Blackstone (Shanghai) Equity Investments Management Co. Ltd. – Beijing Branch Office	Chinese investment advisory firm, which serves as sub-advisor to affiliates of the registrant
Blackstone Singapore Pte Ltd	Singapore investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also provides investment advisory services to funds controlled by the registrant
BX Mexico Advisors, S.A. de C.V.	Mexican advisory entity which provides services to certain publicly registered trusts
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing

The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group Japan K.K.	Japanese investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing
The Blackstone Group Spain SLU	Spain investment advisory firm, which serves as a sub-advisor to the registrant
<b>Registered Commodity Trading Advisor and/or Registered Commodity Pool Operator Entities</b>	
Blackstone Alternative Asset Management L.P. (CTA/CPO)	Manages a series of private and closed-end funds engaged in multi-manager investment programs (i.e., fund of hedge funds)
Blackstone Alternative Investment Advisors LLC (CTA/CPO)	Provides investment advisory services to open end mutual funds and UCITS
Blackstone Alternative Solutions L.L.C. (CTA/CPO)	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C. (CTA/CPO)	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C. (CPO)	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Treasury Solutions Advisors L.L.C. (CPO)	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Insurance Entities</b>	
Agents National Title Holding Company**	A wholly owned subsidiary of Incenter and is a title insurance broker serving consumers and lenders through a network of independent title agents
Boston National Holdings LLC**	A wholly owned subsidiary of Incenter and is a title insurance agency

HealthMarkets Insurance Agency, Inc.*	An independent health insurance agency that distributes healthcare and Medicare advantage insurance products from more than 200 insurance companies, as well as its own underwritten supplemental insurance products
Lexington National Land Services	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
Partners Life Limited**	Life and medical insurance company in New Zealand
Rothsay Life Plc**	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

\*Portfolio entity of affiliated private equity fund

\*\*Portfolio entity of affiliated Blackstone Tactical Opportunities funds

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

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

In addition, the Blackstone Real Estate Group has formed a special entity to serve as a counterparty to contracts with third parties, including but not limited to service providers to the Real Estate Vehicles.

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

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



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

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

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

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

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

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

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

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The Adviser 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. As a policy matter, Blackstone personnel are generally prohibited from purchasing single-name public securities in their self-directed personal securities brokerage accounts. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisers have a Code of Ethics, and are intended to assist Blackstone with identifying and mitigating actual or potential conflicts of interest with a Client or Other Blackstone Vehicles that may arise as a result of such transactions. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. The Blackstone Legal and Compliance Department is responsible for overseeing compliance with the requirements of the Code of Ethics, which requirements include, but are not limited to, reporting of personal investment activities, accounts, pre-clearance of personal securities transactions, reporting of certain investment transactions and periodic compliance certifications. The Code of Ethics is available for review upon request.

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

The Adviser does not participate in principal trading generally; however, the Adviser would be permitted to if the Adviser obtained appropriate Investor (or Investor Representative, if applicable) approvals.

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## **Item 12 – Brokerage Practices**

In the event the Adviser executes a brokerage transaction for the Clients, the Adviser will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

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## Item 13 – Review of Accounts

### *Review of Accounts*

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

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

### *Reports to Clients*

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

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

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## Item 14 – Client Referrals and Other Compensation

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

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

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

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

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## **Item 15 – Custody**

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

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## **Item 16 – Investment Discretion**

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

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

### Proxy Policy

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

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

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



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## **Item 18 – Financial Information**

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

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## Item 19 – Requirements for State Registered Advisers

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