

## Item 1: Cover Page

# BLACKSTONE ASSET BASED FINANCE ADVISORS LP

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as of March 30, 2023

Part 2A of Form ADV (the “**Disclosure Brochure**” or “**Brochure**”), as required by the Investment Advisers Act of 1940 (the “**Advisers Act**”), provides important information about Blackstone Asset Based Finance Advisors LP (the “**Registrant**” or “**ABF**”), a registered investment adviser with the United States Securities and Exchange Commission (the “**SEC**”).

This Brochure provides information about the Registrant’s qualifications and business practices. If you have any questions about the contents of this Brochure, please contact the Registrant at +1 (212) 583-5000.

Additional information about the Registrant is also available on 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 Registrant’s name). Results will provide you with both Parts 1 and 2A of the Registrant’s Form ADV.

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. The Registrant’s registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications the Registrant provides to you, including this Brochure, serve as information for you to use to evaluate the Registrant and should be considered in your decision whether to invest in an investment vehicle advised by the Registrant.

## Item 2: Material Changes

This Brochure contains important information about the Registrant. This Brochure is intended to provide potential and existing clients with an overview of the Registrant (together with its affiliated advisory entities that operate as part of the business of Blackstone Inc., “**Blackstone**”). It also contains important disclosures such as certain practices of the Registrant, potential material conflicts that may arise and key potential investment risks.

There has not been a material change to this Brochure since its last annual update on March 31, 2022. However, please carefully read Items 4, 5, 6, 7, 8 and 10, which describe certain new types of advisory relationships, fees and expenses, performance-based fees, potential risk of loss and potential conflicts of interest, respectively.

The Registrant may, at any time, update this Brochure and either send or offer to send a copy to you (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 Registrant’s Chief Compliance Officer, Scott Mathias, at (212) 583-5000.

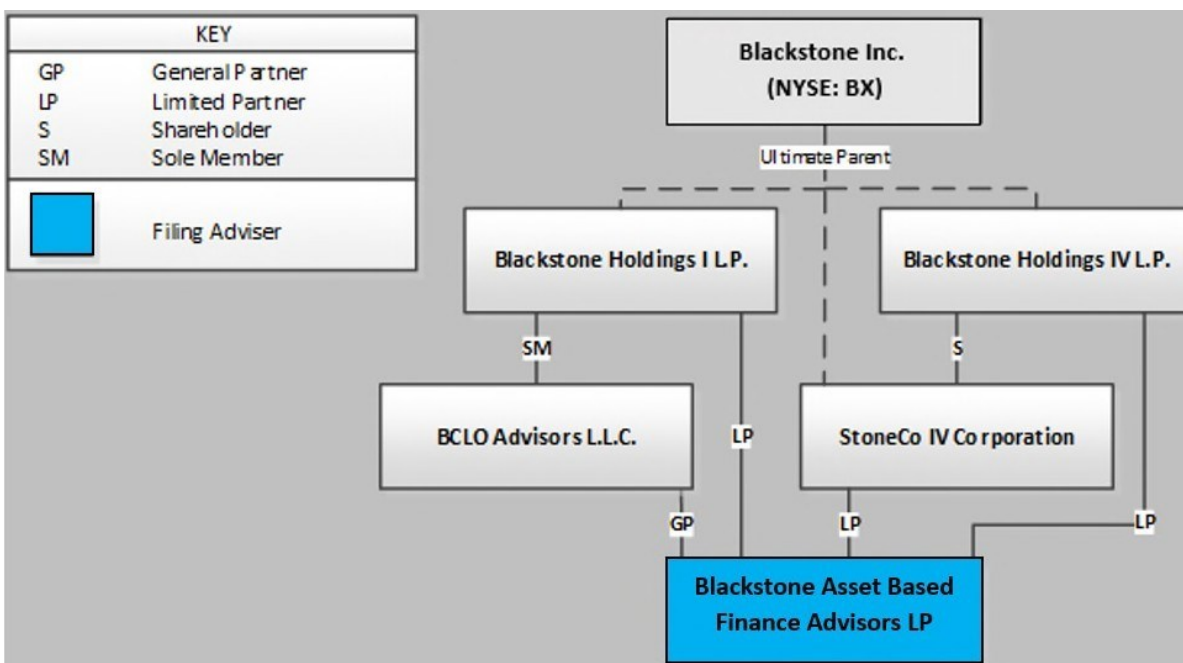
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## Item 4: Advisory Business

The Registrant generally serves as investment manager for certain individually-managed accounts, sub-accounts or arrangements (each, a **“Managed Account”**) formed to offer investment solutions for sophisticated investors, such as insurance companies and other institutional investors, including, without limitation, banks, pension plans, corporations and other financial institutions. The Registrant also serves, or will serve, as investment manager to one or more pooled investment vehicles that operate as private funds (each, a **“Fund”** and collectively, the **“Funds”**), including an open-ended Fund intended to invest in credit origination platforms, which are expected to generate investment opportunities for other advisory clients of the Registrant and its affiliates. Affiliates of the Registrant generally serve as general partner (each, a **“General Partner”**) of each Fund. The Funds and each investor in, or owner of, a Managed Account are referred to herein as the **“Clients.”** Registered investment advisers associated with Blackstone serve as the investment manager(s) and provide investment management or sub-advisory services to other clients, other investment funds (**“Other Funds”**), client accounts (including other managed accounts), and proprietary accounts and/or other similar arrangements (including arrangements in which one or more clients or one or more other clients own interests) (such other clients, Other Funds and accounts, other than the Clients, collectively the **“Blackstone Clients”** or **“Other Clients”**).

The ultimate parent of the Registrant is Blackstone Inc., which is 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 global alternative investment manager with investment vehicles focused on real estate, private equity, hedge fund solutions, credit, infrastructure, secondary funds of funds and other multi-asset class strategies. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.



One or more Clients of ABF invest alongside other Blackstone Clients in opportunities identified by, and managed by, other Blackstone businesses (including, without limitation, the credit-focused business of Blackstone, “**Blackstone Credit**”, and the real estate debt business of Blackstone, “**BREDS**”), which opportunities and allocation methodologies are described in more detail in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss and Item**

**10 – Other Financial Industry Activities and Affiliations.** As used throughout this Brochure, the term “portfolio company” shall mean any investment in an issuer made by a Client or with respect to which a Client beneficially owns (directly or indirectly) financial instruments issued with respect to such investment.

The Registrant serves as investment adviser to its Clients pursuant to investment advisory agreements (“**Advisory Agreements**”) in the case of Funds or investment management, investment advisory or sub-management agreements (collectively, “**Investment Management Agreements**”) in the case of Managed Accounts. The Registrant performs the following services, among others, for its Clients:

1. Identifies and analyzes investment opportunities;
2. Makes investment decisions for Managed Accounts and recommendations to the General Partner of each Fund, 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.

In the case of Managed Accounts, the Registrant is able to tailor its advisory services and investments based on specific Client objectives and/or investment strategies as discussed with the applicable Client. The Registrant is available to discuss such customized investment strategies or individually Managed Accounts with existing and potential clients upon request. In the case of the Funds, the specific needs of the individual investors in a Client (i.e., limited partner investors) are not the basis for recommendations by the Registrant. Investment advice is provided directly to the Client, not individually to the respective investors in the Client.

ABF’s regulatory assets under management were approximately \$22.5 billion as of December 31, 2022, approximately \$22.4 billion of which are managed on a discretionary basis and approximately \$68.7 million of which are managed on a non-discretionary basis.<sup>1</sup>

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<sup>1</sup> The assets reported above include assets with respect to which an investment adviser that is a “related person” (as defined in Form ADV) of the Registrant has delegated investment advisory authority to it. Such sub-advisory assets are excluded from the regulatory assets under management reported in the ADV Part 2A of the affiliated adviser that delegated the authority. Please note that this figure is an unaudited estimate.

## Item 5: Fees and Compensation

### Management Fees

For its investment advisory services provided to Managed Accounts, the Registrant or an affiliated entity will typically receive a management fee at an annual rate of up to 0.75% based on the value and type of investments, which could, in certain cases, include amounts with respect to borrowing, pursuant to the terms of the Investment Management Agreement to which the relevant account owner or Client is a party (or, in the case of a sub-management agreement with respect to an Other Client of a Blackstone affiliate, to which such affiliate is a party). Such offering and/or governing documents, including the Investment Management Agreement in respect of the Client/Managed Account, or the Advisory Agreement in respect of a Fund, will be referred to herein as the **“Offering and/or Governing Documents.”**

For its investment advisory services provided to the Funds, pursuant to the Advisory Agreement with one or more Funds, the Registrant is entitled to compensation from each Fund for its services in the form of an annual management fee equal to 0.50% per annum (which may now or in the future vary among Clients) of the applicable Fund’s net asset value (in the case of a Fund that is structured as a “open-end fund”), payable quarterly in arrears.

Management fees are typically prorated for any partial periods. In certain cases, management fees payable by an investor in a Fund may be waived or reduced for certain investors that have certain characteristics, such as if a Fund investor participates in an early closing of a Fund or makes a commitment to a Fund above a certain threshold. As set forth in Item 6 below, each General Partner receives performance-based compensation in respect of either realized or unrealized (depending upon the Fund) appreciation, subject to certain conditions, and, if applicable, distributions of current income from investments. Management fees and performance-based compensation in respect of a Fund are either called from investors in the form of cash or units of the relevant Fund, if applicable, or drawn down from the relevant Fund’s subscription or other credit facility.

Notwithstanding this Item 5 and Item 6 below, a Client’s Offering and/or Governing Documents may provide for a fee structure pursuant to which the Registrant is compensated on the basis of entirely different criteria, metrics, or circumstances than those described herein, for example by receiving some or all of the fee income associated with a transaction in which a Client participates.

The Registrant and its affiliates reserve the right to determine, in its discretion, to waive, reduce or calculate differently its fees for certain Clients or Other Clients (or investors therein), which could in the future include persons, funds, vehicles or entities related to Blackstone or its affiliates, including BIS Clients (as defined below) (collectively, **“Blackstone Investors”**). Blackstone Investors will also include current and/or former senior advisors, officers, directors and personnel of Blackstone, portfolio companies of the Clients and Other Clients and any other existing or future Other Clients, personnel of PJT (as defined below) and/or charitable programs, endowment funds and related entities established by or associated with any of the foregoing (including any trusts, family members,

family investment vehicles, estate planning vehicles, descendants, trusts and other related persons or entities), and other persons related to Blackstone, which will not pay management fees or performance-based compensation in connection with their investment in Other Clients or alongside the Clients. The existence of differing management fees for Clients of the Registrant or Other Clients of its affiliates investing side-by-side with Clients will create a conflict of interest for the Registrant and its affiliates with respect to the allocation of investment opportunities because it may incentivize the Registrant or its affiliates to allocate investment opportunities that may be appropriate for multiple Clients to those Clients or Other Clients of Blackstone affiliates who pay management fees (including on net assets, invested capital or some other basis) at higher rates. The Registrant's investment allocation policy (see **Item 10 – Other Financial Industry Activities and Affiliations** and **Item 16 – Investment Discretion**) addresses this potential conflict of interest.

As further described below, Clients or Other Clients, including Blackstone Investors in such Clients or Other Clients, will either directly pay for their *pro rata* share of certain Clients or Other Client expenses, or the *pro rata* share of such expenses will be allocated to the relevant General Partner, where applicable, or its affiliates. Such *pro rata* allocations of expenses are calculated based on capital commitments, invested capital, available capital or other metrics, as determined by the Registrant or its affiliates in good faith pursuant to the terms of the applicable Offering and/or Governing Documents of Clients and the Offering and/or Governing Documents of any such Other Client. Any such methodology (including the choice thereof) involves inherent conflicts because certain methods of expense allocations when compared to other available methods of expense allocation, may benefit or impose expenses on Clients, Blackstone Investors or Other Clients, and may not result in perfect attribution and allocation of expenses. In addition, certain investments in or alongside a Client or Other Client by Blackstone Investors are, in certain circumstances, treated as satisfying the applicable portion of any required capital commitments of the Blackstone and/or its affiliates to such Client and Other Client (even in circumstances where any such commitments or investments are made following a separation from Blackstone). Such investment by Blackstone Investors in a Client or Other Clients may create certain conflicts for the Registrant or its affiliates in determining expense allocations methods involving Clients and Other Clients.

The Registrant has entered, and may from time to time enter, into economic and/or other fee sharing arrangements with respect to one or more Clients, the rights of which will not necessarily be made available to other Clients. For example, the Registrant shares, on a percentage basis, certain transaction fees related to certain investments with one or more Clients with respect to the investments in which such Client participates, pursuant to such Client's Offering and/or Governing Documents.

### **Other Fees Payable to the Registrant and its Affiliates**

In addition to the Registrant's management fee and performance-based compensation (see Item 6 below), the Registrant and its affiliates from time to time receive, without limitation, financial advisory fees, transaction fees, monitoring fees, directors' fees, investment banking

fees, property/asset management fees, mortgage servicing fees, consulting fees (including management consulting), syndication fees, capital markets syndication and advisory fees (including underwriting fees), origination fees, servicing fees, healthcare consulting/brokerage fees, group purchasing fees, insurance fees (including title insurance), loan servicing fees, break-up fees, topping fees, commitment fees, divestment fees, organizational fees, financing fees, similar fees for arranging acquisitions and other fees and annual retainers (whether in cash or in kind) from or with respect to portfolio companies, co-investors and/or joint venture partners. The management fee paid by Fund investors or a Client generally will not be offset by any such fees received by the Registrant and its affiliates. The Funds may bear the cost of certain fund administration services provided by Blackstone employees and in-house attorneys to provide transactional legal and related tax advice, tax planning and other related services (including, without limitation, entity organization, structuring, due diligence, document drafting and negotiation, closing preparation, post-closing activities (such as compliance with contractual terms and providing advice for investment-level matters with respect to fiduciary and other obligations and issues), litigation or regulatory matters, reviewing and structuring exit opportunities) provided by Blackstone personnel and related parties, to the Funds and their portfolio companies including the allocation of their compensation (including, without limitation, salary, bonus, and benefits), and related overhead otherwise payable by Blackstone, or pay for their services at market rates, and such amounts will not offset management fees. In certain circumstances, the Funds may engage a third-party administrator (e.g., as required for a Luxembourg parallel fund) and, in such circumstances, there may be some overlap in the services performed by the third-party administrator and Blackstone personnel, and the Funds will generally bear all such costs. Any determination of whether the fees and costs attributable to Blackstone personnel and related parties reflect market rates or arm's length terms will not take into account any additional fees and costs borne by a Client with respect to third parties providing similar services (e.g., an external administrator). The services of in-house attorneys generally include, without limitation, services with respect to M&A, capital markets or financing transactions, tax or regulatory structuring, supervision of external counsel and service providers, attending internal and external meetings (including investment committee meetings) and/or communicating with relevant internal and external parties. Fund investors should carefully consult the applicable Fund's Offering and/or Governing Documents.

In addition, the Registrant and its affiliates will from time to time also engage and retain on behalf of the Clients and/or their portfolio companies senior advisors, operating advisors, industry experts, executive advisors, consultants, and other similar partners or professionals and market participants, any of whom might be current or former executives or other personnel of the Registrant, its affiliates or portfolio companies of a Client or Other Client and who, from time to time, can be expected to receive payments from, or allocations with respect to, portfolio companies or the Funds, and such amounts will not offset the management fee paid by the Funds (See "Advisors, Consultants and Partners" in Item 10 below).

Similarly, Managed Account generally will not receive the benefit (e.g., through an offset to the management fee or otherwise) of fees or other compensation received by the Registrant



or its affiliates in connection with the provision of services by the Registrant or its Affiliates to the Client, its portfolio companies or third parties.

Subject to the applicable Offering and/or Governing Documents, each Client will generally be responsible for such Client's organizational (as applicable) and other expenses, including, without limitation, and as applicable, legal, accounting, filing, capital raising, marketing, advertising, travel, meals, accommodations and other expenses, as well as organizational expenses of any related investment or special purpose vehicles.

The Registrant and its personnel will also receive certain intangible and/or other benefits, rebates and/or discounts and/or 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, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Client expenses will typically result in "miles" or "points" or credit in loyalty/status programs, and certain purchases made by credit card will result in "credit card points", "cash back" or rebates in addition to such loyalty or status program miles or points. Such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to the Registrant and/or such personnel (and not the Clients and/or portfolio companies) even though the cost of the underlying service is borne by the Clients and/or portfolio companies. The Registrant, its personnel, and other related persons also receive discounts on products and services provided by portfolio companies and/or customers or suppliers of such portfolio companies. Such other benefits or fees will give rise to conflicts of interest in connection with the Clients' investment activities, as they may tend to incentivize the Registrant and its personnel to conduct certain activities in order to obtain such benefits, though such benefits do not correspondingly benefit Clients. While the Registrant will seek to resolve any such conflicts in a fair and equitable manner, there is no assurance that any such conflicts will be resolved in favor of the Clients. See also "Portfolio Company Service Providers and Counterparties" and "Issuer Relationships" in **Item 10 – Other Financial Industry Activities and Affiliations**.

Certain personnel of the Registrant and its affiliates, including consultants, will, in certain circumstances, be seconded to one or more portfolio companies, vendors, service providers or investors of Clients and Other Clients to provide finance, accounting, operation support, data management and other similar 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 the Registrant and its affiliates or the organization (including a portfolio company) for which the personnel are working, or both. In addition, there can be expected to be instances where current and former employees of portfolio companies, vendors, service providers (including law firms and accounting firms) and investors of Clients and Other Clients will, in certain circumstances, be seconded to, serve internships at or otherwise provide consulting services (or be temporarily hired) to the Registrant or its affiliates, Clients, Other Clients and portfolio companies of Clients and Other Clients. While often Clients, Other Clients and their portfolio companies 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, personnel or other service provider also provides services to Clients, Other Clients, their portfolio

companies or Blackstone in the ordinary course. Such secondments or temporary hiring of current and former employees of Other Clients' portfolio companies by a Client's portfolio companies (or its Investments) may result in a potential conflict of interest between a Client's portfolio companies and those of such Other Clients. The Registrant or the portfolio company may or may not pay a salary or cover expenses associated with such secondees and interns, and if a portfolio company pays any such cost, it will be borne directly or indirectly by Clients or their portfolio companies. The Registrant, the Clients, Other Clients or their respective portfolio companies 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 and if a portfolio company pays the cost or Blackstone seeks reimbursement from the Client or its portfolio companies for such secondment costs, it could be borne directly or indirectly by such Clients or Other Clients. If Blackstone pays salaries or covers expenses associated with such secondees and interns, it may seek reimbursement from Clients for such amounts. 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 the Registrant, Clients, Other Clients, portfolio companies, each of their respective affiliates and related parties, and any costs of such personnel may be allocated accordingly. The Registrant and its affiliates will endeavor in good faith to allocate the costs of these arrangements, if any, to the Registrant, Clients, Other Clients, portfolio companies and other parties based on time spent by the personnel or another methodology Blackstone deems appropriate in a particular circumstance. In such circumstances, a conflict of interest exists because the Registrant or its affiliates have an incentive to select one service provider over another on the basis that the Registrant or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Registrant or its affiliates. Any determination of whether the fees and costs attributable to Blackstone personnel and related parties reflect market rates or arm's length terms will not take into account any additional fees and costs borne by a Client with respect to third parties providing similar services (e.g., an external administrator).

Blackstone, on behalf of certain Other Clients and/or their portfolio companies, enters into agreements regarding group procurement (including, but not limited to, CoreTrust, an independent group purchasing organization), benefits management, purchase of title and/or other insurance policies (which can be expected to include brokerage and/or placement thereof, and will from time to time be pooled across portfolio companies and discounted due to scale, including through sharing of deductibles and other forms of shared risk retention) from a third party or an affiliate of the Registrant or its affiliates, and other operational, administrative or management related initiatives. To the extent applicable, the Registrant will allocate the cost of these various services and products purchased on a group basis among the relevant Clients, Other Clients and their portfolio companies. Some of these arrangements result in commissions, discounts, rebates or similar payments to the Registrant or its affiliates (including personnel), Clients and their portfolio companies, Other Clients and their portfolio companies, including as a result of transactions entered into by a Client and its portfolio companies and/or related to a portion of the savings achieved by the

portfolio companies. Such commissions or payment will not offset or reduce management fees. The Registrant or its affiliates 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 company of an Other Client is providing such a service, such portfolio company and such Other Client will benefit. Further, the benefits received by a particular portfolio company providing the service may be greater than those received by certain Clients and their portfolio companies receiving the service. Conflicts exist in the allocation of the costs and benefits of these arrangements, as the Registrant's or its affiliates' economic benefit may incentivize it to maintain such arrangements and certain Clients may receive greater benefits for the same or lesser cost than other Clients receiving the same service, and the Registrant or its affiliates handles them in its sole discretion. The Registrant or its affiliates receive referral fees in connection with the services provided to Other Clients and/or their portfolio companies by Core Trust. These referral fees do not offset management fees payable by investors. See "Service Providers, Vendors and Other Counterparties Generally" in **Item 10 – Other Financial Industry Activities and Affiliations** below.

The Registrant, its affiliates or their portfolio companies will also engage and retain certain Blackstone affiliates (including, for example, Equity Healthcare (defined in **Item 10 – Other Financial Industry Activities and Affiliations**)) that will receive fees from the Clients and/or their portfolio companies for providing administrative, management or other services. See "Service Providers and Counterparties" in **Item 10 – Other Financial Industry Activities and Affiliations** below. These fees will be borne by the Clients and will not result in any offset to the management fee payable by a Client.

The Registrant or its affiliates engage and retains on behalf of Clients, Other Clients, including Funds, and/or their portfolio companies, strategic advisors, senior advisors, consultants and other similar professionals and market participants who are not employees or affiliates of Blackstone and who may, from time to time, receive payments from, or performance-based compensation, retainers and expense reimbursement with respect to, portfolio companies (as well as from Blackstone or Other Clients), and such amounts will not offset the management fees payable by the investors. See "Advisors, Consultants and Operating Partners" in **Item 10 – Other Financial Industry Activities and Affiliations** below. Such payments, performance-based compensation, retainers and expense reimbursements, as applicable, will be paid at rates determined by Blackstone, the Registrant or their affiliates, in their sole discretion.

In addition, the Registrant will from time to time receive fees associated with capital invested by co-investors relating to investments in which Clients participate. Generally, these fees do not offset management fees payable by Clients.

### **Timing of Fee Payments**

Management fees generally are payable monthly or quarterly in arrears, subject to the applicable Offering and/or Governing Documents. The Registrant may elect to defer payment of all or part of the management fee payable by a Client. Management fees payable by a Client may be deducted from the Client assets, subject to the applicable Offering and/or

Governing Documents. Alternatively, certain Clients will be invoiced for such management fees.

### **Additional Fees and Expenses**

The Offering and/or Governing Documents of each Client provide a description of any additional fees and expenses for which such Client will be responsible in addition to the management fees and any performance-based allocations or fees (see **Item 6 – Performance-Based Fees and Side-By-Side Management** below).

The Client (and, in the case of a Fund, investors in the Client) will pay and bear all expenses related to its operations. The amount of these expenses will be substantial and will reduce the actual returns realized by the Client (and investors therein) (and will, in certain circumstances, reduce the amount of capital available to be deployed by the Client in investments). Expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of expenses ultimately borne by the Client at any one time may exceed expectations.

As described further in the Offering and/or Governing Documents, Client expenses encompass a broad range of expenses and include all expenses of operating the Fund and/or Managed Account and its portfolio companies and related entities, including, for example, any entities used directly or indirectly to acquire, hold, or dispose of any one or more portfolio companies or otherwise facilitating the Client's investment activities. Prospective and existing Clients (and investors therein) are advised to review the applicable Client's Offering and/or Governing Documents for a more extensive description of the expenses associated with a Fund or a Managed Account, which will bear different types of expenses. Expenses could include, among other things:

- all fees, costs and expenses of, or relating to, third-party service providers, including valuation agents, tax advisors, accountants, administrators, legal counsel, auditors, administrators, paying agents, investment bankers, depositaries, broker-dealers, custodians, sub-custodians, consultants, ratings agencies, loan pricing service providers and other professionals (e.g., senior advisors, industry experts, operating partners, other similar professionals and other or service providers (including ESG (as defined below) and/or sustainability consultants)) including costs, expenses and fees charged or specifically allocated or attributed by the Registrant or its affiliates to the Client with respect to in-house attorneys to provide transactional legal advice and/or services to the Client on matters related to investments, transactions, and other legal matters of the Client;
- all fees, costs and expenses (including compensation costs) associated with the Client's information, obtaining and maintaining technology (including the costs of any professional service providers), hardware/software (including hardware/software that analyze operational improvements as part of due diligence or otherwise utilized in connection with the Client's investments), data-related, communication, market data and research (including research-related travel and entertainment, loan pricing services and news and quotation equipment and services) utilized in connection with

the Client's investment and operational activities and including costs allocated by Blackstone's internal research group (which are generally based on time spent, assets under management, usage rates, proportionate holdings, or a combination thereof) and reporting costs (which includes notices and other communications and internally allocated charges);

- other administrative and accounting expenses and related costs (including in-house administration/accounting fees, costs, expenses and/or charges and in-house technology and/or technology-related costs, expenses and/or charges (including, without limitation, data science-related services (e.g., data analytics and statistical modeling))), including overhead related thereto;
- all fees, costs and expenses of any loan servicers and other service providers and of any custodians, lenders, investment banks and other financing sources;
- all fees, costs and expenses, if any, incurred by or on behalf of the Registrant in connection with discovering, sourcing, investigation, evaluating or developing prospective investments which are not consummated, including without limitation any legal, tax, administrative, accounting, travel and entertainment, advisory, financing and consulting costs and expenses, printing expenses and/or similar payments and commitment fees ("**Broken Deal Expenses**");
- all fees, costs and expenses incurred in connection with making investments, including discovering, evaluating, developing, investigating, trading, acquiring, settling, monitoring and holding Investments, including, without limitation, any costs or expenses related to obtaining credit ratings, travel and entertainment, any financing, legal, filing, auditing, tax, accounting, compliance, loan administration, advisory, consulting, data science and/or data-related service (e.g., data analytics and statistical modeling), and other professional fees, costs and expenses in connection therewith (to the extent the Registrant is not reimbursed by the subject of an investment or other third parties) including any costs and expenses associated with vehicles through which the Client directly or indirectly participates in investments;
- all brokerage costs, hedging costs, prime brokerage fees, custodial and transfer agency fees and expenses, agent bank and other bank service fees; fund administration fees; trustee fees; private placement fees, loan fees, commissions, valuation fees (including expenses incurred in connection with services performed by any independent valuation advisor), appraisal fees, commitment fees and underwriting costs, commissions and discounts; costs and expenses of any lenders, investment banks and other financing sources, costs of trade clearance and settlement, corporate action processing, trade confirmation and reconciliation and other investment costs, fees and expenses actually incurred in connection with evaluating, making, holding, settling, monitoring or disposing of investments (including, without limitation, travel, lodging and meal expenses, any costs or expenses relating to currency conversion) and expenses arising out of trade settlements (including any delayed compensation expenses);
- interest and fees and expenses arising out of all borrowings and guarantees made by, or other leverage incurred by, the Client (if any), including, but not limited to, the

arranging, negotiation or documentation thereof, including without limitation through any derivative transactions, repurchase or reverse repurchase agreements, credit facilities or otherwise; any and all costs and expenses incurred for or resulting from any spot foreign exchange trades, any foreign exchange hedging or other hedging;

- all fees, costs and expenses of any litigation, arbitration, examination, investigation, settlement review, audit, tax audit or other proceeding involving the Client or an investment therein and the amount of any judgments or settlements paid in connection therewith, directors and officers, liability or other insurance (including costs of title insurance) and indemnification (including advancement of any fees, costs or expenses to persons entitled to indemnification) or extraordinary expense or liability relating to the affairs or investments of the Client;
- all fees, costs and expenses of terminating, dissolving or winding-up the Client and any portfolio company service providers owned thereby and liquidating assets;
- all fees, costs and expenses associated with the preparation and issuance of the Client's periodic reports and related statements (e.g., financial statements, tax returns and other communications or notices relating to the Clients, including periodic investor notices and communications), accounting services and other printing, publishing, subscriptions and reporting-related expenses (including other notices and communications) in respect of the Client and its activities (including internal expenses, charges and/or related costs incurred, charged or specifically attributed or allocated by the Client, the Registrant or its affiliates in connection with such provision of services thereby);
- any taxes and/or tax-related interest, fees or other governmental charges (including any penalties incurred where the Registrant lacks sufficient information from third parties to file a timely and complete tax return) levied against the Client and all expenses incurred in connection with any tax audit, investigation, litigation, settlement or review of the Client and the amount of any judgments, fines, remediation or settlements paid in connection therewith;
- tax advisor fees, including all expenses in connection with any tax audit, examination or investigation;
- all reporting costs (which includes notices and other communications and internally allocated charges), (including preparation and delivery of tax returns (including any tax returns or filings required to be made by a Client in any jurisdictions in which any such Client (or investor therein) is resident or established), K-1s, Form 200s and other communications or notices relating to the Funds);
- expenses relating to any meetings with the Client (including travel expenses);
- all fees, costs and expenses (including fees, costs and expenses of third parties) incurred in connection with the diligencing, establishment, implementation, assessment, attestation, monitoring and/or measurement of any ESG-related programs and initiatives with respect to a Client (including all fees, costs and expenses incurred in connection with tracking tools, engineering, land, seismic,

geographical or geological reporting tools, climate risk and resiliency assessments, greenhouse gas emissions assessments and reduction evaluations, ESG metrics assessments, diversity and inclusion assessments, and any other such assessments, measurements, advice, verification, assurance or reports prepared on, conducted as part of implementing, monitoring, standardizing, disclosing and maintaining such programs, to the extent implemented);

- all fees, costs and expenses related to legal, tax and regulatory compliance-related matters relating to the Client and its activities, including, in the case of a Fund, regulatory filing fees and expenses of the Funds, including but not limited to compliance with U.S. federal and state securities laws and international laws, including amounts required to be paid to the managing general partner of any Funds domiciled in Luxembourg, or the European Union Sustainable Finance Disclosure Regulation and any other applicable legislation or regulations related to the European Commission's Action Plan on Financing Sustainable Growth ("**SFDR**") or the Cayman Islands Private Funds Law;
- to the extent permitted by applicable law, expenses related to the Registrant's compliance matters, such as diligencing placement agents and administering and monitoring compliance with side letters entered into with Fund investors (including the process of distributing and implementing applicable elections pursuant to any "most favored nations" clauses in side letters), and disclosure and regulatory filings to the extent they relate to its Funds' activities and investments (e.g., Form PF, U.S. Commodity Futures Trading Commission ("**CFTC**") filings, EU Alternative Investment Fund Managers Directive ("**AIFMD**") filings (including any costs associated with the AIFMD marketing passport), SFDR disclosures, Annex IV, the Cayman Islands Private Funds Law or the laws, rules, regulations or similar requirements of jurisdictions in which the Funds engage in activities (or in which any actual or potential investor is resident or established)) and any related regulations, including costs and expenses of collecting and calculating data and preparation of regular reports to be filed with EEA member states;
- regulatory and ESG expenses (which are expected to increase in consideration of increased regulatory activity);
- expenses relating to U.S. Freedom of Information Act ("**FOIA**") requests, any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA or any other similar statutory or regulatory requirement;
- organizational expenses associated with operating the Funds, such as filing fees, legal costs and expenses (including expenses of preparing, reviewing and negotiating the partnership agreement, side letters, placement agent arrangements, documentation of third-party sponsored feeders, and other related organizational documents) and travel, accommodation, entertainment and related expenses in connection with the Funds' 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 closing dinners and mementos, cars and meals, social and entertainment events with portfolio

company management, customers, clients, borrowers, brokers and service providers));

- costs, fees and expenses of third party directors and officers;
- all costs and expenses incurred for or resulting from any foreign exchange hedging or other hedging;
- placement fees and due diligence of placement agents (as applicable);
- fees, costs and expenses related to the organization or maintenance of any entity (including intermediate entities or other vehicles formed for legal, tax regulatory, structuring or other purposes) used to acquire, hold or dispose of any one or more investments or entities otherwise facilitating a Client's investment activities, including without limitation any travel, accommodation and related expenses related to such entity, fees paid to any service providers of such entities (including Blackstone European Fund Management, BX Fund Services Luxembourg and any other affiliates of Blackstone) and the salary and benefits of any personnel (including personnel of the General Partner or their affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity, or other overhead expenses in connection therewith (including the salary and compensation of personnel of any entities formed in connection with the Funds' activities, and costs and expenses (including airfare and lodging) of the meetings of officers, managers, directors, general partners or managing members of such entities, and costs associated with the leasing of office space (including, without limitation, rent and refurbishment costs) for such entities (which may be made with one or more affiliates of the Registrant as lessor), and the costs and expenses of insurance (including title, brokerage and placement thereof);
- expenses of any limited partner advisory committee (as set forth in the relevant Offering and/or Governing Documents) or any independent client representative (including travel, accommodation, meal, event entertainment and other similar expenses in connection with any meetings of the limited partner advisory committee and any legal counsel or other advisors or service providers of the limited partner advisory committee);
- expenses of investor meetings;
- expenses associated with any excuse rights with respect to an investor and such investor exercises its right to be excused from an investment;
- expenses associated with investor admission/subscription, including any services related to current or prospective Fund investors such as marketing, advertising, printing, wholesaling and other capital raising expenses (including travel, accommodation and other related expenses) associated with investor admission/subscription and investor-related services and other similar costs (including the cost of space to hold meetings with prospective investors related to capital raising and marketing and conducting diligence on any prospective investor and costs, fees and/or expenses associated with responding to information requests from limited partners and other persons);



- expenses associated with investor redemptions and conversions of interests between Funds, including any services related to obtaining additional investors in the Funds to facilitate such redemptions;
- costs of secondees, including personnel of portfolio companies, vendors, service providers (including law firms and accounting firms) and investors of the Funds, Clients and Other Clients providing services to Blackstone and/or portfolio companies; and
- costs (including attorneys' fees) with respect to actual or proposed transfers of interests in the Clients and potential transfers of interests that are not consummated, that are not borne by the parties thereto.

Each Client will also typically bear any extraordinary expenses it may incur, including any investigation, litigation, arbitration, audit or settlement expenses involving the Client, any investment or entities in which it has an investment or otherwise relates to such investment and the amount of any judgments, assessments, fines, remediation or settlements paid in connection therewith. Service providers (including affiliates of the Registrant) will be retained for such purposes. In addition, a Client will bear any expenses incurred in connection with due diligence, including visits by the Registrant to third party service providers (including fund administrators, to the extent applicable), by the Registrant or any investor to any portfolio company or portfolio assets as well as visits by the Registrant to any investor (including reasonable accommodation, meal, travel and entertainment expenses in connection with such visits). Each Client will bear the start-up, wind-down and liquidation expenses related to the Client, as applicable, and to portfolio company service providers owned by such Client, or an allocation of such expenses related to portfolio company service providers used by such Client and owned by Other Clients.

In addition, certain Clients have invested, and are expected in the future to invest, in pooled investment vehicles, including those vehicles formed with respect to particular investments or portfolio companies (each, an “**Underlying Fund**”). Certain Underlying Funds are advised pursuant to an investment management and/or advisory agreement by the Registrant or affiliates of the Registrant. In such a case, and subject to applicable Offering and/or Governing Documents, the Client would in certain cases bear not only the direct management fees, performance allocations (if applicable) and other expenses payable to the Registrant and its affiliates, but also its share of the expenses and fees associated with the investment in the Underlying Fund, to the extent applicable, which in the case of Underlying Funds advised by affiliates of the Registrant involves expenses and fees payable to such affiliates. In certain cases, Underlying Funds formed in connection with investments or portfolio companies may not involve additional management and/or performance fees, but the Client will be responsible for expenses associated with such Underlying Fund, including those listed in this Item 5 with respect to the Funds. In cases where Clients bear fees and/or expenses related to such Underlying Fund, the Registrant has an incentive to cause a Client to invest in an Underlying Fund advised by the Registrant or an affiliate of the Registrant, as the Registrant or such affiliates can, and in the case of affiliates, typically do, receive fees relating to such allocation and the Registrant will have a direct or indirect financial interest

in the success of such affiliate. Additionally, the interests of the Client, as an investor, may conflict with the interests of the Underlying Fund or the affiliates of the Registrant in their capacity as service providers to the Underlying Fund, which would create a conflict of interest for the Registrant. While fees and expenses may be offset in accordance with Client documents, Clients or investors in a Client could be, subject to applicable Offering and/or Governing Documents, charged by both the Underlying Fund and the Registrant. The valuation of a Client's investment in an Underlying Fund in many cases will be based on information provided by the managers of the Underlying Funds, which in certain cases may be third parties. Certain securities in which the Underlying Funds invest may not have a readily ascertainable market price and will be valued by the managers of the Underlying Funds or their administrators. In addition, typically Clients do not control managers of the Underlying Funds, their choice of investments, or any other of their investment decisions in a Client.

The foregoing categories of fees and expenses will be borne by such Client regardless of whether the person or entity providing or performing the service or product giving rise to such fees and expenses is the Registrant, any of its affiliates or an unaffiliated third party.

Certain Clients will, as determined by the Registrant and its affiliates and as permitted by the Clients' Offering and/or Governing Documents, bear the cost of account administration, in house legal, tax planning and other related services provided by Blackstone personnel and related parties to the Client and its portfolio companies, including the allocation of their compensation and related overhead otherwise payable by Blackstone, or pay for their services at market rates (see also "Issuer Relationships" in **Item 10 - Other Financial Industry Activities and Affiliations**). These expenses will be borne by the Clients and will not result in any offset to the management fee.

Clients are typically allocated (or otherwise bear) their respective *pro rata* shares of fees and expenses, which are calculated based on capital commitments, invested capital, available capital or other metrics as determined by the Registrant in its sole discretion. From time to time, the Registrant will be required to decide whether costs and expenses are to be borne by such Client, on the one hand, or the Registrant or Other Clients, on the other hand, and/or whether certain costs and expenses should be allocated between or among such Clients, on the one hand, and the Other Clients on the other. Certain expenses may be suitable for only a particular Client, Other Client and/or participating Other Client and allocated to and borne by such entities. To the extent that any fees and expenses related to a specific investment were incurred on behalf of more than one Client, each Client will generally bear its *pro rata* portion of any such fees and expenses based on such Client's percentage interest in such investment (subject to each Client's Offering and/or Governing Documents), or in such other manner as the Registrant considers fair and equitable. The Registrant will make such judgments on a fair and reasonable basis, 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. A different manner of allocation would likely result in a Client bearing less (or more) expenses. Travel and entertainment expenses in connection with a trip taken by employees of the Registrant for purposes of multiple matters will generally be allocated to each such matter in a manner determined by the Registrant to be

fair and equitable and then the resulting expenses will be allocated to the applicable Client, Other Clients and/or the Registrant.

The Registrant has adopted a policy regarding the allocation of expenses, which includes the manner in which the Registrant allocates Broken Deal Expenses related to unconsummated transactions (see “Broken Deal Expenses” in Item 10 below for additional information).

No Client is required to pay any fees in advance.

No employee of the Registrant is permitted to accept, or otherwise directly receive, any compensation for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

In addition to the management fees and other fees described in **Item 5 – Fees and Compensation** above, the Registrant, in accordance with the relevant Offering and/or Governing Documents of each Client, may from time to time receive a performance-based allocation or fee of each Client's profits (and, in particular, with respect to particular investments) and, in the case of a Fund, the General Partner or an affiliate thereof generally will receive performance-based compensation up to 10% (which may now or in the future vary among Funds) of any appreciation (including unrealized appreciation) of the Fund's investment portfolio, taking into account any distributions made to investors over the applicable period, following the Fund achieving a certain hurdle amount during such period (as set forth in the applicable Fund's Organizational Documents). In other cases, and where applicable, performance-based allocations or fees will be based on either realized or unrealized profits attributable to a Client, and all performance-based allocations for Clients will be disclosed in the relevant Offering and/or Governing Documents of each Client.

The Fund distributes cash available for distribution, as determined by the applicable General Partner in its sole discretion, on a periodic basis. With respect to an open-ended Fund, investors in such Fund have the ability to elect that such distributions are reinvested by the applicable General Partner of the Fund. In addition, the Fund generally expects to reinvest proceeds received by it in connection with a disposition or use such proceeds for any other purpose permitted under the Offering and/or Governing Documents (including satisfying redemption requests). Certain Managed Accounts may also have the ability to recycle returned capital and/or investment proceeds as set forth in the relevant Offering and/or Governing Documents of each such Managed Account.

The Registrant reserves the right to waive, reduce or calculate differently such allocations or fees for certain Clients. However, in no circumstance will the Registrant cause the allocation or fee to be increased for one Client as the result of waiving, reducing or calculating differently such allocations or fees for another Client. For example, certain Blackstone Investors in Blackstone Clients do not bear any performance-based allocation or fee, and that fact does not impact the allocations or fees borne by other investors, including Clients of the Registrant.

The existence of a performance-based allocation or fee will generally incentivize the Registrant to manage a Client's assets in a manner that is riskier and more speculative than it would in the absence of such allocation or fee 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. Further, the existence of differing performance-based allocations or fees for Clients of the Registrant or its affiliates trading side-by-side will create a conflict of interest for the Registrant and its affiliates with respect to the allocation of investment opportunities because it may incentivize the Registrant to allocate investment opportunities that may be appropriate for multiple Clients to those Clients who pay performance-based allocations or fees at higher rates (or from which the Registrant or its affiliate is more likely to receive a performance-based allocation). However, the Registrant manages each Client's assets in accordance with the investment strategy

disclosed in each Client's Offering and/or Governing Documents to help confirm that investors are aware of the investment strategy and the risks associated with such strategy. The Registrant also has an investment allocation policy (see **Item 16 – Investment Discretion**) that addresses this conflict of interest. In addition, in the case of the Funds, the commitment by Blackstone to invest in the Funds, loss carryforward provisions (which are provisions in certain of the Offering and/or Governing Documents that require a General Partner to make up any depreciation over a certain period of time prior to taking incentive compensation), and that the preferred return is calculated on an aggregate basis, in each case, where applicable, should tend to reduce the incentive to make more speculative investments or otherwise time the sale of investments in a manner motivated by personal interests of Blackstone personnel.

As described in the respective Offering and/or Governing Documents of each Client, performance-based allocations or fees are generally allocated or paid, as the case may be, either at the end of the period to which it relates or upon the making of any distribution to investors to which a performance-based allocation or fee relates.

The precise amount of, and the manner and calculation of, the compensation described above are established by the Registrant and any General Partner, as applicable, through negotiations with Clients (or investors therein), and the actual amount of compensation could differ from the described above. The Offering and/or Governing Documents of each Client include further details on such compensation and related matters.

## **Item 7: Types of Clients**

The Registrant generally provides its services and markets its Funds and Managed Accounts to a limited number of sophisticated investors, namely, without limitation, insurance companies and other institutional investors, including, without limitation, banks, pension plans, corporations and other financial institutions.

The Registrant (a) must have a reasonable belief that potential investors invited to participate in Managed Accounts or invest in the Funds meet certain eligibility requirements and (b) in each case must satisfy certain compliance procedures (including anti-money laundering procedures), prior to accepting any subscription, commitment or investment amount. In addition, any separate maintenance or other investment-related provisions (*e.g.*, minimum account sizes, minimum fee amounts, minimum subscription amounts, *etc.*) will be provided in the Offering and/or Governing Documents of each Fund, Managed Account or other product, which are made available to each potential investor prior to investment. The Registrant or its affiliates reserve the right, in its sole discretion, to waive any such minimum dollar amount.

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

### **Analysis and Investment Strategies**

The Registrant identifies and evaluates the investments in which the Clients invest. The Registrant'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.

The Registrant's investment process for evaluating potential opportunities and investments may include a variety of proprietary and non-proprietary research models and methods of analyses, and a variety of both internal and external resources, such as financial publications, research, and reports provided by third parties and corporate ratings services. In addition, the Registrant generally conducts an in-depth review of the target companies/ investments, tailored to the target and type of potential investment the Registrant is considering. Such reviews may include, without limitation, (i) analyses of corporate activities and financials, (ii) reviews of annual reports, prospectuses and other filings with the SEC, if any, and (iii) where appropriate, interviews and meetings with senior management of potential target companies. The Registrant's investment analysis methods also include, where appropriate, fundamental, technical and cyclical research.

The Registrant's investment team is responsible for evaluating investments in private and/or public debt, loans, securitizations, structured products, loan originations and other credit instruments, equity and other investments in loan origination platforms, and other types of investment arrangements for Clients. The Registrant'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 Client.

The Registrant's investment committee generally meets weekly to discuss certain significant potential and pending transactions for the Clients. The Registrant's investment committee discusses the transaction in depth with the transaction team and decide whether to pursue the transaction and on which terms. In addition to an in-depth discussion of the subject investments, the investment thesis, deal tactics and other applicable deal dynamics will usually be discussed by the Registrant's investment committee and the transaction team.

Pursuant to a Client's Offering and/or Governing Documents, the Registrant will seek to allocate and invest the assets of a Client, including those of a Fund or those committed to a Managed Account, across a range of investment opportunities consistent with the objectives described in such Client's Offering and/or Governing Documents. The specific investment strategy and corresponding method of analysis for each Client will be specified in the Offering and/or Governing Documents of such Client. In particular, the Registrant provides investment advisory services to Funds, Managed Accounts or other arrangements formed to offer investment solutions for insurance companies and other institutional investors, including, without limitation, banks, pension plans, corporations and other financial institutions (including in their capacity as limited partners in a Client), and seeks to allocate capital to investment opportunities among both private lending, public securitized and other assets. The Managed Accounts typically invest in private and/or public debt, loans,

securitizations, structured products, loan originations and other credit instruments and such other types of investment arrangements (and with such investment parameters) as may be set forth in the Offering and/or Governing Documents of such Managed Account. The Fund is intended to invest in credit origination platforms that are expected to generate investment opportunities for other Clients.

Where consistent with a Client's Offering and/or Governing Documents, the Registrant also seeks to integrate ESG (as defined below) principles into its investment process and operating philosophy, as applicable. Blackstone has adopted a firm-wide ESG Framework (defined below), which outlines its approach to integrating ESG in its business and investment activities.

**Prospective investors are advised to review the applicable Offering and/or Governing Documents for a more extensive description of the risks of investing in Clients.**

### **Risk of Loss**

An investment in a Fund or Managed Account entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks associated with an investment in such Client and bearing the risks such investment represents. The Offering and/or Governing Documents of such Client will contain detailed descriptions of certain of the risks associated with an investment in such Client.

Below are a few of the key risks associated with such investments (which are non-exhaustive and some of which may not apply to a particular Client):

1. Loss of all or part of investment
2. No assurance of investment return
3. No established market for potential investments exists
4. No or limited operating history
5. Changes in legal, fiscal and regulatory regimes
6. Lack of investment liquidity and liquidity of Client interests
7. Litigation risk
8. Highly competitive market for investment opportunities
9. Technological, commercial, scientific and other innovation disrupting expected methods of conducting business
10. Sharing and use of "big data" and other information
11. Risks related to privacy and personal data
12. Inability to deploy capital in conjunction with finding suitable investments
13. Inability to implement a Client's investment strategy
14. Portfolio concentration
15. Reliance on the Registrant, certain of its professionals and employees and its operational systems, and reliance on placement agents
16. Policies and procedures of the Registrant to mitigate conflicts of interest and address regulatory and/or contractual requirements, which may reduce the synergies across Blackstone's various businesses and reduce investment opportunities for Clients



17. Misconduct of employees and of third party service providers
18. General economic and market volatility, including interest rate fluctuations and inflation, and government reaction to curb such risks
19. Nature of debt and credit investments, including credit securities, senior debt, mezzanine debt, distressed investments and restructurings, including non-performing debt instruments, loans and participations
20. Risks related to structured products, including commercial mortgage backed securities
21. Risks related to investments in collateralized loan obligations
22. Risks related to bankruptcy and other proceedings
23. Nature of equity or equity-related investments, including publicly-traded investments
24. Risks related to real estate investments (including the competitive nature of the real estate investment business, deterioration of property values, real estate's susceptibility to adverse changes in economic and employment conditions, risks of acquiring real property, construction delays, risks of investing in debt secured by real estate and risks arising from mortgage-backed securities)
25. Risk of under/overvaluation
26. Risks related to use of leverage by certain Clients (including with respect to subscription or asset-based credit facilities),
27. Lack of diversification and limited number of investments
28. Non-controlling investments and/or investments with third parties in joint ventures and other entities
29. Risks related to controlling interests
30. Non-U.S. investments, including currency fluctuation and exchange controls, economic regulation and political factors, and investments in emerging markets
31. Risks related to the Committee on Foreign Investment in the United States and foreign direct investment regimes of other jurisdictions
32. Cybersecurity breaches, identity theft, risks associated with electronic delivery of documents, denial of service attacks, ransomware attacks and social engineering attempts (including software code protection)
33. Operational risks of Clients
34. Nature of hedging or derivative instruments and counterparty trading relationships including counterparty risk
35. Commodity risk
36. Unspecified investments
37. Operating and financial risks of portfolio companies
38. Valuation matters (see "Valuation Matters" in **Item 10 – Other Financial Industry Activities and Affiliations** for more information)
39. Taxation risks, including tax adjustments, phantom income, limitations on deduction of business interest and tax reporting and regulatory compliance considerations
40. Risks arising from ERISA including potential control group liability and the "prohibited transaction" rules
41. Risks related to distributions in-kind
42. Risk of default by investors

43. Cross incurrence of indebtedness or guarantees on a several, joint and several or cross collateralized basis (see “Investments in Portfolio Companies Alongside Other Clients” in **Item 12 – Brokerage Practices** for more information)
44. Cross collateralization of investments (see “Investments in Portfolio Companies Alongside Other Clients” in **Item 12 – Brokerage Practices** for more information)
45. CFTC registration requirements, compliance with the AIFMD, compliance with pay-to-play laws and with the laws of other jurisdictions where the Clients are marketed
46. Restrictions on transfers of interests and investments under the applicable Offering and/or Governing Documents and/or the securities laws and lack of a public market
47. Restrictions on terminations, wind-downs and withdrawals with respect to Managed Accounts and restrictions on redemptions and withdrawals with respect to Funds
48. Enhanced scrutiny and potential regulation of the private investment fund industry and the financial services industry (including the Dodd-Frank Wall Street Reform Act)
49. Financial market fluctuations and the availability of financing
50. Economic, political and social uncertainty in the markets where Clients invest and globally
51. Political activities (including political contributions, hiring lobbyists and other permissible political activities in U.S. or non-U.S. jurisdictions) and charitable and political contributions
52. Regional risk; interdependence of markets
53. United Kingdom relations with the European Union and related volatility
54. Public health risk/epidemics/pandemics (including COVID-19)
55. Environmental risks and potential liabilities, including weather, climatological and sustainability risks
56. Lender liability risks, including equitable subordination
57. Hedging risk
58. Accounting, disclosure and regulatory standards
59. Contingent liabilities incurred on dispositions or financings of investments
60. Reliance on portfolio company management and third parties
61. Compliance with U.S. and non-U.S. economic and trade sanctions
62. Compliance with anti-corruption laws and regulations
63. Risks of fraud
64. LIBOR, EURIBOR and other reference rates
65. Investments in collateralized loan obligations with limited recourse liability
66. Failure of servicers to effectively service loans
67. Risks related to rating agencies and credit ratings not a guarantee of quality
68. Future investment techniques and instruments
69. Social and political unrest / terrorist activities / war
70. Natural disasters
71. Availability of insurance against certain catastrophic losses
72. Platform investments
73. Investments in credit origination platforms, forward flow allocations and risks and investments in supplemental flow vehicles
74. Credit origination risks
75. Investments in troubled issuers

- 76. Investments in less established companies
- 77. Antitrust Risk

**Prospective investors are advised to review the Offering and/or Governing Documents for a more extensive and detailed description of the applicable investment strategies and the risks of investing in a Managed Account or Fund.**

Market Risks. The debt and equity markets fluctuate substantially over time, and performance of any investment is not guaranteed. Clients should also be aware that investments that the Registrant believes are likely to generate higher returns are generally accompanied by greater risk and volatility. There is a risk of loss of the assets that the Registrant manages that is out of the Registrant's control. The Registrant cannot guarantee any level of performance or that investors in the Clients will not experience a substantial or complete loss of their account assets. There is no assurance that the Client will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. Both the ability to realize investments and the value of investments (regardless of whether realized) will depend upon many factors beyond the control of the Clients or the Registrant. 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 invest in a Managed Account or Fund only if the investor can withstand a total loss of its investment. The past investment performance of a Client cannot be taken to guarantee future results or performance of a Client or any investment by a Client.

Certain developed economies are experiencing higher than normal inflation rates. It remains uncertain whether the substantial inflation in such developed economies will be sustained over an extended period of time or continue to have a significant effect on the U.S. or other economies. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. For example, if a portfolio company is unable to increase its revenue in times of higher inflation, its profitability and ability to service debt may be adversely affected. Portfolio companies may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, a portfolio company may earn more revenue but incur higher expenses. As inflation declines, a portfolio company may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy, and certain central banks have raised interest rates. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Some countries have historically experienced substantial rates of inflation. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. In addition, because Client's investments or counterparties are expected to include borrowers, loan originations and other issuers whose day-to-day activities are heavily impacted by interest rate fluctuations, the performance of a Clients investments and its portfolio companies is expected to be heavily dependent upon the Registrant's ability to plan for and respond to interest rate fluctuations.

Recent Developments in the Banking Sector. Recent bank closures in the United States have caused uncertainty for financial services companies and fear of instability in the global financial system generally. In addition, certain financial institutions – in particular smaller and/or regional banks – have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or will withdraw in the future, significant sums from their accounts at these institutions. Notwithstanding intervention by U.S. governmental agencies to protect the uninsured depositors of banks that have recently closed, there is no guarantee that the uninsured depositors of a financial institution that closes (which depositors could include one or more Clients and/or their portfolio companies) will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order. There is a risk that other banks, or other financial institutions, will be similarly impacted, and it is uncertain what steps (if any) regulators would take in such circumstances. As a consequence, for example, one or more Clients and/or portfolio companies could be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and investors therein could be impacted in their ability to honor capital calls and/or receive distributions. In addition, such bank failures or instability could affect, in certain circumstances, the ability of both affiliated and unaffiliated joint venture partners, co-lenders, syndicate lenders or other parties to undertake and/or execute transactions to which Clients and/or portfolio companies are parties, which in turn would result in fewer investment opportunities being made available to Clients, result in shortfalls or defaults under existing investments, or impact a Client's ability to provide additional follow-on support to portfolio companies. In addition, in the event that a financial institution that provides credit facilities and/or other financing to a Client or its portfolio companies closes or experiences distress, there can be no assurance that such bank will honor its obligations or that the Clients and/or their portfolio companies will be able to secure replacement financing or capabilities at all or on similar terms. There can be no assurances that the Clients or their portfolio companies will establish banking relationships with multiple financial institutions, and Clients and their portfolio companies are expected to be subject to contractual obligations to maintain all or a portion of their respective assets with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). Uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions – could have an overall negative effect on banking systems and financial markets generally. There is a risk that these recent developments will also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Clients, their portfolio companies or their respective financial performance.

Epidemics and Pandemics. Certain countries have been susceptible to epidemics or pandemics, most recently COVID-19. The outbreak of such epidemics or pandemics, 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 Clients invest), and thereby is expected to adversely affect the

performance of Clients' investments. Furthermore, the rapid development of epidemics or pandemics 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 Clients and the performance of its investments or operations, and the ability of the Clients to achieve investment objectives.

Coronavirus and Public Health Emergencies. There is currently an ongoing outbreak of COVID-19, which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak has been rapidly evolving over the course of the pandemic and at different points in time many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, vaccine mandates (whether broadly applicable or limited to subsets of the population, such as certain public sector employees) and other restrictive measures designed to help slow the spread of COVID-19. Certain countries and regions have at times implemented a so-called "dynamic COVID zero" or containment policy, and may in the future, continue, impose and/or lift similar lockdown measures with limited notice and with uncertain durations. Businesses have also implemented, at different times and to different degrees, similar precautionary measures. In addition, state, federal and non-U.S. laws and regulations have been implemented (and other laws and regulations are being considered) that place restrictions on lenders and landlords in the real estate sector and other industries from exercising certain of their rights in the event of borrower or tenant defaults or delinquencies, including with respect to foreclosure and eviction rights.

For example, certain jurisdictions have implemented debt payment relief packages or suspended the enforcement of residential and commercial evictions. Countries across Europe have also instituted similar protections, including residential and commercial protections for non-payment of rent, payment holidays and increased notice periods prior to evictions. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have (i) had a material adverse impact on tenants, real estate lenders and commercial property owners, (ii) created significant disruption in supply chains and economic activity and (iii) had a particularly adverse impact on transportation, hospitality, tourism, entertainment, healthcare, consumer and other industries and their lenders (and may have significant adverse impacts on the value of the Client's investments and the Client's ability to sell existing investments or enforce its rights against borrowers, including to foreclose on or dispose of collateral). The extent to which the continued spread of COVID-19 (or the threat thereof) in the future will have an ongoing and/or exacerbated impact on economies and markets (and, in turn, Clients' investments) is uncertain and difficult to assess. It is likewise difficult to predict the extent to which the ripple effects of the COVID-19 pandemic will continue to be felt and adversely affect Clients' investments.

Any public health emergency, including new outbreaks, including new variants, of COVID-19, SARS, H1N1/09 flu, avian flu, other coronaviruses, Ebola or other existing or new

epidemic diseases, or the threat thereof, could have a significant adverse impact on a Client and its investments and could adversely affect a Client's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on Clients and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination), the extent of any related travel advisories and voluntary or mandatory government or private restrictions implemented, the impact of such public health emergency on overall supply and demand, goods (including component parts and raw materials) and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For example, the shortage of workers and lack of key components and raw materials that has come as a result of COVID-19 has contributed, and may continue to contribute, to manufacturers and distributors being unable to produce or supply enough goods to meet increasing demands. The impact of these global supply chain constraints may not fully be reflected until future periods and may have an adverse impact on Clients and their portfolio companies at a future point when COVID-19 may not be as prevalent in the public. For this reason, valuations in such an environment are subject to heightened uncertainty and subject to numerous subjective judgments even beyond what is traditionally the case, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may materially and adversely impact the value and performance of Clients' portfolio companies, the ability to source, manage and divest Clients' investments and the ability to achieve Clients' investment objectives, all of which could result in significant losses to Clients. In particular, a public health emergency may have a greater impact on leveraged assets. See also "Use of Leverage" herein.

Any such disruptions may continue for an extended and uncertain period of time. The full impacts of this pandemic on markets, business activity and the U.S. and global economies, as well as potential changes in economic and fiscal policies that may be, or have been, adopted in response to the pandemic or the possibility of a similar future event, price shocks and related externalities, are not yet fully identified or understood. For example, many businesses (including some portfolio companies) have, in response to the pandemic, transitioned to remote (or other flexible) working environments and have decided to keep such environments in place (in whole or in part) even as COVID-19 has become less prevalent, and it is not yet fully understood how the continuation of those arrangements are affecting their employee productivity levels and overall financial performance. In implementing a Client's investment strategy, the Registrant will make a number of assumptions, including as to the severity of the consequences of COVID-19 to the U.S. and global economies as well as prospective portfolio companies, and the likelihood of a similar future event and any possible impacts thereof. There can be no assurances that such assumptions will be correct and unexpected events and developments, including the severity

of this or any other pandemic on economies and specific portfolio companies, may be detrimental to a Client and its investments. In addition, the operations of a Client, portfolio companies, and Blackstone may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity, including possibly the personnel of any such entity's key service providers. Additionally, restrictions on immigration and processing of visas and other work permits may affect the work force of a Client's portfolio companies, some of which may rely on foreign talent as an important part of its work force and which could have a material adverse impact on their ability to implement their business plans. The impact to businesses in such circumstances has been and may continue to be substantial.

In connection with the impacts of the pandemic and any such public health crisis that may occur in the future, a Client is expected to incur heightened legal expenses which could similarly have an adverse impact to the Client's returns. For example, a Client or portfolio companies may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by the Client and/or its portfolio companies. There is also a heightened risk of cyber and other security vulnerabilities during a public health emergency like COVID-19 and any future one, which could result in adverse effects to a Client or the portfolio companies in the form of economic harm, data loss or other negative outcomes.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines and these vaccines are currently available to the general public in the United States and in many non-U.S. jurisdictions, a substantial proportion of the U.S. population and the populations in other jurisdictions has, despite the availability of vaccines, not been vaccinated, which is believed to be prolonging the global effects of COVID-19. In addition, the vaccines have been found to be less than 100 percent effective and to have waning effectiveness within an extended period of time following inoculation, which means a portion of the population that receives such vaccinations is less than fully protected against the disease and may still experience symptoms, hospitalization, or death. Furthermore, such vaccines have shown reduced efficacy against certain existing or emerging variants of COVID-19, and emerging variants may continue to be more transmissible or deadly than existing variants of COVID-19. Other jurisdictions are encountering similar issues with respect to COVID-19 vaccines. COVID-19 is likely to continue to affect the economy generally, and the pandemic and its economic impact may affect the Clients and their ability to achieve their investment objectives to a degree that is not currently known, given the situation continues to evolve. In addition, multiple jurisdictions have adopted, or are considering adopting, vaccine mandate legislation or regulations that require certain public sector employees and/or private sector employees to obtain vaccines (subject to certain exceptions, which vary by jurisdiction). Employee attrition and turnover resulting from such mandates could adversely affect the business operations of portfolio companies that operate within those jurisdictions (for example, by requiring them to discontinue their employment of critical personnel who are not vaccinated).

In addition, the operations of Clients, their portfolio companies, and the Registrant may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings (including office attendance) and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers and the volatility in the labor, transport, energy and other markets resulting from or otherwise linked to the relaxation of related quarantine measures, or meeting and travel restrictions. See also "Epidemics/Pandemics" above.

As a result of a public health emergency like the COVID-19 pandemic, the Registrant has determined in the past, and may in the future determine, in its discretion, that it is most effective and/or efficient to use private air and/or charter travel due to travel restrictions and/or health and safety considerations, including to and from locations where the Registrant's personnel are currently living (even if different than where the Registrant has historically had offices). The cost of such private air or charter travel, which may be increased due to an epidemic, shall be an expense of Clients subject to and in accordance with the Registrant's policies. The Registrant also may, as a result of an epidemic, determine to use alternative methods, including the use of technology, when sourcing and conducting diligence on potential investments and monitoring of existing investments, and the expenses associated with such methods could be allocated to Clients.

**Russian Invasion of Ukraine/Sanctions.** On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date hereof, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response have had and could be expected to have a negative impact on the economy and business activity globally (including in the countries in which the Clients invest), and therefore could adversely affect the performance of the Clients' Investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Clients and the performance of their Investments and operations, and the ability of the Clients to achieve their investment objectives. Similar risks will exist to the extent that any portfolio companies, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas. Furthermore, if after becoming a Client (or subscribing for an interest in a Fund), a Client or investor (or any beneficial owner thereof) is included on a list of prohibited entities and individuals maintained by a relevant regulatory and/or government entity, including the Office of Foreign Assets Control or under similar European Union and United Kingdom regulations or under Cayman Islands law, and are not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United States, United Nations, EU or, UK or the Cayman Islands) (collectively "**Sanctions Lists**"), Blackstone may be required to cease any further dealings with the Client (or investor's interest in the Fund) until such sanctions are lifted or



a license is sought under applicable law to continue dealings. For the avoidance of doubt, the Registrant has the sole discretion to determine the remedy if an investor or Client is included on a Sanctions List and is under no obligation to seek a license or any other relief to continue dealing with such person. Although the Registrant and its affiliates expend significant effort to comply with the sanctions regimes in the countries where it operates, one of these rules could be violated by the Client's (or underlying investor's) activities, which would adversely affect the Registrant, the Client (including underlying investors) and its investments.

ESG Framework Risks. As noted above, Blackstone has established a firm-wide environmental, social and governance ("**ESG**") policy and related programs and procedures, including such policies and Client-specific ESG practices the Registrant may develop from time to time (collectively, the "**ESG Framework**"), that the Registrant intends to apply, as applicable, across investments, consistent with its fiduciary duties and applicable legal, regulatory or contractual requirements. The Registrant will endeavor to consider material<sup>2</sup> ESG factors, where applicable, in connection with the Clients' investment activities in order to protect and maximize investment performance. However, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by the Registrant or a third-party ESG specialist will reflect the beliefs, values, internal policies or preferred practices of any particular investor or align with the beliefs or values or preferred practices of other asset managers or with market trends. Considering ESG factors when evaluating an investment in certain circumstances could, to the extent material economic risks associated with an investment are identified, cause the Registrant not to make an investment that it would have made or to make a management decision with respect to a portfolio company differently than it would have made in the absence of such consideration. Additionally, ESG factors are only some of the many factors that the Registrant may consider in making an investment and, depending on the nature of the investment, ESG factors may not be considered for certain investments or assets. Although the Registrant considers application of the ESG Framework to be an opportunity to enhance or protect the performance of investments over the long-term, the Registrant cannot guarantee that the ESG Framework, which depends in part on skill and qualitative judgments, will positively impact the performance of any individual portfolio company or Client. For the avoidance of doubt, the Registrant will not subordinate investment returns or increase investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of sustainability risks and impacts on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, country, asset class and investment style. In evaluating a prospective investment, the Registrant often depends upon (and will not independently verify) information and data provided by the entity or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause the Registrant to incorrectly identify, prioritize, assess or analyze

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<sup>2</sup> As used in this instance, "material" ESG factors are defined as those factors that the Registrant determines have – or have the potential to have – a material impact on an investment's going-forward ability to create, preserve or erode economic value, including as related to environmental and social value, for that organization and its stakeholders. The word "material" as used herein should not be equated to or taken as a representation about the "materiality" of such ESG factors under the US federal securities laws or any similar legal or regulatory regime globally.

the entity's ESG practices and/or related risks and opportunities. While the Registrant believes such sources to be reliable, it will neither update any such information nor undertake an independent review of any such information provided by third parties.

In addition, the ESG Framework is expected to change over time. The Registrant could determine, in its discretion, to revisit the implementation of certain ESG initiatives (including due to cost, timing or other considerations). It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the Registrant to adhere to all ESG-related elements of a particular Client's investment strategy(ies), including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Client's portfolio generally.

There is also growing regulatory and investor interest, particularly in the US, UK, and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. The ESG Framework is subject to evolving regulations and could become subject to additional regulation in the future, along with an increased risk of related enforcement. Compliance with such future additional regulation, and changing reporting frameworks and best practices, is expected in certain instances to lead to increased management burdens and costs, which has the potential to adversely affect Clients. The Registrant cannot guarantee that Blackstone's current approach will meet future regulatory requirements, reporting frameworks or best practices. There is also risk of mismatch between US, EU and UK initiatives relating to ESG.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different frameworks and methodologies being implemented by other asset managers. For example, the ESG Framework does not represent a universally recognized standard for assessing ESG considerations and may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends.

Additionally, Blackstone has established, and the Registrant may in the future establish, certain enterprise-level and business group-specific ESG goals and initiatives, respectively. Although the aim of these goals and initiatives is to create strong returns for investors, the pursuit of these goals (which will involve data collection, analysis and reporting) will involve the dedication of time and resources that may otherwise be allocated to other investment management activities and there is consequently a risk that the pursuit of these goals could adversely affect the performance of the Clients. Further, these ESG-related initiatives and goals are aspirational and not guarantees or promises that all or any such initiatives and goals will be achieved.

Regulatory Proposals with respect to Private Funds and Advisers. In recent years, the SEC has proposed several new rules and amendments to existing rules under the Advisers Act related to registered advisers and their activities with respect to private funds (the "**Proposed Rules**"). The Proposed Rules, if adopted, can result in material alterations to how Blackstone, the Registrant and its affiliates operate their respective business and/or the management of Clients, as well as the Registrant's and its affiliate's implementation of the

Clients' investment strategy. There can be no assurance that such alterations made pursuant to the Proposed Rules will not have a material adverse effect on Blackstone, the Registrant, its affiliates, the Clients (and investors therein) and/or their investments. To the extent permitted under the Offering and/or Governing Documents of a Client, and consistent with the law, the incremental costs of compliance by the Registrant, its affiliates and/or the Clients with any new SEC rules, including without limitation the Proposed Rules, will be borne by the Clients, which may be significant.

The scope and timing of any final rules and amendments with respect to these Proposed Rules is unknown. If adopted, even with modification, these rules and amendments would be expected to significantly increase compliance burdens and associated costs and complexity (which, to the extent permitted under the Offering and/or Governing Documents, and consistent with the law, will be expenses borne by the Clients) and reduce the ability to receive certain expense reimbursements or indemnification in certain circumstances. This, in turn, would be expected to increase the need for broader insurance coverage by fund managers and increase such costs and expenses charged to the Clients and their investors. In addition, these amendments could increase the risk of exposure of Blackstone, the Registrant and its affiliates to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect Blackstone's, the Registrant's and the Clients' reputation, and to negatively impact the Registrant and the Clients in conducting their business (thereby materially reducing returns to Clients). Further, these amendments could impose limitations regarding preferential treatment of investors in private funds, including the Funds, and the General Partner and its affiliates could potentially be prohibited from complying with certain side letter provisions and thereby deprive the investors of the previously negotiated benefits of such agreements.

Cybersecurity and Data Protection. Blackstone's operations are highly dependent on its technology platforms, and Blackstone relies heavily on its analytical, financial, accounting, communications and other data processing systems. Blackstone's systems face ongoing cybersecurity threats and attacks, which could result in the failure of such systems. Attacks on Blackstone's systems could involve, and in some instances have in the past involved, attempts intended to obtain unauthorized access to Blackstone's, the Clients' or Other Clients' proprietary information, destroy data or disable, degrade or sabotage Blackstone's systems or divert or otherwise steal funds, including through the introduction of computer viruses, "phishing" attempts and other forms of social engineering. Cyberattacks and other security threats could originate from a wide variety of external sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. Cyberattacks and other security threats could also originate from the malicious or accidental acts of insiders, such as employees.

There has been an increase in the frequency and sophistication of the cyber and security threats Blackstone faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which could target Blackstone because, as an alternative asset management firm, Blackstone holds a significant amount of confidential and sensitive information about the Clients, Other Clients and their respective portfolio

companies, potential investments and investors. As a result, Blackstone could face a heightened risk of a security breach or disruption with respect to this information. There can be no assurance that measures Blackstone takes to ensure the integrity of its systems will provide protection, especially because cyberattack techniques change frequently or are not recognized until successful. If Blackstone's systems are compromised, do not operate properly or are disabled, or Blackstone fails to provide the appropriate regulatory or other notifications in a timely manner, Blackstone could suffer financial loss, business disruption, liability to the Clients, Other Clients and their respective investors, regulatory intervention or reputational damage. There is a possibility that costs related to certain cyber or other security threats or disruptions will not be fully insured or indemnified by other means.

In addition, Blackstone could also suffer losses in connection with updates to, or the failure to timely update, the technology platforms on which it relies. Blackstone is reliant on third party service providers for certain aspects of its business, including for the administration of certain Clients and Other Clients, as well as for certain technology platforms, including cloud-based services. These third party service providers could also face ongoing cybersecurity threats and compromises of their systems and as a result, unauthorized individuals could gain, and in some past instances have gained, access to certain confidential data.

Cybersecurity and data protection have become top priorities for regulators around the world. Many jurisdictions in which Blackstone operates have laws and regulations relating to privacy, data protection and cybersecurity, including, as examples the General Data Protection Regulation ("**GDPR**") in the European Union and the California Privacy Rights Act ("**CPRA**"). In addition, in February 2022, the SEC proposed rules regarding registered investment advisers' and funds' cybersecurity risk management, which would require them to adopt and implement cybersecurity policies and procedures, enhance disclosures concerning cybersecurity incidents and risks in regulatory filings, and investment advisers to promptly report certain cybersecurity incidents to the SEC. If this proposal is adopted, it could increase Blackstone's compliance costs and potential regulatory liability related to cybersecurity. Some jurisdictions have also enacted or proposed laws requiring companies to notify individuals and government agencies of data security breaches involving certain types of personal data.

Breaches in Blackstone's security or in the security of third party service providers, whether malicious in nature or through inadvertent transmittal or other loss of data, could potentially jeopardize Blackstone's, its employees', the Clients', Other Clients' or their respective investors' or counterparties' confidential, proprietary and other information processed and stored in, and transmitted through, Blackstone's computer systems and networks, or otherwise cause interruptions or malfunctions in Blackstone's, its employees', the Clients', Other Clients', their respective investors' or counterparties' or third parties' business and operations, which could result in significant financial losses, increased costs, liability to the Clients' and Other Clients' investors and other counterparties, regulatory intervention and reputational damage. Furthermore, if Blackstone fails to comply with the relevant laws and regulations or fails to provide the appropriate regulatory or other notifications of breach in a timely matter, it could result in regulatory investigations and penalties, which could lead

to negative publicity and reputational harm and could cause the Clients' and Other Clients' investors and clients to lose confidence in the effectiveness of Blackstone's security measures and Blackstone more generally.

The Clients' and Other Clients' portfolio companies also rely on data processing systems and the secure processing, storage and transmission of information, including payment and health information. A disruption or compromise of these systems could have a material adverse effect on the value of these businesses. Certain Clients and Other Clients could invest in (or otherwise have investments related to) strategic assets having a national or regional profile or in infrastructure, the nature of which could expose them to a greater risk of being subject to a terrorist attack or security breach than other assets or businesses. Such an event could have material adverse consequences on Blackstone's investment or assets of the same type or could require portfolio companies to increase preventative security measures or expand insurance coverage.

Finally, the Clients' and Other Clients' portfolio companies' technology platforms, data and intellectual property are also subject to a heightened risk of theft or compromise to the extent Blackstone or the Clients' and Other Clients' portfolio companies engage in operations outside the United States, in particular in those jurisdictions that do not have comparable levels of protection of proprietary information and assets such as intellectual property, trademarks, trade secrets, know-how and customer information and records. In addition, Blackstone and the Clients' and Other Clients' portfolio companies could be required to compromise protections or forego rights to technology, data and intellectual property in order to operate in or access markets in a foreign jurisdiction. Any such direct or indirect compromise of these assets could have a material adverse impact on Blackstone and the Clients' and Other Clients' portfolio companies.

## **Item 9: Disciplinary Information**

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

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

Certain regulatory, litigation and other similar matters are disclosed in (i) Blackstone’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the web site of the SEC ([www.sec.gov](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 Clients and Blackstone Clients and/or certain of its affiliates.

## Item 10: Other Financial Industry Activities and Affiliations

Various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of the Registrant, its affiliates and personnel (each an “**Advisory Affiliate**” and, collectively, the “**Advisory Affiliates**”). The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. The Registrant’s or its affiliates’ personnel are expected in the future to engage in further activities that could result in additional conflicts of interest not addressed herein. **Investors are advised to review the applicable Client Offering and/or Governing Documents for a more extensive description of the potential conflicts of interest applicable to each Client.** Any references to Blackstone and the Registrant in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees, where applicable.

If any matter arises that the Registrant and its affiliates determine in their good faith judgment constitutes an actual and material conflict of interest, the Registrant and its affiliates will take such actions as it determines in good faith may be necessary or appropriate to mitigate and/or disclose the conflict (and upon taking such actions the Registrant will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). Actions that could be taken by the Registrant to mitigate a conflict include, by way of example and without limitation, (i) if applicable, handling the conflict as described in the Client’s Offering and/or Governing Documents, (ii) obtaining from the Client (including, as applicable, the limited partner advisory committee and/or investors therein) advice, waiver or consent as to the conflict, or acting in accordance with standards or procedures approved by the Client (including, as applicable, the limited partner advisory committee and/or investors therein) to address the conflict, (iii) disposing of the investment or security giving rise to the conflict of interest, (iv) disclosing the conflict to the Client (including, as applicable, the limited partner advisory committee and/or investors therein), including, without limitation, in drawdown notices, distribution notices, financial statements, quarterly letters or other communications, (v) appointing an independent representative to act or provide consent with respect to the matter giving rise to the conflict of interest (including, without limitation, in respect of principal or agency cross transaction under Section 206(3) of the Advisers Act (as applicable)), (vi) in the case of conflicts between Clients and Other Clients, creating 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 or represent one of the Clients that has a conflicting position with other Clients or Other Clients, (vii) implementing policies and procedures reasonably designed to mitigate the conflict of interest, (viii) validating the arms’-length nature of the transaction by referencing participation by unaffiliated third parties, or (ix) otherwise handling the conflict as determined appropriate by the Registrant in its good faith reasonable discretion. As an example, to the extent an Other Client holds an interest in a loan or security that is different (including with respect to relative seniority) than those held by a Client or its portfolio companies, Blackstone may decline to exercise, or delegate to a third party, certain control, foreclosure and other similar governance rights of the Other Client. To the extent provided for in a Client’s Offering and/or Governing Documents and for the avoidance

of doubt, where the consent or approval of any Other Client or limited partner advisory committee is sought with respect to any Other Client matter, the consent or approval of a Client or Client's limited partner advisory committee shall not necessarily be required in connection with such matter, and the lack thereof shall not prevent any Other Client from proceeding on the basis of such consent or approval (including in circumstance in which the Client does not similarly proceed). Conversely, to the extent the Client or limited partner advisory committee of any Other Client does not consent to or approve of a matter, notwithstanding the consent or approval of a Client or a limited partner advisory committee of a Client as to such matter or the determination that such consent or approval is not necessary, the General Partners may determine not to proceed, which could result in the Client not participating in transactions that the Registrant otherwise believes would be beneficial for the Clients.

There can be no assurance that the Registrant will identify or resolve all conflicts of interest in a manner that is favorable to the Clients. By acquiring an interest in a Client and/or entering into the Managed Account arrangement, each Client (or investor therein) will be deemed to have acknowledged and consented to the existence of all actual, apparent and potential conflicts of interest described herein or in the Offering and/or Governing Documents of such Client, acknowledged and consented to any actions, policies and procedures for handling them described herein or in the Offering and/or Governing Documents of such Client, acknowledged and consented that these conflicts will not necessarily be resolved in favor of the Client and/or its investors, agrees that investors may not be entitled to receive notice or disclosure of the occurrence of these conflicts or have any right to consent to them, and waives any claim against the Registrant or its affiliates and releases each of them from any liability arising from the existence of such conflicts of interest. The foregoing is applicable to all conflicts of interests described, implied or alluded to herein or in the Offering and/or Governing Documents.

***Blackstone Policies and Procedures.*** 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, implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will reduce the synergies and collaboration across Blackstone's various businesses that the Clients expect to draw on for purposes of identifying, pursuing and managing attractive investment opportunities. Because Blackstone has many different asset management and advisory businesses, including private equity, a real estate advisory business, a hedge fund business, a credit business, a secondary funds business, a tactical opportunities business, an infrastructure business, an insurance solutions business and a life sciences business, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses and to protect against the inappropriate sharing and/or use of information between Clients and the other business units at Blackstone, Blackstone has implemented certain policies and procedures (e.g., Blackstone's information wall policy) regarding the sharing of information that have the



potential to reduce the positive synergies and collaboration that the Clients could otherwise expect to utilize for purposes of identifying, pursuing and managing attractive investments. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which Other Clients may be considering making an investment or companies that are clients of Blackstone. As a consequence, that information, which could be of benefit to the Client, might become restricted to those other respective businesses and otherwise be unavailable to the Clients. There can be no assurance, however, that any such policies and/or procedures will be effective in accomplishing their stated purpose and/or that they will not otherwise adversely affect the ability of the Clients to effectively achieve their investment objectives by unduly limiting the investment flexibility of the Clients and/or the flow of otherwise appropriate information between the Registrant and other business units at Blackstone. For example, in some instances, personnel of Blackstone would be unable to assist with the activities of the Clients as a result of these walls. Additional restrictions may from time to time be imposed that would further limit the ability of Blackstone to share information internally. In addition, due to these restrictions, in some instances, a Client may not be able to initiate a transaction that it otherwise might have initiated and may not be able to arrange for the sale and liquidation of all or any portion of an investment that it otherwise might have sold, which could negatively affect such Client's operations.

In addition, to the extent that Blackstone is in possession of material non-public information or is otherwise restricted from trading in certain securities, the Clients and the Registrant may also be deemed to be in possession of such information or otherwise restricted. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Blackstone fund has or has considered making an investment or which is otherwise a client of Blackstone will from time to time restrict or otherwise limit the ability of the Clients and/or their portfolio companies and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Clients, may require the Clients to share such opportunities or otherwise limit the amount of an opportunity the Clients can otherwise take.

***Performance-Based Compensation.*** It generally is not expected that the Registrant will earn or charge performance-based allocations or fees with respect to Managed Accounts, except with respect to certain investments as will be set forth in a Client's Offering and/or Governing Documents. With respect to the Funds, the Registrant or a General Partner (or its affiliates) are expected to be entitled to earn performance-based compensation. To the extent a performance-based allocation or fee is permitted, the existence of the Registrant's or an affiliate's performance-based allocation or fee creates a greater incentive for the Registrant or an affiliate to make more speculative investments on behalf of the Clients, or to time the purchase or sale of investments in a manner motivated by the personal interests of Blackstone personnel rather than the interests of the investors of such Client, in each case than it would have if such performance-based compensation did not exist, as the Registrant or its affiliate receives a disproportionate share of profits above any preferred return hurdle. However, the significant commitment by Blackstone to invest in a Client and the General

Partner clawback, if applicable, should reduce the incentives for the Registrant to make more speculative investments or otherwise time the purchase or sale of investments based on considerations related to performance-based compensation. In addition, current law provides for a lower capital gains tax rate on performance-based compensation from investments held for at least three years. While the Registrant or its affiliates generally intend to seek to maximize pre-tax returns for each Client or other Blackstone Client as a whole, the Registrant or its affiliates, to the extent each may be entitled to receive performance-based compensation, will nonetheless be incentivized, for example, to accelerate deployment of capital at the beginning of a Client's investment period, to hold investments longer to ensure long-term capital gains treatment and/or to realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest, even if such approach may result in a lower return for investors than otherwise would have been generated had such incentives not existed. Furthermore, upon wind-down or termination by Client (or withdrawal, redemption or transfer by an investor from a Client or liquidation of such Client), in certain circumstances, the Registrant and its affiliate may receive performance-based fees with respect to a distribution in-kind of non-marketable securities. The amount of performance-based fees will be dependent on the valuation of the non-marketable securities distributed, which will be determined by the Registrant or its affiliates and could incentivize the Registrant or its affiliates to value the securities higher than if there were no carried interest, resulting in investors receiving securities valued at a price above their actual market value. The Registrant or its affiliates can engage a third party 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. In addition, while not currently expected, if permitted under the terms of the Offering and/or Governing Documents, the Registrant or its affiliates could be entitled to elect to receive its carried interest with respect to an investment in the form of an in-kind distribution of marketable securities, including, but not limited to, for the purpose of permitting one or more Blackstone personnel to donate such securities to charity (which could include private foundations, funds or other charities associated with any such personnel), to the extent permitted by applicable law. Such benefit derived from charitable giving would have the effect of reinforcing and/or enhancing Blackstone's incentives otherwise resulting from the existence of its carried interest and therefore conflicts of interest may arise in making decisions on behalf of a Client or Blackstone Client (including the timing of the disposition of investments). These conflicts may be exacerbated due to the enhanced knowledge and information Blackstone has relative to the investors with respect to such securities.

In addition, the fact that all or a portion of a Client's or Other Client's management fee typically is calculated based on each investor's capital contributions for investments (and also on the amounts borrowed to fund the purchase of investments (if applicable) or, in certain cases, on the net asset value of such Client's or Other Client's portfolio) (rather than on commitments) will generally create an incentive for the Registrant or its affiliates to (i) make more speculative investments than it otherwise would have made if management fees were solely based on capital commitments (whether or not invested), (ii) seek to deploy the capital commitments in investments at an accelerated pace and/or (iii) hold investments longer than it otherwise would have if management fees were based solely on capital

commitments, which in each case may result in a lower return for investors than otherwise would have been generated had such incentives not existed.

***Issuer Relationships.*** Blackstone, portfolio companies of a Client and of Other Clients, including special purpose vehicles formed in connection with investments, are from time to time are and will be counterparties to, or participants in, agreements, transactions and other arrangements with Clients, Other Clients, and portfolio companies of Clients and Other Clients or other Blackstone affiliates for the provision of goods and services, purchase and sale of assets and other matters (including information-sharing and/or consulting). For example, from time to time, certain portfolio companies of a Client or Other Client will provide or recommend goods and services to Blackstone, the Clients, Other Clients, or portfolio companies of the Clients and Other Clients or other Blackstone affiliates (or vice versa). Although the Registrant may determine that such agreements, transactions or other arrangements are consistent with the requirements of such Clients' Offering and/or Governing Documents, such agreements, transactions or other arrangements may not have otherwise been entered into but for the affiliation with Blackstone. Clients will similarly acquire or form one or more portfolio companies that will originate and sell loans or other assets to Blackstone, Other Clients and/or portfolio companies of Other Clients. Subject to the applicable Offering and/or Governing Documents, such transactions may not require the consent of any Client, limited partner advisory committee or any independent client representative or investors. As another example, it can also be expected that Clients or the management of one or more portfolio companies may consult with one another (or with one or more portfolio companies of an Other Client) in respect of seeking its industry expertise, market view, or otherwise on a particular topic including but not limited to assets and/or the purchase and /or sale thereof (and vice versa). Moreover, a Client and/or an Other Client may consult with a portfolio company or a portfolio company of an Other Client as part of the investment diligence for a potential investment by a Client or such Other Client (and vice versa). As a result of or as a part of such interactions or otherwise, personnel (including one or more members of the management team) at one portfolio company may transfer to or become employed by another portfolio company (or a portfolio company of an Other Client), a Client, Blackstone or their respective affiliates (or vice versa). Any such transfer may result in payments by the entity that such personnel is going to, to the entity such personnel is departing from, without obtaining any consent from the Client(s), limited partner advisory committee, an independent client representative or the investors. These agreements, transactions or other arrangements involve fees, commissions, discounts and/or servicing payments to Blackstone, Blackstone affiliates (including personnel) or a portfolio company, none of which will result in a management fee offset or are otherwise shared with the applicable Clients or investors therein, notwithstanding that some of the services that may be provided are similar in nature to the services provided by the Registrant and that certain portfolio companies can be special purpose vehicles created by any such Client. For example, Blackstone reserves the right to cause, or offer the opportunity to, portfolio companies to enter into agreements regarding group procurement (such as the group purchasing organization), benefits management, purchase of title and/or other insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other operational, administrative or management related matters from a third party or an affiliate of Blackstone, and other similar operational initiatives that can result in commissions or

similar payments, including related to a portion of the savings achieved by the portfolio company, and in each case payments made to Blackstone or the Registrant in connection therewith will not reduce or offset management fees. Such Blackstone-affiliated service providers are generally expected to receive market rate fees, and under certain circumstances, will also receive performance-based compensation (as determined by the Registrant, as applicable) with respect to certain investments. The costs of such services will be borne indirectly by the Clients and will not result in any offset to the management fee payable by a Client.

In addition, from time to time employees of Blackstone serve as directors or advisory board members of certain issuers of the Clients' investments or other entities. In connection with such services, the Registrant receives directors' fees or other similar compensation (unless a Client's Offering and/or Governing Documents otherwise provide). Such amounts may, but are not expected to, be material. Any such fees that result in an offset to the management fee payable by a Client (to the extent an offset is provided for in such Client's Offering and/or Governing Documents) only apply to the extent it is made as part of a Client's investment in a portfolio company. As a result, in the case of directors' fees, the management fee will not be reduced or offset to the extent any Blackstone employees or professionals receive directors' fees relating to continued director service after a Client has exited the portfolio company and/or following the termination of such employee's employment with Blackstone. This creates a conflict of interest, as the Registrant or its affiliates will have an incentive to structure employment arrangements in a manner that would not trigger application of a management fee offset (if applicable).

Further, portfolio companies with respect to which a Client may elect members of the board of directors may, as a result, subject such Client and/or such directors to fiduciary obligations to make decisions that they believe to be in the best interests of any such portfolio company. Although in most cases the interests of such Client and any such portfolio company will be aligned, this may not always be the case. This can be expected to create conflicts of interest between the relevant director's obligations to any such portfolio company and its stakeholders, on the one hand, and the interests of a Client, on the other hand. For instance, such positions could impair the ability of a Client to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Client. Furthermore, an employee of Blackstone serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Client, on the other hand, and such employee may be in a position where they must make a decision that is either not in the best interest of the Client, or is not in the best interest of the portfolio company. Blackstone personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Client investing in the portfolio company. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies can be expected to create a conflict of interest. Certain decisions made by a director may subject the Registrant, its affiliates or a Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify the Registrant and Blackstone personnel from such

claims. Although the Registrant will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for a Client.

The Registrant or its affiliates will typically also receive fees associated with capital invested by co-investors relating to investments in which certain Other Clients participate. In such circumstances, such amounts will not be deemed paid to or received by the Registrant or its affiliates in connection with the provision of capital to portfolio companies by Blackstone Clients and such amounts will not result in a management fee offset.

Current and former officers and executives of portfolio companies may invest in or alongside a Client or Other Client. While the Registrant believes this aligns portfolio company management teams with the interests of such Client or Other Client, the Registrant or its affiliates may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

Relatedly, Blackstone and/or Other Clients, including Blackstone Strategic Capital Holdings and its related vehicles/entities and successor funds ("**BSCH**"), regularly make minority investments in alternative asset management firms that are not affiliated with Blackstone, Blackstone Clients and their respective portfolio companies, and which 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 companies. Typically, the Blackstone related party with an interest in the asset management firm would be entitled to receive a share of the performance-based incentive compensation and net fee income or revenue share generated by 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 Blackstone Clients managed by affiliates 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 Blackstone Clients managed by affiliates 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 under the Offering and/or Governing Documents of a Client or for any other purpose, 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 Clients 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 Clients. Certain Clients, their affiliates and their respective portfolio companies will 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 portfolio companies and transactions and other commercial arrangements between such third-party asset managers and a Client and its portfolio companies are not subject to Client consent. There can be no assurance that the terms of these transactions between parties related to Blackstone, on the one hand, and Blackstone Clients and their portfolio companies, 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. There can be no assurance that any such conflicts will be resolved in favor of Clients, such Blackstone Clients or their investors. Clients will not be entitled to receive notice or disclosure of the terms or occurrence of either the investments in alternative asset management firms or transactions therewith and will not receive any benefit from such transactions.

In addition, it is possible that certain portfolio companies of Blackstone Clients or companies in which such Blackstone Clients have an interest will compete with the Clients or their portfolio companies for one or more investment opportunities and/or engage in activities that will have adverse consequences on the Clients and/or their portfolio companies. As an example of the latter, the laws and regulations of certain jurisdictions (*e.g.*, bankruptcy, environmental, consumer protection and/or labor laws) may not recognize the segregation of assets and liabilities as between separate entities and may permit recourse against the assets of not just the entity that has incurred the liabilities, but also the other entities that are under common control with, or part of the same economic group as, such entity. In such circumstances, the assets of the Clients and/or their portfolio companies may be used to satisfy the obligations or liabilities of one or more Blackstone Clients, their portfolio companies and/or affiliates.

In addition, a portfolio company of one Client will from time to time enter into agreements, transactions or other arrangements with another portfolio company of such Client or one or more portfolio companies of an Other Client (including the sale of assets between such portfolio companies). This may give rise to actual or potential conflicts of interest for the Registrant, the Clients and/or their respective affiliates, as such agreements, transactions or arrangements may be more favorable for one portfolio company than another, thus benefitting one Client or Other Client at the expense of the other. Such agreements, transactions or other arrangements may be entered into without the consent or direct involvement of the Client (including the investors therein or limited partner advisory committee, as applicable) and/or such Other Client (or the consent of the limited partner advisory committee and/or the limited partners of such Other Client) (and may arise in particular in circumstances where the Client and/or such Other Client has made a non-controlling investment in the underlying portfolio company). This is because, among other things, portfolio companies of the Client and portfolio companies of Other Clients are not considered affiliates of the Registrant or the Client under the Offering and/or Governing

Documents. In any such case, the Client may not be involved in the negotiation process and the terms of any such agreement, transaction or other arrangement may not be as favorable to the Client as otherwise may be the case if the Client were involved.

Certain portfolio companies may have established or invested in, or can be expected to in the future establish or invest in, vehicles that are managed exclusively by the portfolio companies (and not Clients or the Registrant or any of its affiliates) and that invest in asset classes or industry sectors (such as cyber security) that fall within one or more of Clients' investment strategies. Such vehicles, which would not be considered affiliates of the Registrant and would not be subject to Blackstone's policies and procedures, can be expected to compete with Clients for investment opportunities. Portfolio companies and Blackstone affiliates will also establish other investment products, vehicles and platforms focusing on specific asset classes or industry sectors (such as reinsurance) that can be expected to compete with Clients for investment opportunities (it being understood that such arrangements can give rise to conflicts of interest that may not necessarily be resolved in favor of the Clients). In addition, Clients will often hold non-controlling interests in certain portfolio companies and, as a result, such portfolio companies could engage in activities outside of the Clients' control that may have adverse consequences on the Clients and/or their other portfolio companies.

Blackstone, Other Clients, their portfolio companies, 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 certain Clients and their portfolio companies, such as fees for asset management, development and property management; portfolio operations support; investment management, arranging, underwriting (including, without limitation, evaluation regarding value creation opportunities and ESG risk mitigation), 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; 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; data extraction and management products and services; fees for monitoring and oversight of loans or title insurance provided to portfolio companies or third parties; other products and services (including but not limited to restructuring, consulting, monitoring, commitment, syndication, original, organizational and financing, and divestment services). No such fees and compensation will offset the management fee payable by any Client. In addition, following an exit of a Client's investment in a portfolio company, Other Clients may continue to hold interests (debt and/or equity) in such portfolio company, and Blackstone may begin to earn fees or continue to earn fees from such portfolio company for providing services to such portfolio company, including, but not limited to, capital markets advice, group purchasing and health care brokerage, insurance and other similar services, which in each case will not offset or reduce the management fee payable by the Client. Conflicts of interest are expected to arise when a portfolio company enters into arrangements with Blackstone on or about the time a Client exits its investment in such portfolio company. Such parties will also provide products and services for fees to

Blackstone, Other Clients and their portfolio companies, and their personnel and related parties, as well as third parties, as applicable. Further, such parties could provide products and services for fees to a Client, Other Client and portfolio companies in circumstances where third-party service providers are concurrently providing similar services to a Client, Other Clients and their portfolio companies. Through its Innovations group, Blackstone incubates businesses that can be expected to provide goods and services to certain Clients and Other Clients and their portfolio companies, as well as other Blackstone related parties and third parties. By contracting for a product or service from a business related to Blackstone, certain Clients and their portfolio companies would provide not only current income to the business and their stakeholders, but could also create significant enterprise value in them, which would not be shared with the Clients or their investors (or offset any Client's management fee) and could benefit Blackstone directly and indirectly. Also, Blackstone, Other Clients and their portfolio companies, and their personnel and related parties can be expected to receive compensation or other benefits, such as through additional ownership interests or otherwise, directly related to the consumption of products and services by certain Clients and their portfolio companies. Certain Clients and their portfolio companies will incur expenses in negotiating for any such fees and services, which will be treated as Client expenses. In addition, Blackstone will from time to time 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 Blackstone performs services. Finally, Blackstone and its personnel and related parties will from time to time also receive compensation in connection with referrals and related activities of such businesses incubated by the Blackstone Innovations group. The circumstances described above create an incentive for the Registrant to cause its Clients and their portfolio companies, as applicable, to enter into transactions and arrangements to increase overall compensation to the Registrant or its affiliates even if a better price or terms may be available in the market.

As described in Item 5, a Client will, as determined by the Registrant and as permitted by its Offering and/or Governing Documents, bear the cost of Client account administration, and accounting (including, without limitation, maintenance of a Client's books and records, preparation of valuations and other valuation support services, as applicable (*e.g.*, valuation model and methodology review, review of third party due diligence conclusions and sample testing); preparation of periodic Client reporting and calculation of performance metrics; central administration and depositary oversight (*e.g.*, periodic and ongoing due diligence and coordination of investment reconciliation and asset verification, if applicable); audit support (*e.g.*, audit planning and review of annual financial statements, as applicable); risk management support services (*e.g.*, calculation and review of investment and leverage exposure); ESG and sustainability support services; regulatory risk reporting, data collection and modeling and risk management matters; and tax support services (*e.g.*, annual tax returns)), in-house attorneys to provide transactional legal advice, tax planning and other related services (including, without limitation, entity organization, structuring, due diligence, document drafting and negotiation, closing preparation, post-closing activities (such as compliance with contractual terms and providing advice for investment-level matters with respect to fiduciary and other obligations and issues), litigation or regulatory



matters, reviewing and structuring exit opportunities) provided by Blackstone personnel and related parties to certain Clients and their portfolio companies, including the allocation of their compensation (including, without limitation, salary, bonus, payroll taxes and benefits), and related overhead otherwise payable by the Registrant or Blackstone, or pay for their services at market rates. The services of in-house attorneys generally include, without limitation, services with respect to investments, capital markets or financing transactions, tax or regulatory structuring, supervision of external counsel and service providers, attending internal and external meetings (including investment committee meetings) and communicating with relevant internal and external parties. Such allocations or charges require judgments as to methodology that the Registrant or Blackstone makes in good faith but in its sole discretion, and the Registrant is incentivized to allocate such costs to Clients and portfolio companies to reduce the overhead and expenses of the Registrant and its affiliates. 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 the applicable Client or Blackstone approximating the proportion of certain personnel's time spent with respect to 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 Clients and Other Clients, 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, the provision of such services by Blackstone personnel and related parties and any such methodology (including the choice thereof and any benchmarking, verification or other analysis related thereto) involves inherent conflicts. Any amounts paid to Blackstone and/or its affiliates for such services, as well as the expenses, charges and costs of any benchmarking, verification or other analysis related thereto, will, in certain circumstances, result in incurrence of greater expenses by certain Clients and their portfolio companies than would be the case if such services were provided by third parties. While the Registrant may, in its discretion, obtain benchmarking data regarding third party rates for similar services, relevant comparisons may not be available for a variety of reasons, including as a result of the lack of a substantial market of providers or users of a particular services, confidentiality reasons and the bespoke nature of certain services. As a result, market comparisons may not (and often do not) result in precise comparable data for certain services.

The fees for services provided by such service providers may or may not be at the same rate charged by other third parties, and the Registrant undertakes no obligations to select service providers who may have lower rates. The Registrant generally undertakes no minimum amount of benchmarking, and to the extent the Registrant does engage in benchmarking as described herein, it cannot be assured that such benchmarking will be accurate, comparable, or relate specifically to the assets or services to which such rates or terms relate. Whether or not the Registrant has a relationship with, or receives financial or other benefit from recommending, a particular service provider, there can be no assurance that no other service

provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Registrant and its affiliates, Clients, Other Clients and their portfolio companies, 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 company 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, that, if unaddressed, could tend to incentivize dispositions resulting in distributions to investors in such Client being lower than they otherwise would be in the absence of such conflicts. Moreover, the Registrant and its affiliates, Clients, Other Clients and their portfolio companies, 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.

Except as set forth herein, Clients will not receive the benefit (*e.g.*, through an offset to the management fee payable by a Client or otherwise) of any fees or other compensation or benefit received by the Registrant, its affiliates or their personnel and related parties.

***Portfolio Company Service Providers and Vendors.*** Certain Clients, Other Clients, portfolio companies of each of the foregoing and the Registrant or its affiliates can be expected to engage portfolio companies of such Clients and Other Clients 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 (*e.g.*, treasury, customer due diligence), insurance, procurement, placement, brokerage, consulting, cash management, corporate secretarial and executive assistant services, domiciliation, data management, directorship services, finance/budget, human resources (*e.g.*, the onboarding and ongoing development of personnel), communication, public relations and publicity, information technology/ and software systems support, corporate governance and entity management (*e.g.*, liquidation, dissolution and/or otherwise end of term services), risk management and internal compliance/KYC reviews and refreshes, judicial processes, legal, operational coordination (*i.e.*, coordination with joint venture partners, property managers), environmental and/or sustainability due diligence support, risk management, reporting (*e.g.*, on tax, debt, portfolio or other similar topics), tax, tax analysis and compliance (*e.g.*, CIT and VAT compliance), transfer pricing and internal risk control, treasury and valuation services); (b) borrowing management services (including, without limitation, monitoring, restructuring and work-out of performing, sub-performing and nonperforming loans, consolidation, cash management, financing management, administrative support, and lender relationship management (*e.g.*, coordinating with lender on any ongoing obligations under any relevant borrowing, indebtedness or other credit support (including, any required consultation with or reporting to such lender), loan management services (*e.g.*, administrative services, lender financial reporting, cash management and monitoring), restructuring and work-out of performing, sub-performing and non-performing loans and whole loan mortgage servicing right support services, whole loan transaction support services and mortgage servicing rights support services); (c) management services (*i.e.*, management by a portfolio company, Blackstone affiliate or third

party (e.g., a third party manager or operating partner) of operational services, including personnel); (d) operational services (i.e., general management of day to day operations); (e) risk management (tax and treasury); (f) insurance procurement, placement, brokerage and consulting services; (g) transaction support services (including, without limitation, acquisition support, customer due diligence and related on-boarding, liquidation, reporting, relationship management with brokers, banks, lawyers, accountants, other advisors and other potential sources of investments; working with consultants and third parties to pursue entitlements; identifying potential investments, providing in-house legal, ESG and accounting services, assisting with due diligence, coordinating with investors, assembling relevant information, conducting financial and market analyses and modelling, coordinating closing/post-closing procedures for acquisitions, dispositions, originations and other transactions); and (g) other services. Some of the services performed by portfolio company service providers will be performed by Blackstone from time to time and vice versa. Fees paid by certain Clients or their portfolio companies to the Registrant or the other portfolio company service providers or vendors do not offset or reduce any management fee payable by investors and are not otherwise shared with Clients. Similarly, Other Clients and their portfolio companies can be expected to engage portfolio companies of certain Clients to provide some or all of these services.

Furthermore, in certain circumstances, Blackstone can be expected to play a substantial role in overseeing the personnel of portfolio company service providers that provide services to Clients, Other Clients and/or their portfolio companies on an ongoing basis, including with respect to the selection, hiring, retention and compensation of such personnel. Such personnel or relevant portfolio company could be compensated with a salary and equity incentive plan, including a portion of profits derived from a Client or a portfolio company or asset of the Client, or other long term incentive plans, and the total compensation package is likely to differ from portfolio company to portfolio company, even where such portfolio companies service the same or similar pools of assets held by the Client, Other Clients and/or Blackstone, which may influence decisions by such personnel with respect to allocation of time and/or opportunities to the assets held by the Client and, in certain circumstances, encourage such personnel or portfolio company to focus on assets or pools of assets they view as providing superior compensation and present a potential conflict of interest. In addition, Blackstone has multiple business lines, which may result in competition with a portfolio company for high performing executive talent and presents actual and potential conflicts of interest. For example, Blackstone may “poach” a certain portfolio company executive, or such executive may interview with Blackstone during the applicable contractual period with respect to his or her existing position and later be hired by Blackstone after such period. A portfolio company may want to retain such executives or other employees, and regardless, Blackstone is under no obligation to avoid interviewing or hiring such employees. For example, Blackstone may establish a team of personnel to provide support services exclusively to a particular Client and its portfolio companies (and/or other investment funds or accounts managed or controlled by Blackstone), including with respect to underwriting and diligence.

Portfolio companies of the Clients and Other Clients, some of which can be expected to provide services to the Clients and their portfolio companies include, without limitation, the

following, and may include additional portfolio companies that may be formed or acquired in the future:

*Refinitiv.* On October 1, 2018, a consortium led by Blackstone announced that Other Clients managed by Blackstone had completed an acquisition of Thomson Reuters' Financial & Risk business ("**Refinitiv**"). Refinitiv operates a pricing service that provides valuation services. Refinitiv is expected to perform services for the Clients, their portfolio companies, Other Clients and Blackstone.

*Revantage.* Revantage is a portfolio company of certain Other Clients that provides corporate support services, including, without limitation, accounting, legal, tax, treasury, information technology and human resources. Revantage is expected to performance services for one or more Clients, their portfolio companies, Other Clients and Blackstone.

A Client and its portfolio companies will compensate one or more of these service providers and vendors owned by Clients or Other Clients. Some of these service providers and vendors owned by a Client or Other Clients will charge Clients and their portfolio companies 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 companies 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 Client 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 companies 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, compliance, accounting and other professional fees and disbursements; office space, furniture and fixtures, and equipment; insurance premiums; technology expenditures, (including hardware and software costs, and servicing costs and upgrades related thereto); costs to engage recruitment firms to hire employees; diligence expenses; one-time costs, including costs related to building-out, expanding and winding-down a portfolio company; costs that are of a limited duration or non-recurring (such as start-up or technology build-up costs, one-time technology and systems implementation costs, employee on-boarding, ongoing training and severance payments, and IPO-readiness and other infrastructure costs); taxes; and other operating, establishment, expansion and capital expenditures (including financing and interest thereon). Any of the foregoing costs, although allocated in a particular period, will, in certain circumstances, relate to activities occurring outside the period, and further will, in certain circumstances, be of a general and administrative nature that is not specifically related to particular services, and therefore a Client could pay more than its pro rata portion of fees for services. In addition, in certain circumstances, the Registrant also relies on the management team of a portfolio company with respect to the determination of costs and expenses and allocation thereof and does not oversee or participate in such determinations or allocations. Moreover, to the extent a portfolio company uses an allocated cost model with

respect to fees, costs and expenses, such fees, costs and expenses are typically estimated and/or accrued quarterly (or on another regular periodic basis) but not finalized until year-end and as a result, such year-end true-up is subject to fluctuation and increases such that for a given year, the year-end cumulative amount with respect to fees, costs and expenses may be greater than the sum of the quarterly estimates (or other periodic estimates where applicable) and/or accruals and therefore Clients could bear more fees, costs and expenses at year-end than had been anticipated throughout the year. 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, and the particular methodology used to allocate such overhead among the entities and assets to which services are provided is expected to vary depending on the types of services provided and the applicable asset class involved and could, in certain circumstances, change from one period to another. There can be no assurance that a different manner of allocation would result in a Client and its portfolio companies bearing less or more costs and expenses. In addition, a portfolio company that uses a “cost” basis methodology may, in certain circumstances, change its allocation methodology, for example, to charging a flat fee for a particular service or instance (or vice versa) or to another methodology described herein or otherwise, and such changes may increase or reduce the amounts received by such portfolio companies for the same services. In certain circumstances, particularly where such service providers and vendors are located in Europe or Asia, such service providers and vendors will charge a Client and its portfolio companies for goods and services at cost plus a percentage of cost for transfer pricing or other tax, legal, regulatory, accounting or other reasons or even decide to amortize any costs or expenses to address accounting or operational considerations. Further, a Client and its portfolio companies will compensate one or more of these service providers and vendors owned by a Client or Other Clients through incentive-based compensation payable to their management teams and other related parties. The incentive-based compensation paid with respect to a portfolio company or asset of a Client or Other Clients will vary from the incentive-based compensation paid with respect to other portfolio companies and assets of a Client and Other Clients; as a result the management team or other related parties can be expected to have greater incentives with respect to certain assets and portfolio companies relative to others, and the performance of certain assets and portfolio companies may provide incentives to retain management that also service other assets and portfolio companies. Blackstone is not expected to 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, or in respect of incentive-based compensation. There can be no assurances that amounts charged by portfolio company service providers that are not controlled by a Client or Other Client will be consistent with market rates or that any benchmarking, verification or other analysis will be performed with respect to such charges. In addition, while it is expected that a Client or Other Clients will engage in long-term or recurring contracts with portfolio company service providers, the Registrant may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time. With respect to any benchmarking performed, the related benchmarking expenses will be borne by Clients, Other Clients and their respective portfolio companies and will not offset management fees.

In certain circumstances, a Client and Other Client will enter into fee arrangements with portfolio company service providers (including instances where the fee is a cost-plus fee, i.e., is structured as the cost of services plus a fixed percentage). Where portfolio company service providers have entered into such fee arrangements, there may be situations where the portfolio company service provider's tax liabilities that are associated with the income received from a Client and/or Other Client could be passed along to the Client such that the Client would ultimately be responsible for bearing such expenses. Accordingly, the Registrant may have an incentive to structure its fee arrangements with portfolio company service providers in such a manner where a Client or an Other Client may bear all or a portion of such portfolio company service providers tax liabilities. As further noted above, no fees charged by these service providers and vendors in the fee arrangement discussed in this paragraph will offset or reduce management fees, unless otherwise required by the relevant Offering and/or Governing Documents.

A portfolio company service provider will, in certain circumstances, subcontract certain of its responsibilities to other portfolio companies of Clients and Other Clients. In such circumstances, the relevant subcontractor could invoice the portfolio company 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 company, 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 Clients and their portfolio companies and Blackstone can be expected to engage portfolio companies of a Client to provide services, and these portfolio companies will generally charge for services in the same manner described above, but a Client and its portfolio companies generally will not be reimbursed for any costs (such as start-up costs or technology build-up costs) relating to such portfolio companies incurred prior to such engagement.

Clients, Other Clients and their portfolio companies 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 Clients and their portfolio companies that also use the services of the portfolio company service provider will, directly or indirectly, pay the difference, or the portfolio company service provider will bear a loss equal to the difference. Moreover, in certain circumstances, the joint venture partner may be allocated fees, costs and expenses pursuant to a different methodology than a portfolio company's standard allocation methodology, which could result in a Client or its portfolio companies being allocated more fees, costs and expenses than they would otherwise be allocated solely pursuant to such standard allocation methodology.

Portfolio company service providers described in this section are generally owned and controlled by one or more Blackstone vehicles, such as a Client and Other Client. 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 (or the employees, leases, contracts or office assets of one service provider to another service provider) from a Client to an Other Client, or from an Other Client to a Client. The transfer of

a portfolio company service provider (or the employees, leases, contracts or office assets of such service provider) between a Client and an Other Client (where a Client may be, directly or indirectly, a seller or a buyer in any such transfer) will generally be consummated for minimal or no consideration, and subject to the Offering and/or Governing Documents of the Client. The Registrant may, but is not required to, obtain a third-party valuation confirming the same, and if it does, the Registrant is permitted to rely on such valuation. Portfolio companies of a Client and Other Clients are not considered “Affiliates” of Blackstone, the Registrant or a Client under the Offering and/or Governing Documents and therefore are not covered by affiliate transaction restrictions included in the Offering and/or Governing Documents, such as the requirement to obtain consent from the Client (including the limited partner advisory committee or investors therein, as applicable), in certain circumstances.

In addition, in the event of the disposition of a portfolio company (whether by way of transfer to a Client, an Other Client, a portfolio company of the foregoing or Blackstone, as described herein, or by way of a sale to a third party), such portfolio company may continue to provide some or all of the services described herein to Clients, Other Clients, portfolio companies of the foregoing or Blackstone, as applicable, even for a substantial period of time following such disposition.

***Service Providers, Vendors and Other Counterparties Generally.*** Certain third party advisors and other service providers and vendors to certain Clients and their portfolio companies (including accountants, administrators, paying agents, depositories, lenders, bankers, brokers, attorneys, consultants, title agents and investment or commercial banking firms) are owned by Blackstone, Clients or Other Clients or provide goods or services to, or have other business, personal, financial or other relationships with, Blackstone, Other Clients and their respective portfolio companies and affiliates and personnel. Such advisors and service providers referred to above are investors in Blackstone Clients, affiliates, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or Other Clients have an investment, and payments by Clients and/or such entities can be expected to indirectly benefit Blackstone, Other Clients and their respective portfolio companies or any affiliates or personnel. Also, advisors, lenders, investors, commercial counterparties, vendors and service providers (including any of their affiliates or personnel) to certain Clients and their portfolio companies could have other commercial or personal relationships with Blackstone, Other Clients and their respective portfolio companies, 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 influence Blackstone in deciding whether to select, recommend or form such an advisor or service provider to perform services for Clients or a portfolio company, the cost of which will generally be borne directly or indirectly by Clients 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, resulting in higher fees and expenses being borne by a Client,

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 the Clients and its portfolio companies to use other Blackstone-affiliated service providers and vendors in connection with the business of the Clients, portfolio companies, 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 reduce the management fee payable by the Client and are not otherwise shared with the Client unless required by the Offering and/or Governing Documents. 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 available to certain Clients and their portfolio companies for the same services. However, legal fees for unconsummated transactions are often charged at a discounted rate, such that if certain Clients and their portfolio companies consummate a higher percentage of transactions with a particular law firm than Blackstone, Clients, Other Clients and their portfolio companies, the investors could indirectly pay a higher net effective rate for the services of that law firm than Blackstone, Clients or Other Clients or their portfolio companies. 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 certain Clients and their portfolio companies are different from those used by Blackstone, Other Clients and their portfolio companies, and their affiliates and personnel, certain Clients and their portfolio companies can be expected to pay different amounts or rates than those paid by such other persons. Similarly, Blackstone, Clients, the Other Clients and their portfolio companies 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 certain factors, including without limitation, the volume of transactions entered into with such counterparty by the Registrant, certain Clients and their investments and/or portfolio companies in the aggregate or other factors, which may include early adoption, timing and other similar reasons.

**Insurance.** The Registrant has the power to cause one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Client, the Registrant, Blackstone, the General Partners and/or their respective directors, officers, employees, agents, representatives, limited partner advisory committee members (as applicable), independent client representatives (if any), representatives and other indemnified parties (and in certain circumstances, such



person's agents and representatives) ("**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 the Client and one or more Other Clients, the Registrant, Blackstone and/or Indemnified Parties. The Registrant will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella," group or other insurance policies among the Client and one or more Other Clients, the Registrant and/or 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.

Similarly, Clients and their portfolio companies will from time to time enter into arrangements with Other Clients and their respective portfolio companies whereby property and/or other types of insurance is procured as a group where the insurance provider may charge lower premiums to the group than it would on an individual property-by-property basis. In such event, the obligation to pay the premiums may be allocated in accordance with the relative values of the respective assets that are insured by such policies (or other factors that Blackstone may reasonably determine). Additionally, certain Clients and Other Clients (and their respective portfolio companies) will in certain circumstances jointly contribute to a pool of funds that may be used to pay losses that are subject to the deductibles on any group insurance policies, which contributions can be expected to similarly be allocated in accordance with the relative values of the respective assets that are insured by such policies (or other factors that Blackstone may reasonably determine).

In respect of certain of such insurance arrangements, Blackstone will make corrective allocations from time to time should they determine subsequently that such adjustments are necessary or advisable. Such allocations involve conflicts of interest and there can be no assurance that different allocations or arrangements than those implemented by Blackstone as provided above would not result in the Client bearing less (or more) premiums, deductibles, fees, costs and expenses for insurance policies.

***Charitable and Political Contributions.*** To the extent permitted by applicable law, the Registrant may, from time to time, require, cause or invite a Client and/or a portfolio company to make contributions to charitable initiatives, certain communities and/or related organizations or other non-profit organizations that the Registrant believes could, directly or indirectly, enhance the value of a Client's investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, a Client or its portfolio companies. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of Blackstone, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with Blackstone, Clients, Other Clients or their portfolio companies. These relationships could influence the Registrant's decision whether to require, cause or invite Clients or portfolio companies to make charitable contributions. Further, from time to time,

such charitable contributions by Clients or the portfolio companies could supplement or replace charitable contributions that Blackstone would have otherwise made. Also, in certain instances, the Registrant may, from time to time, select a service provider or other counterparty to a Client or its investments based, in part, on the charitable initiatives of such person where the Registrant believes such charitable initiatives could, directly or indirectly, enhance the value of a Client's investments or otherwise be beneficial to the portfolio companies.

A portfolio company and/or, less commonly, a Client on behalf of a portfolio company may, in the ordinary course of its business, make political contributions to elected officials, candidates for elected office or political organizations, hire lobbyists or engage in other permissible political activities in U.S. or non-U.S. jurisdictions with the intent of furthering its business interests or otherwise. Portfolio companies are not considered affiliates of the Registrant (and in some cases are not controlled by the Registrant), and therefore such activities are not subject to relevant policies of the Registrant and such activities may be undertaken by a portfolio company without the knowledge or direction of the Registrant. In other circumstances, there may be initiatives where such activities are coordinated by Blackstone for the benefit of one or more portfolio companies. In certain circumstances, the interests of such portfolio companies (which such activities are designed to promote) may not align with or be adverse to the interests of other portfolio companies, the Clients, Other Clients or their investors. The costs of such activities may be allocated among those portfolio companies (and borne indirectly by the Clients). The costs of such activities may be allocated among those portfolio companies (and borne indirectly by the investors therein). While the costs of such activities will typically be borne by the portfolio company (and indirectly the Client) undertaking such activities, such activities could also directly or indirectly benefit other portfolio companies, Other Clients or Blackstone.

Any such charitable contributions or political contributions made by Clients or the portfolio companies, if material, could affect such Client's performance in respect of the relevant investment and will not offset management fees payable by such Client. There can be no assurance that any such activities will actually be beneficial to or enhance the value of a Client or the portfolio companies, or that the Registrant will be able to resolve any associated conflict of interest in favor of the Clients.

***Other Blackstone Businesses and Activities.*** Blackstone has multiple business lines, including the Blackstone Capital Markets Group, which Blackstone, Clients, portfolio companies of Clients and third parties will, from time to time, 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 expects from time to time to come into possession of information that limits the Clients' 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 Registrant or certain of its affiliates that would be relevant to monitoring the Clients' investments and other activities. Additionally, Blackstone or Other Clients can be expected to enter into covenants that

restrict or otherwise limit the ability of a Client or its portfolio companies and their affiliates to make investments in, or otherwise engage in, certain businesses or activities. For example, Other Clients could have granted exclusivity to a joint venture partner that limits the Client and Other Clients from owning assets within a certain distance of any of the joint venture's assets, or Blackstone or an Other Client could have entered into a non-compete in connection with a sale or other transaction, including, without limitation, that Blackstone, Clients, Other Clients, joint venture partners and/or their respective portfolio companies and affiliates will not make investments or otherwise engage in any business or activity if such investment, business or activity could adversely affect or materially delay obtaining regulatory or other approvals in connection with any such purchase, sale or other transaction. These types of restrictions from time to time will negatively impact the ability of certain Clients to implement their investment program. 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 the Client will not benefit from their experience. Client investors will not receive a benefit from any fees earned by Blackstone or its personnel from these other businesses (or receive any management fee offset).

As part of its regular business, Blackstone provides a broad range of services. In addition, from time to time Blackstone will provide services in the future beyond those currently provided. Investors will not receive any benefit from (or any management fee offset relating to) any fees relating to such services earned by Blackstone.

The Registrant will from time to time consider and reject an investment opportunity on behalf of one Client and Blackstone or an affiliate will from time to time subsequently determine to have another Blackstone Client make an investment in the same asset. A conflict of interest arises because one Client or an Other Client will, in such circumstances, benefit from the initial evaluation, investigation and diligence undertaken by the Registrant on behalf of the original Client considering the investment. In such circumstances, the benefitting other Client or Other Client will not be required to reimburse the original Client for expenses incurred in researching such investment.

In the regular course of its capital markets, investment banking, real estate, advisory and other businesses, Blackstone represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to other transactions that are suitable for certain Clients. In such a case, a Blackstone Client would typically require Blackstone to act exclusively on its behalf. Such Blackstone Client requests may preclude certain Clients and/or Other Clients from participating in related transactions that would otherwise be suitable. Blackstone will be under no obligation to decline any such engagements in order to make an investment opportunity available to such Clients and, as a result, experiences a conflict of interest because it is incentivized to enter into an arrangement with one Client to generate additional compensation to Blackstone where such arrangement may be detrimental to another Client.

In connection with its capital markets, investment banking, real estate, advisory and other businesses, Blackstone will from time to time determine that there are conflicts of interest or come into possession of information that limits its ability to engage in potential transactions. The activities of the Clients are expected to be constrained as a result of such conflicts of interest and the inability of Blackstone personnel to use such information. For example, employees of Blackstone from time to time are prohibited by law or contract from sharing information with employees of other Blackstone affiliates, including the Registrant. Additionally, there are expected to be circumstances in which one or more of certain individuals associated with Blackstone will be precluded from providing the Registrant services related to the Clients' activities because of certain confidential information available to those individuals or to other parts of Blackstone. Blackstone is under no obligation to decline any such engagements or investments in order to make an investment opportunity available to one or more Clients.

Blackstone and its employees have long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on a Client's behalf, the Registrant will consider those relationships (including any incentives or disincentives as part of such relationship) when evaluating an investment opportunity, and such relationship can be expected to influence the Registrant's decision to make or not make a particular investment on a Client's behalf. Clients are expected to also co-invest with Other Clients of Blackstone in particular investments, and the relationship with such clients could influence the decisions made by the Registrant with respect to such investments. Blackstone is under no obligation to decline any engagements or investments in order to make an investment opportunity available to Clients (e.g., investments in a competitor of a Client or other person with whom Blackstone has a relationship). A Client may be required to sell or hold existing investments when it otherwise would be more beneficial to such Client not to do so as a result of investment banking relationships or other relationships that Blackstone may have or transactions or investments that Blackstone may make or has made. The Clients may also co-invest with Blackstone Clients in particular investment opportunities, and the relationship with such Blackstone Clients could influence the decisions made by the Registrant with respect to such investments. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to the Clients. In addition, the Clients can invest in securities of the same issuers as Blackstone Clients. When such investments are made, the Clients and Blackstone Clients are expected to have conflicting interests and such conflicts may not be resolved in favor of such Clients. See also "Other Affiliate Transactions and Investments in Different Levels of Capital Structure" below for further information on these situations.

A Client from time to time also co-invests with Other Clients 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 Registrant with respect to such investments and otherwise result in a conflict that may not be resolved in favor of such Client. 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

also **Item 12 – Brokerage Practices** for further information regarding allocation of investment opportunities.

Also, Blackstone will represent creditors or debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to such proceedings 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.

Blackstone, Clients and Other Clients could acquire interests in a Client or Other Client in the secondary market. Blackstone, Clients and Other Clients would generally have greater information than counterparties in such transactions, and the existence of such business could produce conflicts, including with respect to the valuation of such Client or Other Clients investments, that could lead to less favorable terms for the Client or Other Client whose interests are acquired than would be obtained in a transaction with a third-party counterparty.

Blackstone, its related parties and personnel will from time to time participate in underwriting or lending syndicates with respect to current or potential portfolio companies of a Client, or otherwise be involved in and/or act as arrangers of financing, including with respect to the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, such Client and its portfolio companies, or otherwise in arranging financing (including loans) for such portfolio companies. Such underwritings, financings or engagements may be on a firm commitment basis or may be on an uncommitted “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 also provides placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by portfolio companies and Other Clients. There may also be circumstances in which a Client commits to purchase any portion of such issuance from its portfolio company, some or all of which portion a Blackstone broker-dealer intends to syndicate to third parties. As a result thereof, Blackstone may receive commissions or other compensation, thereby creating a potential conflict of interest, incentivizing Blackstone to enter into transactions on terms less beneficial to a Client than may be obtained in the absence of such conflict. This could include, by way of example, fees and/or commissions for equity syndications to co-investment vehicles. In certain cases, a Blackstone broker-dealer will act as the managing underwriter or a member of the underwriting syndicate or broker for a Client or its portfolio companies, or as dealer, broker or advisor to a counterparty to the Client or a portfolio company and purchase securities from or sell securities to the Client, Other Clients or their portfolio companies or advise on such transactions. Blackstone will also from time to time, on behalf of the Clients or other parties to a transaction involving the Clients, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to Blackstone by a Client or its portfolio companies 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, capital markets advisory fees, lending arrangement fees, asset/property management fees, insurance fees (including title insurance) fees and 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 or a Blackstone Client or account is purchasing debt) or other compensation with respect to the foregoing activities, none of which are required to be shared with the Clients or the investors or the Registrant. In addition, the management fee with respect to a Client or the investors therein generally will not be reduced by such amounts. Therefore, Blackstone will have a potential conflict of interest regarding the Clients and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties that would incentivize Blackstone to cause the Clients to enter into such transactions they may not have otherwise entered into in the absence of such conflict or to use a Blackstone broker-dealer rather than a third party even if a third party could have provided such services at lower rates. The Registrant has sole discretion to approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Client, or as dealer, broker or advisor, on the other side of a transaction with a Client if the Registrant believes in good faith that such transactions are appropriate for such Client.

Sales of loans or securities for the accounts of certain Clients and their portfolio companies will from time to time be bunched or aggregated with orders for other accounts of Blackstone including Other Clients. It could be impossible, as determined by Blackstone 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 or loans of a Client or its portfolio companies, a Client and such portfolio companies could be subject to a “lock-up” period following the offering under applicable regulations during which time a Client or portfolio company would be unable to sell any securities subject to the “lock-up.” This may prejudice the ability of certain Clients and their portfolio companies to dispose of such securities at an opportune time. This raises a conflict of interest because, though it could be detrimental to the interest of a Client, Blackstone is incentivized to enter into such arrangements to increase overall compensation to Blackstone, which compensation is not shared with Clients.

On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners Inc. (“**PJT**”), an independent financial advisory firm founded by Paul J. Taubman. While the 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 companies, 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 Registrant to select or recommend PJT to perform services for a Client or its portfolio companies, 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 Registrant and its affiliates are able to cause a Client and portfolio companies to transact with PJT generally without restriction under the Organizational Documents of such Client, notwithstanding the relationship between Blackstone and PJT. In addition, one or more investment vehicles controlled by Blackstone have been established to facilitate participation in Blackstone's side-by-side investment program by employees and/or partners of PJT.

In addition, other present and future activities of Blackstone and its affiliates (including the Registrant) will from time to time give rise to additional conflicts of interest relating to the Clients and their investment activities. In the event that any such conflict of interest arises, the Registrant will attempt to resolve such conflict in a fair and equitable manner and, where contemplated by the applicable Client's Offering and/or Governing Documents, will consult with or seek the consent of the applicable Client. Investors should be aware that conflicts will not necessarily be resolved in favor of the applicable Client's interests.

In addition, pursuant to the Offering and/or Governing Documents of the Funds, a limited partner advisory committee has or will be established and authorized to give consent on behalf of such Funds with respect to certain matters as described more fully in such Offering and/or Governing Documents. If a limited partner advisory committee or the independent client representative (if any) consents to a particular matter and the Registrant acts in a manner consistent with, or pursuant to the standards and procedures approved by, such limited partner advisory committee or the independent client representative (if any), or otherwise as provided in the Offering and/or Governing Documents, then the Registrant and its affiliates will not have any liability to the applicable Fund or the Fund investors for such actions taken in good faith by them. However, the limited partner advisory committee will not represent the interests of all the Fund investors, each member of the limited partner advisory committee may act in the interests of the Fund investors with which it is associated, and the members of limited partner advisory committee may themselves be subject to various conflicts of interest. In general, the Fund investors will not be entitled to control the selection of members of the limited partner advisory committee or to review the actions or deliberations of the limited partner advisory committee. Furthermore, some or all of the members of the limited partner advisory committee may also be on the advisory committee of Other Clients with which there is a potential conflict or may represent investors that have an interest in both the Funds and such Other Clients. Such limited partner advisory committee members will generally not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve actual or potential conflict of interests.

***Transactions with Clients of Blackstone Insurance Solutions.*** Blackstone Insurance Solutions ("BIS") is a business unit of Blackstone that comprises two affiliated registered investment advisers. BIS provides investment advisory services to insurers (including

insurance companies that are owned, directly or indirectly, by Blackstone or Other Clients, in whole or in part). Actual or potential conflicts of interest will arise with respect to the relationship of Clients and their portfolio companies with the funds, vehicles or accounts BIS advises or sub-advises, including accounts where an insurer participates in investments directly and there is no separate vehicle controlled by Blackstone (collectively, “**BIS Clients**”). BIS Clients, including BIS Clients with whom the Registrant also has an advisory relationship (and therefore are also Clients of the Registrant), have invested and are expected to continue investing in Other Clients. BIS Clients have investment objectives that overlap with those of Clients or their portfolio companies, and such BIS Clients invest alongside Clients or their portfolio companies in certain investments, which will reduce the investment opportunities otherwise available to Clients or their portfolio companies. BIS Clients will also participate in transactions related to Clients or their portfolio companies (e.g., as originators, co-originators, counterparties or otherwise) and receive fees or terms with respect to such transactions that may be less favorable to Clients or their portfolio companies than would have otherwise been obtained in a similar transaction with an unaffiliated third party. Other transactions in which BIS Clients will participate include, without limitation, investments in debt or other securities issued by portfolio companies or other forms of financing to portfolio companies (including special purpose vehicles established by Clients or such portfolio companies). When investing alongside Clients or their portfolio companies or in other transactions related to Clients or their portfolio companies, BIS Clients may or may not invest or divest at the same time or on the same terms as Clients or their portfolio companies. BIS Clients may also from time to time acquire or sell investments and portfolio companies directly or indirectly from or to Clients, which creates a conflict of interest. See “Cross and Principal Transactions” below for additional information. In circumstances where the Registrant determines in good faith that the conflict of interest is mitigated in whole or in part through various measures that Blackstone or the Registrant implements, the Registrant is not required and does not intend to seek approval of the Client (or investors therein). In order to seek to mitigate any potential conflicts of interest with respect to such transactions (or other transactions involving BIS Clients), Blackstone may, in its discretion, involve independent members of the board of a portfolio company or a third party stakeholder in the transaction to negotiate price and terms on behalf of the BIS Clients or otherwise cause the BIS Clients to “follow the vote” thereof, and/or cause an independent client representative or other third party to approve the investment or otherwise represent the interests of one or more of the parties to the transaction. In addition, Blackstone or the Registrant may limit the percentage interest of the BIS Clients participating in such transaction, or obtain appropriate price quotes or other benchmarks, or, alternatively, a third-party price opinion or other document to support the reasonableness of the price and terms of the transaction. BIS will also from time to time require the applicable BIS Clients participating in a transaction to consent thereto (including in circumstances where the Registrant does not seek consent of the Client(s) (or investors therein)). There can be no assurance that any such measures or other measures that may be implemented by Blackstone will be effective at mitigating any actual or potential conflicts of interest. Moreover, 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 Offering and/or Governing Documents of any Client, in which case any limitations



or obligations pursuant to the Offering and/or Governing Documents with respect to transactions with affiliates will not apply.

***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 certain Clients and Other Clients. Such allocations generally would be based on Blackstone's determination of, among other things, the expected returns and risk profile of each of the assets and in any such case the combined purchase price paid to a seller would be allocated among the multiple assets, securities or instruments based on a determination by the seller, by a third-party valuation firm and/or by the Registrant and its affiliates. For example, some of the assets in a pool may have an opportunistic return profile, while others may have a lower return profile not appropriate for certain Clients. Also, a pool may contain both debt and equity instruments that Blackstone determines should be allocated to different funds. Similarly, there will likely be circumstances in which Clients and Other Clients will sell assets in a single or related transactions to a buyer. In that regard, the contractual purchase price paid to a seller or received from a buyer would be allocated among the multiple assets, securities and instruments in the pool, and therefore among Clients and Other Clients acquiring or selling any of the assets, securities and instruments, in accordance with the allocation of value in respect of the transaction (*e.g.*, accounting, tax or different manner), although Blackstone could, in certain circumstances, allocate value to the Clients and such Other Clients on a different basis. For example, a counterparty could utilize an allocation of value in the purchase or sale contract, though Blackstone could determine such allocation of value is not appropriate 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 Clients 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.

***Other Affiliate Transactions and Investments in Different Levels of Capital Structure.***

From time to time, the Clients invest in securities of the same issuers as Other Clients, including at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities or loans, or in special purpose vehicles formed by issuers (and in certain circumstances the Registrant may be unaware of such Other Client's investment or the size of the Other Client's investments, as a result of information walls or otherwise). Such investments may be made by a Client and Other Clients simultaneously or sequentially and may include instances where the Client provides debt financing (which may take the form of a loan facility, a security issuance or a Securitization (as defined below)) to an Other Client or a portfolio company controlled by an Other Client. In addition, from time to time a Client could hold an investment in a different layer of the capital structure than an investor or another party with which the Registrant has a material relationship, in which case the

Registrant could have an incentive to cause the Client or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements). Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities – for example, Clients may represent the controlling class in respect of a financing and as such, may be required to make decisions for all investors, including Blackstone Clients in the capital structure and vice versa. To the extent a Client holds securities or loans that differ (including with respect to their relative seniority) from those held by Other Clients in the same investment or portfolio company, the Registrant and their affiliates may be presented with decisions when the interests of the Clients are in conflict. For example, conflicts could arise where a Client lends funds to a portfolio company while an Other Client invests in equity securities of such portfolio company. In this circumstance, for example, if a portfolio company were to go into bankruptcy, become insolvent or otherwise be unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of securities or loans as to what actions the portfolio company should take. Further conflicts could arise after the Clients have made their respective initial investments. In addition, Clients could invest in loans to a portfolio company where the collateral includes limited partner interests in other Blackstone Clients, including Blackstone-managed pooled investment vehicles. In such cases, the Registrant and its affiliates would be presented with conflicts in determining whether to foreclose on loans secured by such interests and the Registrant and its affiliates would be presented with conflicts in managing such interests in the event foreclosed upon for the benefit of Clients. If Clients were to become owners of such interests upon foreclosure, Clients may be disadvantaged by limitations on Registrant’s ability as manager to take certain actions with respect to Blackstone-affiliated interests, including an inability to exercise voting rights. Similarly, if the Client originates senior debt financing collateralized by certain cash generating assets that are contributed by an Other Client or a portfolio company controlled by an Other Client and held in a bankruptcy remote special purpose vehicle (a **“Securitization”**), conflicts may arise where an Other Client holds different interests in such portfolio company or relating to the Securitization. Furthermore, though not expected, the terms or pricing of the Client’s investment in a Securitization portfolio company could be less favorable than would be the case if such Other Client did not hold an interest in such portfolio company. Further conflicts could arise after the Client and Other Clients have made their respective initial investments. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of Clients to provide such additional financing. If Other Clients were to lose their respective investments as a result of such difficulties, the ability of the Registrant to take actions in the best interests of such Client might be impaired. Clients could also invest in instruments issued directly by other Blackstone Clients, such as publicly traded debt, and in such cases the Registrant and its affiliates would have conflicts of interest in determining whether to purchase, hold or sell such instruments, and the Registrant may be limited in its ability to manage or sell such investments due its affiliation with the Blackstone Client issuer. The Registrant may in its discretion take steps to reduce the potential for adversity between such Client and the Other Clients, including causing Clients to take certain actions that, in the absence of such conflict, they would not take and such steps could disadvantage the Client. Such conflicts will be more difficult if the Client and Other Clients hold significant or controlling interests in competing

or different tranches of a portfolio company's capital structure. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In addition, there may be circumstances where the Registrant agrees to implement certain procedures to ameliorate conflicts of interest that involve a forbearance of rights relating to Clients, such as where the Registrant causes the Clients to decline to exercise certain control- and/or foreclosure-related rights with respect to a portfolio company (including following the vote of other third party lenders generally (or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities), subject to certain limitations. There can be no assurance that any conflict will be resolved in favor of the Clients. There can be no assurance that the return on a particular Client's investment will be equivalent to or better than the returns obtained by Other Clients participating in the transaction. In addition, it is possible that in a bankruptcy proceeding, a Client's interests may be subordinated or otherwise adversely affected by virtue of an Other Client's or other vehicle's involvement and actions relating to its investment. For example, in circumstances where a Client holds a junior mezzanine interest in a portfolio company, holders of more senior classes of debt issued by such portfolio company (which may include Other Clients) may take actions for their benefit (particularly in circumstances where such portfolio company faces financial difficulties or distress) that further subordinate or adversely impact the value of such Client's investment in such portfolio company.

In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that any conflict will be resolved in favor of a Client and a decision by the Registrant or its affiliates to take any particular action could have the effect of benefiting an Other Client (and, incidentally, may also have the effect of benefiting Blackstone) and therefore may not have been in the best interests of, and may be adverse to, the Client. There can be no assurance that the return on such Client's investment will be equivalent to or better than the returns obtained by the Other Clients participating in the transaction. Investors in such Client will not receive any benefit from fees paid to any affiliate of Blackstone from a portfolio company in which an Other Client also has an interest.

Furthermore, where Clients participate in investments alongside Other Clients of Blackstone and its affiliates, the Clients and such investments also will be subject to Blackstone's and its affiliates' policies and procedures designed to mitigate conflicts of interest. Such policies are designed to ameliorate conflicts, but may have a detrimental effect on the ability of the Registrant to exercise certain rights or take certain actions with respect to an investment that may be detrimental to the Client (and such policies may differ from the conflicts policies of the Registrant in a manner that is detrimental to the Client). For example, in order to mitigate certain conflicts of interest, Blackstone, the Registrant or the Client, may: be recused from participating in any decisions relating or with respect to such investment; rely upon a third party to make the decisions regarding the investment; and implement certain procedures or restrictions with respect to the investment, including, without limitation, maintaining a non-controlling interest in any such investment and agreeing to a forbearance of rights.

To the extent the Client is required to “follow the vote” of other similarly situated third parties (if any) in voting and governance matters where conflicts of interest exist, the Registrant will have a limited ability to separately protect the Client’s investment and will be dependent upon such third parties’ actions (which may not be as capable as the Registrant or its affiliates and may have other conflicts arising from their other relationships, both with Blackstone and other third parties that could impact their decisions). In addition, a Client may forego its consent rights as a lender, in which case the other lenders, borrowers or the servicer may exercise the consent rights. Despite these, and any of the other actions described herein that Blackstone may take to mitigate conflicts, Blackstone may be required to take action when it will have conflicting loyalties between its duties to the Client and Other Clients, which may adversely impact the Client.

***Continuation Vehicles and Continuation Transactions.*** The Registrant could, subject to the requirements of the Offering and/or Governing Documents, from time to time establish other investment vehicles for the purpose of purchasing one or more investments from a Client (sometimes, but not always, where the selling Client is approaching the end of its term or is winding down) in connection with, or alongside another Client making an investment (such vehicles, “**Continuation Vehicles**” and such transactions, “**Continuation Transactions**”). In such circumstances, the Registrant is acting on behalf of, and making the investment decision for, both a Client and the applicable Continuation Vehicle. As a result, Continuation Transactions implicate conflicts of interest between the Client and the Continuation Vehicle more generally. Further, with respect to any investment opportunities falling within a Client’s investment objectives or strategy involving interests in portfolio companies of Clients or Other Clients that are the subject of a fund restructuring or similar transaction, investors in such funds may be expected to have priority rights to roll over their existing interests or otherwise reinvest in such portfolio companies (e.g., through a newly formed “continuation fund”) in connection therewith, such that a Client is not allocated all or any part of any such investment opportunity. Further, because the Registrant and/or its affiliates will have the opportunity to earn additional management fees and/or receive, if applicable, additional performance-based compensation and other benefits in respect of such Continuation Transactions and because each purchaser’s commitment to acquire interests in a Continuation Vehicle will ordinarily be conditioned upon completion of the Continuation Transaction, the Registrant will have a potential conflict of interest in determining transaction terms and participants. While certain conflicts of interest related to Continuation Transactions, the Registrant and relevant affiliates will take the actions they determine appropriate to mitigate the conflict, which could include seeking approval by the Client, among other actions as set forth herein.

***Simultaneous Transactions.*** There may be instances where Blackstone negotiates transactions with counterparties that involve a Client, an Other Client and/or Blackstone in different capacities. For example, a Client may sell or purchase an interest in a portfolio company to or from a counterparty (such as another sponsor’s fund), while the same counterparty acquires or sells an interest in a portfolio company of an Other Client or Blackstone. While these transactions may be separate or non-contingent, due to the simultaneous or closely related timing of these transactions, there may be actual or perceived conflicts of interest in connection with such transactions due to Blackstone’s

duties to a Client on one hand, and such Other Client or Blackstone participating in the related transaction on the other, for example with respect to ensuring each transaction is separately in the best interest of the applicable Other Client and a Client and that the valuations are fair and reasonable to each respective fund, among other things. To mitigate such conflicts, Blackstone could, for example, negotiate each such transaction independently and ensure there is not a cross-conditioned closing of the two transactions, to ensure that the terms of each such transaction stand on their own.

***Blackstone Affiliated Service Providers.*** In addition to the service providers (including portfolio company service providers) and vendors described above, a Client and its portfolio companies will engage in transactions with one or more businesses that are owned or controlled by Blackstone directly, not through one of its Clients or Other Clients. These businesses will, in certain circumstances, also enter into transactions with other counterparties of a Client and its portfolio companies, as well as service providers, vendors and investors in a Client. Blackstone could benefit from these transactions and activities through current income and creation of enterprise value in these businesses. Retention of such service providers may give rise to actual or potential conflicts of interest. No fees charged by these service providers and vendors will offset or reduce management fees payable by a Client, unless otherwise required by such Client's Offering and/or Governing Documents. Further, Blackstone, Other Clients and their portfolio companies 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 such as those described above.

Clients, Other Clients and/or portfolio companies engage with relevant businesses owned by Blackstone and/or Other Clients that will provide energy procurement, advisory, consulting and/or other services related to ESG-activities (including without limitation those related to establishment, implementation, assessment, attestation, monitoring and measurement of ESG-related programs, processes, initiatives and improvements) (such businesses, collectively, "**BX Energy Services**"). Clients may make use of BX Energy Services in order to support such Client's aim of maximizing risk-adjusted returns on investments. In particular, BX Energy Services is expected to provide (i) energy advisory services, including energy procurement strategy and contract support; (ii) energy brokering, procurement and power marketing, including purchases of energy on behalf of portfolio companies through a retail energy marketer or as a broker; (iii) renewable or other low-carbon energy procurement, including purchases of renewable energy and/or investment in renewable energy projects; (iv) bill management, including bill pay support, which may include paying of bills, checking for billing errors and tariff negotiation and (v) data and emissions inventories, including managing energy data and calculating emissions from energy purchases. As a centralized Blackstone platform combining purchasing power of its potential client participants (which could also include unaffiliated third parties), BX Energy Services is expected to be able to negotiate and provide pricing terms and quality of service that are more favorable than those that Clients, Other Clients or the portfolio companies could obtain for themselves on an individual basis, or from third parties.

The Registrant and its affiliates could benefit from these transactions and activities through current income and creation of enterprise value in BX Energy Services' businesses. Furthermore, the Registrant, Other Clients and their portfolio companies and their affiliates and related parties will use the services of BX Energy Services, including at different rates as further described below. Although the Registrant believes the services provided by BX Energy Services are equal or better than those of third parties, the Registrant directly benefits from the engagement of BX Energy Services, and there is therefore an inherent conflict of interest.

Some of the services performed by Blackstone-affiliated service providers could also be performed by the Registrant from time to time and vice versa. Fees paid by a Client or its portfolio companies to, or value created in Blackstone-affiliated service providers or vendors, do not offset or reduce the management fee payable by or with respect to Clients and are not otherwise shared with Clients, unless otherwise required by the Offering and/or Governing Documents.

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 sale or 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 can be expected to 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 Registrant to be appropriate under the circumstances.

In connection with such relationships, the Registrant will make determinations of market rates based on its consideration of any of a number of factors (i.e., rates that fall within a range that the Registrant 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), and, in certain circumstances, is expected to be in the top of the range, which are generally expected to include the Registrant's experience with non-affiliated service providers and/or benchmarking data and other methodologies determined by the Registrant to be appropriate under the circumstances. In respect of benchmarking, while the Registrant may obtain benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by the Registrant's 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. 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. Further, it could be difficult to identify comparable third-party service providers that provide services of a similar scope and scale as the Blackstone-affiliated service providers that are the subject of the benchmarking analysis. 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 Client and their respective portfolio companies and will not offset the management fee. Finally, in certain circumstances the Registrant can be expected to determine that third-party benchmarking is unnecessary, including in circumstances where 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 (including from third-party clients of the Blackstone-affiliated service provider that is the subject of the benchmarking analysis) to make the determination without reference to third-party benchmarking. For example, in certain circumstances a Blackstone-affiliated service provider or a portfolio company service provider could provide services to third parties, in which case if the rates charged to such third parties are consistent with the rates charged to a Client, Other Client and their respective portfolio companies, then a separate benchmarking analysis of such rates is not expected to be prepared. Some of the services performed by Blackstone-affiliated service providers could also be performed by the Registrant, from time to time, and vice versa. Fees paid by a Client or its portfolio companies 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, unless otherwise required by the Offering and/or Governing Documents. These conflicts related to Blackstone-affiliated service providers will not necessarily be resolved in favor of a Client, and investors may not be entitled to receive notice or disclosure of the occurrence of these conflicts.

Additionally, certain employees and other professionals of Blackstone may have family members or relatives employed by advisors and service providers to Blackstone and/or one or more Clients (or their affiliates) or otherwise actively involved in (or have business, financial or other relationships with) industries and sectors in which Clients invest and/or have business, financial, personal or other relationships with companies in such industries and sectors (including the advisors and service providers described herein) or other industries, which gives rise to potential or actual conflicts of interest. For example, such family members or relatives might be employees, officers, directors or owners of companies or assets that are actual or potential investments of a Client or other counterparties of certain Clients and their portfolio companies and/or assets. Moreover, in certain instances, a Client or its portfolio companies may issue loans to or acquire securities from, 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. These relationships may influence Blackstone and/or the Registrant in deciding whether to select or recommend such service providers to perform services for the Clients or portfolio companies (the cost of which will generally be borne directly or indirectly by the Clients or such portfolio companies, as applicable). Notwithstanding the foregoing, investment transactions relating to the Clients that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which, in the case of broker-

dealers, includes, among other considerations, such service provider's provision of certain investment-related services and research that the Registrant believes to be of benefit to the Clients. To the extent that 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 Registrant. Investors rely on the Registrant to manage these conflicts in its sole discretion.

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, sales or other transaction volume. Furthermore, as discussed above, Blackstone-affiliated service providers can charge costs and expenses based on allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses) and such costs and expenses would be borne directly or indirectly by Clients.

Advisors and service providers, or their affiliates, often charge different rates (including below-market or no fee) or have different arrangements for different types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by the Clients and portfolio companies differ from those used by Blackstone (including personnel) may pay different amounts or rates than those paid by the Clients and portfolio companies. Similarly, Blackstone, the Clients, Blackstone Clients and/or their portfolio companies may 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 may charge lower rates (or no fees) and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including volume of transactions entered into with such counterparty by Blackstone, the Clients, Blackstone Clients and their portfolio companies in the aggregate. However, the Registrant has a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates or discounts than those available to the Clients or portfolio companies for the same services. Furthermore, advisors and service providers may provide services exclusively to Blackstone, including Blackstone Clients and their portfolio companies, although such advisors and service providers will not be considered employees of Blackstone.

Blackstone-affiliated service providers are generally expected to receive competitive market rate fees (as determined by the Registrant or its affiliates, which can be expected in certain cases to include agreement by the Client to pay such fees) when providing services to Clients or their portfolio companies.

Blackstone affiliated service providers and vendors, include, without limitation:

*BXCM*. Blackstone Securities Partners L.P., which operates as Blackstone Capital Markets Group ("**BXCM**"), is a Blackstone affiliate that Blackstone, the Clients, their portfolio companies, Other Clients and their portfolio companies 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.

*Valkyrie.* Valkyrie BTO Aviation LLC (“**Valkyrie**”) is a Blackstone affiliate that provides asset management and loan servicing solutions for investments in the aviation space, including for investments by the Clients, Other Clients and their portfolio companies, affiliates and related parties. The asset management services provided by Valkyrie with respect to such investments can be expected to include, without limitation, origination or sourcing of investment opportunities, diligence, negotiation, analysis, servicing, development, management and disposition and other related services (*e.g.*, marketing, financial, administrative, legal and risk management). In exchange for such services, Valkyrie earns fees, including through incentive-based compensation payable to their management team, which would have otherwise been paid to third parties. As a result of the foregoing and Blackstone’s ownership of Valkyrie, the Registrant or its affiliates may be incentivized to participate in and pursue more aviation-related transactions due to the prospect of Valkyrie earning such fees. With respect to certain Clients, the fees, compensation and other amounts received by Valkyrie in connection with such services provided to investments will not offset the management fee payable by limited partners to the extent provided in the applicable Offering and/or Governing Documents. As such, the Registrant will have an incentive to engage Valkyrie because the fees, costs and expenses of such services will be borne by the Clients as expenses (with no reduction or offset to management fees with respect to certain Clients) and will reduce the Registrant’s or its affiliates’ internal overhead and compensation costs for employees who would otherwise perform such services. As a result, while the Registrant believes that Valkyrie will provide services at or better than those provided by third parties, there is an inherent conflict of interest that would incentivize the Registrant to pursue aviation-related transactions and engage Valkyrie to perform such services.

Portfolio company service providers are generally owned by an Other Client of Blackstone. Other non-portfolio company services providers are owned by Blackstone or its affiliates directly. Where compensation paid to a Blackstone-affiliated service provider from a Client or its portfolio company is based on market rates, such compensation will not be based on the cost incurred by the applicable service provider and therefore will likely result in a profit to such service provider. In the event the service provider is an affiliate of Blackstone, the Registrant experiences a conflict of interest in determining the terms of any such engagement. There can be no assurance that an unaffiliated third party would not charge a lesser rate. Furthermore, there can be no assurances that amounts charged by portfolio company service providers, including those that are not controlled by a Client or Other Clients, will be consistent with market rates or that any benchmarking, verification or other analysis will be performed with respect to such charges.

In addition, investment banks or other financial institutions, as well as Blackstone employees, are investors in Other Clients. These institutions and employees are a potential source of information and ideas that could benefit Clients. Blackstone has procedures in place reasonably designed to prevent the inappropriate use of such information by Clients.

***Transactions with Portfolio Companies.*** Blackstone and portfolio companies of Clients and Other Clients operate in multiple industries and provide products and services to or otherwise contract with Clients and their portfolio companies, among others. Blackstone, Clients, Other Clients and their respective portfolio companies and personnel and related parties of the foregoing can be expected to make referrals or introductions to portfolio companies of Clients or Other Clients in an effort, in part, to increase the customer base of such companies or businesses (and therefore the value of the investment held by the Client or Other Client, which would also benefit Blackstone financially through its participation in such joint venture or business) or because such referrals or introductions will, in certain circumstances, result in financial benefits, such as cash payments, additional equity ownership, participation in revenue share and/or milestones benefitting the referring or introducing party that are tied or related to participation by the portfolio companies of Clients and/or of Other Clients, accruing to the party making the introduction. Furthermore, such introductions or referrals may involve the transfer of certain personnel or employees among Blackstone and portfolio companies of a Client and Other Clients, which may result in a termination fee or similar payments being due and payable from one such entity to another. In the alternative, Blackstone may form a joint venture (or other business relationship) with such a company 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.*, interacting and coordinating with banks generally and with regard to any related “know your client” requirements), risk management services, data management services, consulting services, brokerage services, sustainability and clean energy consulting services, insurance procurement, placement, brokerage and consulting services, and other services) to such portfolio companies of Clients (and portfolio companies of Other Clients) that are referred to the joint venture or business by Blackstone. Such referrals may be made by Blackstone in an effort, in part, to increase the customer base of such companies or businesses (and therefore the value of the investment held by a Client or Other Client) 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 and/or milestones benefitting the referring or introducing party that are tied or related to participation by the portfolio companies of a Client and/or of Other Client, accruing to the party making the introduction. Clients and their investors typically will not share in any fees, economics, equity or other benefits accruing to Blackstone, Other Clients and their portfolio companies as a result of the introduction of Clients and their portfolio companies. Moreover, payments made to Blackstone in connection with such arrangements will not result in a management fee offset or otherwise be shared with Clients. There may, however, be instances in which the applicable arrangements provide that Clients or their portfolio companies share in some or all of any resulting financial incentives (including, in some cases, cash payments, additional equity ownership, participation in revenue share and/or milestones) based on structures and allocation methodologies determined in the sole discretion of Blackstone. Conversely, where a Client or one of its portfolio companies 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, cash payments, additional

equity ownership, participation in revenue share and/or milestones) may be similarly shared with the participating Other Clients or their respective portfolio companies.

Blackstone will from time to time also enter into commercial relationships with third party companies, including those in which one or more Clients considered making an investment (but ultimately chose not to pursue). For example, Blackstone may enter into an introducer engagement with such company, pursuant to which Blackstone introduces the company to unaffiliated third parties (which may include current and former portfolio companies and portfolio companies of Other Clients and/or their respective employees) in exchange for a fee from, or equity interest in, such company. This creates a conflict of interest because, even though Blackstone may benefit financially from this commercial relationship, Blackstone will be under no obligation to reimburse Clients for Broken Deal Expenses incurred in connection with its consideration of the prospective investment and such arrangements will not result in a management fee offset or otherwise be shared with Clients.

Additionally, Blackstone or an affiliate thereof will from time to time hold equity or other investments in companies or businesses (even if they are not “affiliates” of Blackstone) that provide services to or otherwise contract with portfolio companies. Blackstone has in the past entered (and can be expected in the future to enter) into relationships with companies in the information technology, corporate services and related industries whereby Blackstone acquires an equity or similar interest in such company. In connection with such relationships, Blackstone may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Blackstone that are tied or related to participation by portfolio companies). Such joint venture or business could use data obtained from portfolio companies of Clients and/or portfolio companies of Other Clients (*see* “Portfolio Company Data” herein). These arrangements may be entered into without the consent or direct involvement of such Client (or investors therein) and/or such Other Client and/or the limited partners of such Other Client. Clients will not share in any fees or economics accruing to Blackstone as a result of these relationships and/or participation by portfolio companies.

Blackstone has also entered into certain investment management arrangements whereby it provides investment management services for compensation to insurance companies including (i) FGL Holdings, which was formerly known as Fidelity & Guaranty Life Insurance Company and was acquired by Fidelity National Financial Inc., and certain of its affiliates (collectively, “**FGL**”), (ii) Everlake Life Insurance Company and certain of its affiliates (collectively, “**Everlake**”) and (iii) Corebridge Financial Inc., formerly AIG Life & Retirement, and certain of its affiliates (collectively, “**Corebridge**”). In addition, pursuant to such arrangements, FGL, Everlake and Corebridge are also Clients of the Registrant, and BIS has entered into Investment Management Agreements, structured as sub-management agreements, with the Registrant, and such entities will be allocated investment opportunities directly by the Registrant. As of the date hereof, Blackstone owns a 9.9% equity interest in the parent company of Everlake and Blackstone Clients own the remaining equity interests in the parent company of Everlake, and Blackstone owns a 9.9% equity interest in the parent company of Corebridge. The foregoing insurance company investment management arrangements (and sub-arrangements) will involve investments by such insurance company

clients across a variety of asset classes (including investments that may otherwise be appropriate for a Client). As a result, in addition to the compensation Blackstone receives for providing investment management services to insurance companies in which Blackstone or a Blackstone Client owns an interest, in certain instances Blackstone receives additional compensation in its capacity as an indirect owner of such insurance companies and/or Blackstone Clients. Blackstone has announced it intends to, and in the future will likely, enter into similar arrangements with other portfolio companies of Other Clients and/or with other insurance companies. Such arrangements could reduce the allocations of investments to a Client, and the Registrant may be incentivized to allocate investments away from a Client to such insurance company Client under such investment management arrangements or other vehicles/accounts to the extent the economic arrangements related thereto are more favorable to the Registrant and its affiliates relative to the terms of a Client. See **Item 12 – Brokerage Practices** for additional details regarding the Registrant’s allocation practices.

With respect to transactions or agreements with portfolio companies (including, for the avoidance of doubt, long-term incentive plans) occurring at times when unrelated officers of a portfolio company are not appointed, Blackstone can be expected to negotiate and execute agreements on behalf of the portfolio company with Blackstone, a Client, Other Clients and their portfolio companies 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.*** Clients and their portfolio companies from time to time lease property to or from Blackstone, Other Clients and their portfolio companies and affiliates and other related parties. The leases are generally expected to 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 the market given the scale of Blackstone’s real estate business. Blackstone will nonetheless have conflicts of interest in making these determinations and with regard to other decisions related to such assets and investments. There can be no assurance that Clients and their portfolio companies will lease to or from any such related parties on terms as favorable to Clients and their portfolio companies as would apply if the counterparties were unrelated.

***Cross-Guarantees and Cross-Collateralization.*** A counterparty, lender or other participant in any transaction to be pursued by Clients and alternative investment vehicles) and/or the Other Clients could require or prefer facing only one fund entity or group of entities, which may result in any of the Clients, such Other Clients, the Clients’ portfolio companies, such Other Clients’ portfolio companies and/or other vehicles being jointly and severally liable for such applicable obligation (subject to any limitations set forth in the applicable Offering and/or Governing Documents thereof), which in each case may result in such Clients, such Other Clients, such portfolio companies and portfolio companies, and/or vehicles entering into a back-to-back or other similar reimbursement agreement. In such situation, more attractive financing terms may be available through a cross-collateralized or cross-

guarantee arrangement, particularly in circumstances where the assets of each portfolio company are similar in nature, but it is not expected that any of such Clients or such Other Clients or vehicles would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third party counterparty. It is often better (or commercially required) for a counterparty to view the various entities as one single “Blackstone” party and therefore appropriate for these obligations to be addressed among Other Clients by way of a back-to-back or reimbursement type agreement. Also, it is expected that cross-collateralization will generally occur at portfolio companies rather than Clients for obligations that are not recourse to a Client except in limited circumstances such as “bad boy” events. Certain clients may also expect to form certain alternative investment vehicles, special purpose vehicles and holding vehicles, which may involve cross-guarantees or other cross-collateralization arrangements. While cross-collateralization of investments may enable one or more Clients to obtain more favorable terms in respect of certain indebtedness across certain investments (for example, such as where investments of different but overlapping classes are located in the same region) on a modest scale, any cross-collateralization arrangements with Other Clients could result in a Client losing its interests in otherwise performing investments due to poorly performing or non-performing investments or other assets of Clients and Other Clients in the collateral pool or such persons otherwise defaulting on their obligations under the terms of such arrangements (and, for the avoidance of doubt, a Client’s obligations under such cross-collateralization arrangements could apply to investments in which the Client has not participated). A Client can, in certain circumstances, be exposed to risks associated with borrowings or other indebtedness of Other Clients when such other entities are not in turn exposed to risks associated with the Client’s borrowing for a similar purpose if, for example, such other entities or the partners thereof are excused from cross-collateralizing certain partnership expenses, management fees or other obligations of the Client and Other Clients. Through cross-collateralization cross-guarantee or similar arrangement, a Client may nevertheless be indirectly exposed to risks associated with leverage on fees, expenses and/or other obligations of the Client. (See also “—Investment in Portfolio Companies Alongside Other Clients” herein.)

Similarly, a lender could require that it face only one portfolio company of a Client and Other Clients, even though multiple portfolio companies of the Clients and Other Clients benefit from the lending, which will typically result in (i) the portfolio company 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 companies, and (ii) portfolio companies of Clients and Other Clients 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 companies of Clients and Other Clients benefiting from a financing may enter into a back-to-back or other similar reimbursement agreements to ensure no portfolio company bears more than its *pro rata* portion of the debt and related obligations. It is not expected that the portfolio companies would be compensated (or provide compensation to other portfolio companies) for being primarily liable, or jointly liable, for other portfolio companies *pro rata* share of any financing.

***Syndication; Warehousing.*** Blackstone, Clients, Other Clients, joint venture partners, affiliates or related parties of the foregoing could, subject to the limitations in the applicable Offering and/or Governing Documents, commit to or initially acquire an investment as principal and subsequently sell some or all of it to a Client, Other Client or co-investors in an affiliate or related party transaction. Similarly, subject to the limitations in the applicable Offering and/or Governing Documents, a Client will, in certain circumstances, commit to or initially acquire an investment and subsequently syndicate, or sell some or all of it, to Blackstone, Clients, Other Clients, joint venture partners, affiliates or related parties of the foregoing or other third parties (which may result from a determination by the Registrant that such person has the ability to add value to an investment in light of its relationships, experience, geographic location, market or industry knowledge, or other relevant attributes as determined by the Registrant), notwithstanding the availability of capital from the investors in the Client and other investors thereof or applicable credit facilities. If any such intended syndication is not ultimately consummated, Blackstone, Clients or the other party that initially commits to or acquires such portion will be expected to retain it, leading to the Clients or such other party having more of the investment initially intended to be syndicated than it would otherwise have had if such syndication had not initially been contemplated. For the avoidance of doubt, certain Clients or Other Clients participating in such investment will likely not take part in any such syndication in the same manner or to the same extent (if at all), or may participate in a syndication alongside a Client but at a different interest rate, due to legal, regulatory, accounting, administrative or other considerations. The Registrant 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 Registrant may also determine another methodology for pricing these transfers, including fair market value at the time of transfer. Also, the Registrant will, in certain circumstances, charge fees on these transfers to either or both of the parties to them. In respect of certain Clients, the Registrant 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. Furthermore, syndications to third parties as described above may be on an interest-free basis or on other favorable terms compared to terms under which Clients or investors in Funds (in their capacity as such) co-invest alongside others (including, in certain circumstances, syndicating below cost), and, in the case of a Fund, in the event capital had been called for such syndicated portion, the amounts may be treated under the Funds' Offering and/or Governing Documents as amount returned in lieu of being used and thus treated as never having been contributed by the investor for purposes thereof and in the event such syndicated portion was held using a Funds' credit facility, then such Funds may bear the costs and interests related to such borrowing as the Funds' partnership expenses without reimbursement from such third parties. Conflicts of interest are expected to arise in connection with these affiliate transactions, including with respect to timing, structuring, pricing and other terms. For example, the Registrant will have a conflict of interest when the Registrant receives fees, including performance-based compensation, from an Other Client acquiring from or transferring to a Client all or a portion of an investment.

Furthermore, the Registrant and its affiliates have the right to commit to or initially acquire a portion of an investment alongside a Client if it intends to syndicate such amounts to Other Clients or such other third parties (which may include one or more investors in Other Clients), and to retain such amounts not ultimately syndicated after having used reasonable efforts to syndicate. The equity committed/used in any such underwriting by the Registrant and its affiliates may come from Blackstone's own balance sheet and/or from one or more third parties that enter into arrangements with Blackstone with respect thereto, and may come from an Other Clients. In such circumstances, Blackstone will have the right to earn underwriting and/or syndication fees from a Client, the portfolio company, or the purchasers of such equity, and Clients (and investors therein) will not be entitled to share in or receive the benefit of any such underwriting and/or syndication fees. As a result, the Registrant may be incentivized to underwrite and/or syndicate amounts of equity in investments due to the right to earn fees not subject to offset in favor of the investors, even if the capital used to underwrite such amounts does not come entirely from Blackstone's own balance sheet as described above, and Blackstone may share such fees with one or more third parties that commit to such equity investments and may charge purchasers of the equity fees and carried interest with respect thereto.

More specifically, it is expected that a Client will 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 to syndicate all or part of such co-investments to one or more co-investors (inclusive of allocable expenses related thereto). A Client could also syndicate such portion to third parties that are designated strategic investors, in which case such syndication may be on more favorable terms (e.g., at no additional syndication charge) to such third parties compared to those available to other 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. To the extent such amounts are not so charged or reimbursed, they generally will be borne by Clients.

***Holding Entities and Tracking Interests.*** The Registrant may determine that for legal, tax, regulatory, accounting, administrative or other reasons the Clients should hold an investment (or a portion of a portfolio or pool of assets) through a single holding entity through which one or more Clients or Other Clients (including a similar fund) hold different investments (or a different portion of such portfolio or pool of assets, including where such portfolio or pool has been divided and allocated among the Clients and such Other Clients as described in "***—Allocation of Portfolios***") in respect of which the Clients do not have the same economic rights, obligations or liabilities. In such circumstances, it is expected that the economic rights, liabilities and obligations in respect of the investment (or portion of a portfolio or pool) that is indirectly held by the Clients would be specifically attributed to the Clients through tracking interests in such holding entity or back-to-back or other similar contribution or reimbursement agreements or other similar arrangements entered into with such Other Clients, and that the Clients would be deemed for purposes of the Offering and/or Governing Documents to hold its investment (or portion of a portfolio or pool) separately from, and not jointly with, such Other Clients (and *vice versa* in respect of the investments (or portion of a portfolio or pool) held indirectly through such holding entity by such Other Clients). To the extent applicable, the use of such investment structures in connection with a

Client's investment activities could have an adverse impact on the Client. For example, liabilities could arise in relation to a specific investment held indirectly through such holding entity by an Other Client, but not the Client, and a counterparty could seek recourse against the holding entity from a different investment that is held indirectly through such holding entity by the Client, but not the Other Client. A Client's investment made through such a holding entity will therefore be subject to risks by virtue of other investments owned by the holding entity in which the Client does not have a tracking interest, and such risks would not be present if separate holding entities were used for the separate investments made by the Client and the Other Client. Furthermore, certain holding structures may require a newly-established manager, advisor, service provider or other entity intended to address certain legal, tax, regulatory, accounting, administrative or other considerations applicable to a Client and/or Other Clients. For example, due to rules, regulations and/or requirements in a particular jurisdiction (e.g., licensing requirements), it may be the case that in order to comply with the foregoing, one Blackstone entity serves a particular role for another Blackstone entity (e.g. as an administrator or other role requiring a license) that it otherwise would not but for the rules, regulations and/or requirements in such jurisdiction. It is possible that a Client will be responsible for the costs and expenses of establishing such holding structure (including any such newly-established entities) prior to, and/or in anticipation of, Other Clients participating through such structure for their investments.

***Joint Venture Partners.*** Clients will from time to time enter into one or more joint venture arrangements with third party joint venture partners. 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 Registrant in its sole discretion. The joint venture partners could provide services similar to those provided by the Registrant 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 Registrant. Additional conflicts would arise if a joint venture partner is related to Blackstone in any way, such as a limited partner investor in, lender to, a shareholder of, or a service provider to Blackstone, a Client, Other Clients, or their respective portfolio companies, or any affiliate, personnel, officer or agent of any of the foregoing and there is no assurance that any such conflicts would be resolved in favor of a Client.

***Outsourcing.*** The Registrant is expected to outsource to third parties several of the services performed for the Clients and/or their portfolio companies, including services (such as administrative, legal, accounting, investment diligence and modeling, and ongoing monitoring, tax or other related services) that can be or historically have been performed in-house by the Registrant and its personnel. For example, third parties may assist the Registrant in preparing internal templates, memos, and similar materials in connection with the Registrant's analysis of investment opportunities. The fees, costs and expenses of such third-party service providers will be borne by the Clients, even if the Registrant would have borne such fees if such services had been performed in-house (which, for the avoidance of doubt, would be in addition to any fees borne by the Clients as expenses for similar services performed by the Registrant in-house in lieu of or alongside (and/or to supplement or monitor) such third parties, subject to the terms of the Offering and/or Governing Documents). The decision to engage a third-party service provider and the terms (including



economic terms) of such engagement will be made by the Registrant in its discretion, taking into account such factors as it deems relevant under the circumstances. Certain third-party service providers and/or their employees (and/or teams thereof) will dedicate substantially all of their business time to one or more Clients and/or their respective portfolio companies, while others will have other clients, including Other Clients described herein. In certain cases, third-party service providers and/or their employees (including full-time secondees to Blackstone) may spend some or all of their time at Blackstone offices, have dedicated office space at Blackstone, have Blackstone e-mail addresses, receive administrative support from Blackstone personnel or participate in meetings and events for Blackstone personnel, even though they are not Blackstone employees or affiliates. This creates a conflict of interest because Blackstone will have an incentive to outsource services to third parties due to a number of factors, including because the fees, costs and expenses of such service providers will be borne by the Clients (with no reduction or offset to management fees) and retaining third parties will reduce the Registrant's internal overhead and compensation and benefit costs for employees who would otherwise perform such services in-house. Such incentives likely exist even with respect to services where internal overhead and compensation are chargeable to the Clients. The involvement of third-party service providers may present a number of risks due to Blackstone's reduced control over the functions that are outsourced. The decision by the Registrant to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third party service provider in the future and the Registrant has no obligation to inform such Clients or investors of such a change. There can be no assurances that the Registrant will be able to identify, prevent or mitigate the risks of engaging third-party service providers. Clients could suffer adverse consequences from actions, errors or failures to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. Outsourcing may not occur uniformly for all the Registrant's Clients and, accordingly, certain costs could be incurred by (or allocated to) a Client through the use of third-party service providers that are not incurred by (or allocated to) other Clients.

***Broken Deal Expenses.*** Any expenses that may be incurred by a Client for actual investments as described herein or in the Offering and/or Governing Documents may also be incurred by a Client with respect to broken deals (*i.e.*, investments that are not consummated). The Registrant 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 counterparties 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, meal, travel and entertainment expenses incurred, deposits or down payments which are forfeited in connection with unconsummated transactions, costs of negotiating co-investment documentation (including non-disclosure agreement with counterparties), the costs from onboarding (*i.e.*, KYC) investment entities with a financial institution, and legal, accounting, tax and other due diligence and pursuit costs and expenses (including, in certain instances, broken deal expenses associated with services provided by portfolio companies), which may include expenses incurred prior to formation of such Other Client. Any such Broken Deal Expenses will typically, in the sole discretion of the Registrant, be allocated

solely to a Client and not to Other Clients or co-investment vehicles that could have made the investment (including any situation where an Other Client was initially allocated an investment opportunity and incurred such expenses, before such investment opportunity was reallocated to a Client), even when the Other Client or co-investment vehicle commonly invests alongside a Client in its investments or Blackstone or Other Clients in their investments. In such cases, a Client's shares of expenses would increase. In the event Broken Deal Expenses are allocated to an Other Client or a co-investment vehicle, the Registrant or a Client may advance such fees and expenses without charging interest until paid by the Other Client or co-investment vehicle, as applicable. In addition, certain portfolio companies may be expected from time to time to provide transaction support services (including identifying potential investments) to one or more Clients, Other Clients and their respective portfolio companies in respect of certain investments that are not ultimately consummated. The Registrant will endeavor in good faith to allocate the costs of such services to one or more Clients and such Other Clients as it deems appropriate under the particular circumstances. Any methodology used to determine such allocation (including the choice thereof) involves inherent conflicts and may not result in perfect attribution and allocation of such costs, and there can be no assurance that a different manner of allocation would not result in a Client and its portfolio companies bearing less or more of such costs. Further, any of the foregoing costs, although allocated in a particular period, could be allocated based on activities occurring outside such period (for example, the allocation of such costs can be expected to be based on any of a number of different methodologies, including, without limitation, the aggregate value or number of, or invested capital in, transactions consummated in the applicable prior quarter), and therefore a Client could pay more than its pro rata portion of such cost based on its actual usage of such services.

In general, allocations of Broken Deal Expenses are expected to be made consistently with the foregoing, regardless of whether Client consent was sought or received or whether Clients had been given the opportunity to opt in or out of an investment in those cases where Clients have investment consent or opt out rights, respectively, subject to the relevant Clients' Offering and/or Governing Documents. In addition, where an investment may have multiple co-investing parties, including the Primary Clients (as defined below in **Item 12 – Brokerage Practices**), Overflow Clients (as defined below in **Item 12 – Brokerage Practices**), and potential co-investors (investors, limited partners of Other Clients or otherwise), Broken Deal Expenses generally will not be allocated to a prospective participant if there is a possibility that such prospective participant would not have been allocated a portion of the investment to which such expenses relate. As a result, certain Overflow Clients and potential co-investors (investors, limited partners of Other Clients or otherwise) will in certain cases not bear any portion of Broken Deal Expenses that, had the investment been consummated, may have been attributable to such Overflow Clients' or potential co-investors' (investors, limited partners of Other Clients or otherwise) respective *pro rata* shares of the investment. Consequently, a Client will in certain cases be expected to bear more Broken Deal Expenses than its *pro rata* share of such expenses would have been had the investment been made.

***Allocation of Personnel.*** The Registrant and its respective members, partners, officers and employees (which include individuals with responsibilities with respect to BREDS and

Blackstone Credit) will devote as much of their time and attention to the activities of the Clients as they deem necessary to conduct Client business affairs in an appropriate manner. However, Blackstone's personnel, including certain members of the Investment Committee, will work on other projects and/or Other Clients, will serve on other committees and have other responsibilities throughout Blackstone (including with respect to BREDS and Blackstone Credit activities) and/or for Other Clients and their portfolio companies, and, therefore, conflicts are expected to arise in the allocation of personnel and such personnel's time. Subject to the terms of the applicable Offering and/or Governing Documents, Blackstone expects to form additional investment funds, enter into other investment advisory relationships and engage in other business activities, even though such activities may be in competition with the Clients and/or may involve substantial time and resources of the Registrant. Furthermore, Blackstone and Blackstone personnel derive financial benefit from these other activities, including fees and performance-based compensation. Other Blackstone personnel not associated with the Registrant may share in the fees and performance-based compensation from a Client; similarly, Registrant personnel may share in the fees and performance-based compensation generated by Other Clients. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Registrant and its officers, managers, members and employees will not be devoted exclusively to the business of the Clients, but will be allocated between the business of the Clients and the management of the monies of such other advisees of Blackstone. In this regard, a group of the Registrant's professionals will be subject to certain devotion of time requirements with respect to the activities of some Other Clients (and their respective investments) and their related entities (which may include separate accounts, dedicated managed accounts and/or investment funds formed for specific geographical areas or investments), which may vary among such vehicles.

***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 Clients and their respective portfolio companies, 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 a Client, including if such other entities compete with such Clients for investment opportunities or other resources. The Blackstone personnel in question may have a greater financial interest in the performance of the other Clients than the performance of the Clients. This involvement will create conflicts of interest in making investments on behalf of the Clients and such Other Clients, as the Blackstone personnel in question will be incentivized to devote more time to and direct investment opportunities towards Other Clients instead of Clients due to such differences in financial interests. 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, it being understood that such personnel may make such investments for strategic reasons, including for purposes of sourcing investment opportunities for Clients, Other Clients and/or Blackstone (subject to Blackstone's Code of Ethics requirements), some of which will involve conflicts of interest where the financial

interests of such Blackstone personnel with respect to such personal investments do not align with the interests of the Clients. Such personal securities transactions will, in certain circumstances, relate to securities or instruments which can be expected to also be held or acquired by Other Clients, or otherwise relate to companies or issuers in which the Clients have or acquire a different principal investment (including, for example, with respect to seniority). Blackstone personnel may also buy securities in transactions offered to but rejected by Clients. In such instance, a conflict of interest arises because such investing Blackstone personnel will, for some investments, benefit from the evaluation, investigation and diligence undertaken by the Registrant on behalf of the Client and the investing Blackstone personnel will not share or reimburse the relevant Client(s) for any expenses incurred in connection with the investment opportunity. In addition, Clients from time to time invest in securities of companies in which Blackstone personnel and other related persons of Blackstone have previously invested for their own accounts. Such persons have differing interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. Client 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 the Clients. Although the Registrant will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for a Client.

**Data.** Blackstone receives, generates or obtains various kinds of data and information from the Clients, Other Clients, their portfolio companies, and, at their election, certain investors in the Clients and in Other Clients, and service providers, including but not limited to data and information relating to business operations, financial information results, trends, budgets, plans, ESG, energy usage, carbon emissions and related metrics, customer and user data, employee and contractor data, supplier and cost data, and other related data and information, some of which is sometimes referred to as alternative data or “big data.” Blackstone can be expected to be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes or identify specific investment, trading or business opportunities, as a result of its access to (and rights regarding, including use, distribution and derived works rights over) this data and information from the Clients, Other Clients, their portfolio companies and, at their discretion, certain investors in the Clients and in Other Clients. Blackstone has entered and will continue to enter into information sharing and use, measurement and other arrangements, which will give Blackstone access to (and rights regarding, including use, distribution and derived works rights over) data that it would not otherwise obtain in the ordinary course with the Clients, Other Clients, their portfolio companies, and, at their election, certain investors in the Clients and in Other Clients, related parties and service providers. Further, this alternative data is expected to be aggregated across the Clients, Other Clients and their respective portfolio companies. Although Blackstone believes that these activities improve Blackstone’s investment management activities on behalf of the Clients and Other Clients, information obtained from the Clients, their portfolio companies and, at their election, certain investors in the Clients and in Other Clients also provides material benefits to Blackstone or Other Clients typically without compensation or other benefit accruing to the Clients, Other Clients, their investors or portfolio companies. For example, information from portfolio companies owned by

Clients can be expected to enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Other Clients that do not own an interest in the portfolio company, typically without compensation or benefit to the Clients or their portfolio companies (or any management fee offset). Blackstone is expected to serve as the repository for such data, including with ownership rights therein.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use or distribution, and regulatory limitations on the use of material non-public information, Blackstone is generally free to use and distribute data and information from Client activities to assist in the pursuit of Blackstone's various other activities, including but not limited to trading activities for the benefit of Blackstone or an Other Client. Any confidentiality obligations in the Offering and/or Governing Documents 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 company and/or entity in the same or related industry. Such trading or other business activities can be expected to provide a material benefit to Blackstone without compensation or other benefit to Clients or investors.

The sharing and use of "big data" and other information presents potential conflicts of interest and Clients and their 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 a management fee offset or otherwise shared with Clients or their investors. As a result, the Registrant has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits Blackstone or Other Clients.

***Data Management Services.*** Blackstone or an affiliate of Blackstone formed in the future will provide data management services to portfolio companies, to Clients, Other Clients, certain investors in Other Clients and other Blackstone affiliates and associated entities (including vehicles in which Blackstone or Other Clients make investments and portfolio entities thereof) (collectively, "**Data Holders**"). Such services may include assistance with obtaining, analyzing, curating, processing, packaging, distributing, 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 Offering and/or Governing Documents of Clients and any other applicable contractual limitations, with Clients, Other Clients, portfolio companies, certain investors in Other Clients and other Blackstone affiliates and associated entities (including funds in which Blackstone and Other Clients make investments, and portfolio companies thereof). If Blackstone enters into data services arrangements with portfolio companies and receives compensation from such portfolio companies for such data services, Clients will indirectly bear their share of such compensation based on their pro rata ownership of such portfolio companies in addition to any annual flat fee paid as part of ongoing expenses for data science-related services. 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 Registrant in its sole discretion, with the Registrant 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 a management fee offset or otherwise shared with Clients or investors in Clients. Additionally, Blackstone is expected to determine to share and distribute the products from such Data Management Services within Blackstone or its affiliates (including Other Clients or their portfolio companies) 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 the Registrant to cause Clients to invest in portfolio companies 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 on behalf of such Clients. (See also “Data” herein.)

**Possible Future Activities.** The Registrant or its affiliates may expand the range of services that they provide over time. Except as provided herein, the Registrant or its affiliates will generally not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. The Registrant or its affiliates has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with the Blackstone Clients who may hold or may have held investments similar to those intended to be made by the Clients. These Blackstone Clients may themselves represent appropriate investment opportunities for the Clients or may compete with the Clients for investment opportunities.

**Investors’ Outside Activities.** Clients (or investors therein) are generally entitled to and may have business interests and engage in activities in addition to those relating to the Clients, including business interests and activities in direct competition with the Clients and their portfolio companies, and may engage in transactions with, and provide services to, the Clients or their portfolio companies (which may include providing leverage or other financing to the Clients or their portfolio companies as determined by the Registrant in its sole discretion). None of the Clients, any investor or any other person shall have any rights by virtue of the Offering and/or Governing Documents or any related agreements in any business ventures of any investor. The investors, and in certain cases the Registrant (in cases in which the Registrant or its affiliates have an interest in such investors’ other business interests), will have conflicting loyalties in these situations.

**Cross and Principal Transactions.** Situations arise from time to time in which certain assets held by a Client are transferred to Other Clients or Blackstone and/or its affiliates and vice versa, and from time to time a Client acquires investments from and/or sells investments to,

Other Clients or Blackstone and/or its affiliates. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or Blackstone or its affiliates might have an incentive to improve the performance of one Client or Other Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, Blackstone and its affiliates will from time to time have significant investments, or intentions to invest, in the Client or Other Client that is selling and/or purchasing an investment or otherwise have a direct or indirect interest in the investment. The Registrant or its affiliates and its affiliates generally receive management or other fees in connection with their management of the relevant Client and Other Clients involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Clients or Other Clients.

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Registrant’s management of Clients, the Registrant and its affiliates may engage in principal transactions.

Such transactions will be conducted in accordance with, and subject to, the Registrant’s contractual obligations to such Client and the Registrant’s policies and procedures. The determination of whether a transaction or a series of transaction constitutes a cross trade or a principal trade is subject to the Registrant’s applicable policies and procedures and will be made in its sole judgment and, where contemplated by the applicable Client’s Offering and/or Governing Documents or applicable policies and procedures, the Registrant will seek the consent of the applicable Client(s). The applicable Offering and/or Governing Documents of a Fund may authorize the General Partner, on behalf of such Fund’s investors, to select one or more investors (or their representatives) not affiliated with the General Partner to serve on such Fund’s limited partner advisory committee, the purpose of which will be to consider and, on behalf of the investors, approve or disapprove, to the extent required by applicable law, principal transactions and certain other related party transactions. In certain other circumstances, a cross transaction may be approved by an independent client representative, a board of directors or other party.

***Regulatory Inquiries.*** Blackstone is subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which it operates around the world. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are also empowered to conduct examinations, investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure

or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of a broker-dealer or investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against Blackstone or its personnel. Moreover, the SEC has specifically focused on the alternative investment industry. The SEC's list of examination priorities includes, among other things, alternative investment firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. Blackstone is regularly subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which Blackstone routinely cooperates and even historical practices that have been previously examined are being revisited. Even if an investigation or proceeding did not result in a sanction, or the sanction imposed against Blackstone or its personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm Blackstone, the Registrant and the Clients. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing, whether applicable to Blackstone or the Registrant specifically, would not have a material adverse effect on the Clients and their ability to achieve their investment objectives. As a result, there can be no assurance that any of the foregoing will not have an adverse impact on Blackstone or the Registrant or otherwise impede the Clients' ability to effectively achieve their investment objectives.

***Strategic Relationships & Multi-Fund Arrangements.*** Blackstone has entered, and it can be expected that Blackstone in the future will enter, into both (i) strategic relationships with investors (and/or one or more of their affiliates) that involve an overall relationship with Blackstone that could (but is not required to) incorporate one or more strategies (including, but not limited to, a different sector and/or geographical focus within the same or a different Blackstone business unit) in addition to a Client's strategy and (ii) arrangements that involve an agreement or understanding to subscribe for a capital commitment one or more Clients or Other Clients (which may include one or more commitments already made to an Other Client ) (any such overall relationship and/or multi-fund arrangement in the foregoing (i) and (ii), a "**Strategic Relationships**"). A Strategic Relationship often involves (but is not required to involve) an investor agreeing to make a capital commitment to two or more Blackstone Clients. Investors will not receive a copy of any agreement memorializing such a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect (for example, in the "most favored nations" election process) any rights or benefits afforded through a Strategic Relationship (and, for the avoidance of doubt, it is not expected that the terms of, existence of or other information about any Strategic Relationship will be shared with the Clients). Specific examples of such additional rights and benefits have included and can be expected to include, among others, specialized reporting, discounts on, reductions to, and/or reimbursements or rebates of management fees or performance-based compensation (e.g., carried interest) beyond those available to the Clients or investors in Other Clients, secondment of personnel from the investor to Blackstone (or vice versa), rights to participate in the investment review and evaluation process, as well as priority rights or targeted amounts for co-investments alongside Clients and/or Blackstone Clients (including, without limitation, preferential or favorable allocation of co-investment and preferential terms and conditions related to co-investment opportunity or other



participation in Blackstone vehicles (including any performance-based compensation and/or management fees to be charged with respect thereto, as well as any additional discounts, reductions, reimbursements or rebates with respect thereto or other penalties that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved)). The co-investment that is part of a Strategic Relationship may include co-investment in investments made by all Clients. Blackstone, including its personnel, reserves the right to receive compensation from Strategic Relationships and could be incentivized to allocate investment opportunities away from Clients to or source investment opportunities for Strategic Relationships. Strategic Relationships will in certain circumstances result in fewer co-investment opportunities (or reduced or no allocations) being made available to Clients. In addition, from time to time, Blackstone may enter into economic and/or fee sharing arrangements with respect to one or more Clients or Other Clients or certain investors therein, which rights will not generally be made available to other Clients or investors therein.

***Buying, Selling and Acquiring Investments or Assets from Certain Related Parties.*** A Client and its portfolio companies can be expected to purchase investments or assets from or sell investments or assets of a Client (including its portfolio companies) to investors in Clients, portfolio companies of other Clients or Other Clients or their respective related parties, including parties which such Clients, investors or portfolio companies, or Other Clients, own or have invested in. Such purchases and sales could occur on a programmatic basis. In certain circumstances it can be expected that the proceeds received by a seller from a Client or its portfolio companies in respect of an investment or asset will be distributed, in whole or in part, to a related party of the Client (i.e., an investor, portfolio company or Other Client) when such related party indirectly holds interests in such underlying investment or asset through the seller (including, for example, in such related party's capacity as an investor in such seller). In other circumstances where a Client or a related party (i.e., an investor, portfolio company or Other Client) of a Client holds publicly traded securities in a portfolio company and a Client or such related party has entered into a privately negotiated transaction with such portfolio company, a Client or such related party can be expected to receive (directly or indirectly) proceeds from such related party or a Client, as applicable, upon the consummation of such privately negotiated transaction. In each such circumstance, investors, Other Clients, portfolio companies of Other Clients or their respective related parties may also have limited governance rights in respect of such seller or such investment or asset. Purchases and sales, directly or indirectly, of investments or assets of a Client between a Client or its portfolio companies, on the one hand, and investors and/or portfolio companies of other Clients or Other Clients or their respective related parties, on the other hand, are not subject to the approval of the limited partner advisory committee, as applicable, investor or Client, except as expressly required under the Offering and/or Governing Documents or unless otherwise required under the Advisers Act or other applicable laws or regulations. A Client will likely originate or initially acquire an investment (or portfolio of related investments) in circumstances where it expects that certain portions or tranches thereof (which may be of different levels of seniority or credit quality) will be syndicated to one or more Other Clients as described above (in which case Blackstone will have conflicting duties in determining the tranching thereof). Blackstone will have conflicting duties to the Client and Other Clients when a Client or its portfolio companies

sells assets to Other Clients or portfolio companies thereof, including as a result of different financial incentives Blackstone may have with respect to a Client and such Other Clients. In addition, certain financings between a Client and Blackstone affiliates may be structured as a transaction between a Client and an affiliate, but will not be treated as the sale of an investment from or to a Client from a Blackstone affiliate for purposes of the Offering and/or Governing Documents, as determined by the General Partner in good faith. For example, where the Clients in anticipation of a take private transaction purchase publicly traded securities of an issuer in which an Other Client holds a *de minimis* interest, such take private transaction, if structured as a merger between the issuer and one or more subsidiaries of the Clients would generally not be treated as the sale of an investment in such issuer from such Other Clients to the Clients for purposes of the Offering and/or Governing Documents, including in a situation where holders of the securities of the issuer automatically receive cash consideration in exchange for their interest when the merger becomes effective. There can be no assurance that any assets sold by a Client or its portfolio companies to an Other Clients or portfolio companies thereof (or where such Other Clients is providing financing to a Client or third party) will not be valued at 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 Client or portfolio company thereof. For example, a portfolio company may sell its data to investors, portfolio companies of other Clients or Other Clients or their respective related parties. See also “—**Data**” and “—**Data Management Services**” herein. For example, there can be no assurance that any investment or asset sold by a Client to investors in Clients, portfolio companies of other Clients or Other Clients or any of their respective related parties 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 investors in Clients, portfolio companies of other Clients or Other Clients or such related parties. Blackstone will not be required to solicit third party bids or obtain a third party valuation prior to causing a Client or any of its portfolio companies to purchase or sell any asset or investment from or to investors in Clients, portfolio companies of other Clients or Other Clients or any of their respective related parties as provided above. These transactions involve conflicts of interest, as Blackstone will receive fees and other benefits, directly or indirectly, from or otherwise have interests in both parties to the transaction, including different financial incentives Blackstone may have with respect to the parties to the transaction.

***Selling Assets to Other Blackstone Clients.*** Blackstone will have conflicting duties to Clients and Other Clients when a Client sells assets to Other Clients, including as a result of different financial incentives Blackstone may have with respect to the Client and such Other Clients. There can be no assurance that any assets sold by the Client to an Other Client 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 Client. Blackstone will not be required to solicit third-party bids prior to causing the Client to sell an asset to an Other Client as provided above. In the event Blackstone does solicit third-party bids in a sale process of any such assets, the participation of an Other Client through the financing of a third-party purchase, could potentially have a negative impact on the overall process. For example, a bidder that is not or has otherwise chosen not to work with an Other Client for such financing, may perceive the process as favoring parties that are doing so. While Blackstone will seek to develop sale procedures that mitigate conflicts for the Clients, there can be no

assurance that any bidding process will not be negatively impacted by the presence of any Other Clients.

***Advisors, Consultants and Operating Partners.*** The Registrant, its affiliates and their personnel engage and retain strategic advisors, consultants, senior advisors, executive advisors, industry experts, operating partners, deal sourcers and/or other partners and professionals (which may include former Blackstone employees as well as current and former employees of portfolio companies of Clients or Blackstone Clients) as well as other similar professionals who are not employees or affiliates of Blackstone (collectively, “**Consultants**”), including through joint ventures, investment platforms, other entities or similar arrangements, and who, from time to time, receive payments from, or allocations of, performance-based compensation (e.g., carried interest) with respect to, portfolio companies (as well as from the Registrant or the 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 Registrant or to undertake a build-up strategy to originate, acquire and develop assets and businesses in a particular sector or involving a particular strategy, potentially on a full-time and/or exclusive basis and notwithstanding any overlap with the responsibilities of the Registrant under the Offering and/or Governing Documents, the compensation to such consultants may be borne fully by Clients and/or portfolio companies (with no reduction or offset to management fees payable by a Client) and not the Registrant. Any amounts paid by a Client or a portfolio company to any such Consultants in connection with the above services, including cash fees, profits, or equity interests in a portfolio company, discretionary bonus awards, performance-based compensation (e.g., promote), sourcing fees, retainers and expense reimbursements will, subject to a Client’s Offering and/or Governing Documents, be treated as the applicable Clients’ expenses or expenses of the applicable portfolio company, 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 Registrant, be chargeable to the Registrant or be deemed paid to or received by the Registrant, and such amounts will not result in the offset of any management fees otherwise due or be subordinated to return of investors’ capital and can be expected to increase the overall costs and expenses borne indirectly by a Client (or its investors). Amounts charged by Consultants will not necessarily be confirmed as being comparable to market rates for such services. In certain cases, Consultants will receive intangible and other benefits resulting from their activities on behalf of Clients, including access to privileged information regarding the Clients’ portfolio companies and possible future deal origination to the extent applicable with Clients or Other Clients. For example, in the same way that executives from portfolio companies of Other Clients may provide insight and/or deal origination for the benefit of Clients, the executives of a Client’s portfolio companies may benefit Consultants and/or Other Clients. Consultants may attend events and/or meetings sponsored by a Client’s portfolio companies and/or Other Clients or other members of a Client and may be involved in fundraising activities on behalf of Blackstone. Moreover, in negotiating and structuring transactions with counterparties (such as investment banks, financial intermediaries and other service providers) of a Client or portfolio companies, the Registrant will generally not seek to maximize terms as if such transaction was taking place in isolation – it will be free to consider relationship, reputational and market considerations, which can in some circumstances result in a cost to

a Client. Consultants may attend events and meetings sponsored by the Client's portfolio companies and/or Other Clients or other investors and may be involved in fundraising activities on behalf of Blackstone.

Also, Consultants often have the right to co-invest alongside Clients and Other Clients in portfolio companies and investments, participate in long-term incentive plans of a portfolio company, and invest directly in Other Clients or in vehicles controlled by Other Clients, with reduced or waived management fees and carried interest, 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 opportunities being available to investors in Clients or the Clients) may or may not be considered part of Blackstone's side-by-side co-investment rights, as determined by Blackstone at 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, and the nature of the relationship with each of the Consultants vary considerably. In some cases, they may provide the Registrant with industry-specific insights and feedback on investment themes, assist in transaction due diligence, and/or make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles (and may be exclusive service providers to Blackstone) and serve as executives or directors on the boards of portfolio companies or contribute to the identification and origination of new investment opportunities. A Client may rely on these Consultants to recommend Blackstone as a preferred investment partner, identify investments, source opportunities, and otherwise carry out its investment program, but there is no assurance that these advisers will continue to be involved with the Client for any length of time. In certain instances, the Registrant has formal arrangements with these Consultants (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement, and, in any event, pursuant to negotiated arrangements that will not be confirmed as being comparable to the market rates for such services) by the Registrant, the relevant Clients and/or portfolio companies or otherwise uncompensated or entitled to deferred compensation until occurrence of a future event, such as commencement of a formal engagement. In certain cases, they have certain 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, work on Blackstone matters as their primary or sole business activity, service Blackstone exclusively, have Blackstone-related email addresses and/or business cards and participate in certain benefit arrangements typically reserved for Blackstone employees, *etc.*) even though they are not considered Blackstone employees, affiliates or personnel for purposes of the relevant Client's applicable Offering and/or Governing Documents and any related management fee offset provisions therein. Some Consultants work only for certain Clients and their portfolio companies, while others may have other clients, including Other Clients described herein. In particular, in some cases, Consultants, including those with a "Senior Advisor" or "Operating Advisor" title, have been and will be engaged with the responsibility to source, diligence and recommend transactions to Blackstone potentially on a full-time and/or exclusive basis and, notwithstanding any overlap with the responsibilities of the Registrant under the applicable Client's Offering and/or Governing Documents, the compensation to such Consultants will

be borne fully by the Clients (and Other Clients, if applicable) and/or portfolio companies (with no reduction or offset to management fees) and not Blackstone. Consultants could have conflicts of interest between their work for a Client and its portfolio companies, on the one hand, and themselves or their other clients, on the other hand, and the Registrant is limited in its ability to monitor and mitigate these conflicts. The determination of whether a particular party is a Consultant will be made by Blackstone, in its sole discretion. Over time, certain existing and former employees of Blackstone (including senior personnel) may transition to a Consultant role, which shifts the burden of compensating such persons from Blackstone to the applicable Client and/or its portfolio companies, and any compensation received by such persons will not reduce any Client management fee. Consultants could have conflicts of interest between their work for Clients and their portfolio companies, on the one hand, and themselves or other clients, on the other hand, and the Registrant is limited in its ability to monitor and mitigate these conflicts. The Registrant expects, where applicable, to allocate the costs of such Consultants to the Client and/or applicable portfolio companies in respect of such Consultant's work on behalf of the Client, and to the extent any such costs are allocated to the Client, they would be treated as Client expenses. Payments or allocations to Consultants will not result in a management fee offset, and can be expected to increase the overall costs and expenses borne indirectly by the Client's investors. There can be no assurance that any of the Consultants and/or other professionals, to the extent engaged, will continue to serve in such roles and/or continue their arrangements with Blackstone, the Clients and/or any portfolio companies for the duration of the relevant investments or throughout the investment period or term of the relevant Clients.

As an example of the foregoing, in certain investments including those involving joint ventures, investment platforms, other entities or similar arrangements, Clients will from time to time enter into an arrangement with one or more individuals (who may be former personnel of Blackstone or current or former personnel of portfolio companies of Clients or Other Clients, 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 company, as the case may be, could include the following with respect to investments: origination or sourcing, due diligence, evaluation, negotiation, servicing, development, management (including turnaround) and disposition. The individuals or relevant portfolio company could be compensated with a salary and equity incentive plan, including a portion of profits derived from Clients or a portfolio company or asset of a Client (which may take the form of a management fee and/or profits allocation (whether paid directly to such individuals and/or to an affiliated entity controlled by such individuals), or other long-term incentive plans. Such compensation could be based on assets under management, and/or a waterfall similar to a carried interest, respectively, or other similar metric, which will not be subject to the management fee offset. The professionals at such platform company, which in certain circumstances may include former employees or current or former senior advisors or consultants to Blackstone, their affiliates and/or management of portfolio companies of Clients and/or Other Clients, can be expected to undertake analysis and evaluation of potential investment and acquisition opportunities for such platform company. In such circumstances, Clients would initially invest capital to fund a portion of the overhead (including rent, utilities, benefits, salary or

retainers for the individuals and/or their affiliated entities) and sourcing costs for such investments. Although Blackstone is generally responsible under the Offering and/or Governing Documents for certain overhead expenses and investment analysis associated with sourcing and managing investments, as well as compensation costs of investment professionals, Clients (and investor therein), and not solely Blackstone, will bear some or all of the costs of such platform companies including costs related to overhead 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 would be borne either directly by Clients or indirectly through expenditures by a portfolio company. None of such portfolio companies or Consultants will be treated as affiliates of the Registrant for purposes of Offering and/or Governing Documents or for any other reason and none of the fees, costs or expenses described above will reduce or offset the management fee payable by a Client.

In addition, the Registrant will from time to time engage third parties as Consultants (or in another similar capacity) in order to advise it with respect to existing investments, specific investment opportunities, and economic and industry trends. Such Consultants could receive reimbursement of reasonable related expenses by portfolio companies or Clients and could have the opportunity to invest in a portion of the equity and/or debt available to Clients for investment that would otherwise be taken by the Registrant and its affiliates. If such Consultants generate investment opportunities on a Client's behalf, such Consultants could receive special additional fees or allocations which may or may not be 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 Clients and/or portfolio companies (with no reduction or offset to management fees payable by Clients) and not the Registrant.

***Indemnification; Absence of Recourse.*** Subject to the applicable Offering and/or Governing Documents of a Client, the Clients generally will be required to indemnify the Registrant, Blackstone, the General Partners, certain service providers and their respective affiliates, and their respective officers, directors, employees, shareholders, agents, stockholders, members, partners, independent representatives, service providers and certain other persons who serve at the request of the Registrant or its affiliates on behalf of Clients, as a partner, member, officer, director, employee, service provider or agent of any other entity, including, without limitation, third party advisory committees, for liabilities incurred in connection with the affairs of the Clients. Members of any applicable Client's limited partner advisory committee or an independent client representative (if appointed) will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the respective Offering and/or Governing Documents of such Client. Additionally, such parties may be entitled to exculpation by the Clients. Such liabilities may be material and could have an adverse effect on the returns to the Clients' investors. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of Blackstone, the General Partners or the Registrant may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Clients would be payable by the Client and from the assets of the applicable Clients, including the unpaid capital commitments of the investors. If the assets of the applicable Clients are insufficient, the General Partners may recall distributions previously made to the investors in such Clients (subject to certain limitations set forth in the respective Offering

and/or Governing Documents of each Client). It should be noted that the General Partners or the Registrant have the power to cause the Clients to purchase insurance for the Clients, the General Partners, the Registrant and their employees, agents and representatives. There is no guarantee that such insurance will be available to satisfy losses for which the Clients may be required to provide indemnification, and potential insurance claims will not delay the availability of the advances provided to indemnified persons under the applicable Offering and/or Governing Documents. Indemnification obligations will survive the dissolution of a Client. In addition, because the Registrant may cause the Clients to advance the costs and expenses of an indemnitee pending the outcome of a particular matter (including a determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification), there may be periods where the Clients are advancing expenses to an individual or entity with whom the Clients are not aligned or are otherwise an adverse party in a dispute. Moreover, the Registrant (and its affiliates) will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision it makes to provide indemnification, including advancement of expenses. This may be the case with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that would disqualify any such individual or entity from indemnification or exculpation so long as the Registrant (or an affiliate thereof) has determined that such disqualifying conduct did not occur.

***Diverse Client Group.*** Clients (and investors in a Client) may have conflicting investment, tax and other interests with respect to their investments in Clients (including Funds), Other Clients and/or Managed Accounts and with respect to the interests of investors in other investment vehicles managed or advised by the Registrant or its affiliates that may participate in the same investments as the Clients. The conflicting interests of Clients with respect to Clients and other investors and relative to other Clients and/or Blackstone Clients and investors in other investment vehicles would generally relate to or arise from, among other things, the nature of investments made by the Clients and such Blackstone Clients, the structuring or the acquisition of investments, financing, tax profile and timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the Registrant, including with respect to the nature or structuring of investments that may be more beneficial for one Client than for another Client, especially with respect to a Client's individual tax situations. In addition, the Clients may make investments that may have a negative impact on related investments made by Clients in separate transactions. In selecting and structuring investments suitable for the Clients, the Registrant will consider the investment and tax objectives of Clients (and those of investors in other investment vehicles managed or advised by the Registrant, if applicable) as a whole, not the investment, tax or other objectives of any investor individually. As a result of disparate tax considerations applicable to certain investors of the Clients and Other Clients, but not other investors therein, not all such investors will participate in investments through the same investment structures and vehicles, and the securities indirectly held by such investors (or consideration ultimately distributed to such investors) may differ as a result of the foregoing, and there can be no assurance that the foregoing considerations will not impact (positively or negatively) the returns achieved by any investor, as compared to other investors. Additionally, the Registrant may elect to exclude (or limit) certain Clients from particular investments for legal, tax, regulatory or other reasons applicable to any such

investment or Client (including compliance with such Client's Offering and/or Governing Documents), or for any other reasons as to which the Registrant and Client agree, in which case non-excluded Clients and Other Clients shall be allocated a greater proportionate interest in such investment.

In addition, certain Clients or investors in a Client can be expected to also be investors in Other Clients, including supplemental capital vehicles and co-investment vehicles that may invest alongside one or more Clients in one or more investments, which could create conflicts for the Registrant in treatment of different investors, which may be resolved in a manner more favorable to certain investors than others. Investors also may include affiliates of Blackstone, such as Other Clients (including Strategic Partners investment), affiliates of portfolio companies of Clients or Other Clients, charities or foundations associated with Blackstone personnel and/or current or former Blackstone employees, Blackstone's senior advisors and/or operating partners and any affiliates, funds or persons may also invest through the vehicles established in connection with Blackstone's side-by-side co-investment rights, in each case, without being subject to management fees, servicing fees, and/or carried interest (or otherwise on more favorable terms), and investors will not be afforded the benefit of such arrangements.

It is also possible that a Client or its portfolio companies will be counterparties (such counterparties dealt with as described in "Issuer Relationships" above) or participants in agreements, transactions or other arrangements with an investor or an affiliate of such an investor. Such arrangements may take the form of direct transactions with an investor or its affiliates and/or may include indirect transactions and arrangement with other counterparties in which such Investor or its affiliates hold an interest (whether minority or controlling. Such transactions may include agreements to pay performance fees to operating partners, a management team and other related persons in connection with the Client's investment therein, which will reduce the Client's returns and will not necessarily be subordinated to the return of the investor's capital contributions. Such investors described in the previous sentences may therefore have different information about Blackstone and the Clients than investors and other Clients not similarly positioned. In addition, conflicts of interest may arise in dealing with any such investors, and the Registrant and its affiliates may not be motivated to act solely in accordance with its interests relating to the Clients. Similar information disparity may occur as a result of investors monitoring their investments in vehicles such as the Clients differently. For example, certain investors may periodically request from the Registrant information regarding a Client, its investments and/or portfolio companies that is not otherwise set forth (or has yet to be set forth) in the reporting and other information required to be delivered to all investors. In such circumstances, the Registrant may provide such information to such investor and not to other investors. The Registrant will not be obligated to affirmatively provide such information to all investors (although the Registrant will generally provide the same information upon request and treat investors equally in that regard). As a result, certain investors may receive more information from the Registrant about certain Clients and their portfolio companies, or may receive information about certain Clients and their portfolio companies at an earlier time than other investors or Clients, and the Registrant will have no duty to ensure that all investors seek, obtain or process the same information regarding the



Clients, their investments and/or portfolio companies. Therefore, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take. Furthermore, at certain times the Registrant may be restricted from disclosing to investors material non-public information regarding any assets in which a Client invests, particularly those investments in which an Other Client or portfolio company that is publicly registered co-invests with such Client. In addition, investment banks or other financial institutions, as well as Blackstone personnel, may also be investors in certain Clients. These institutions and personnel are a potential source of information and ideas that could benefit such Clients, and may receive information about the Clients and their portfolio companies in their capacity as a service provider or vendor to the Clients and their portfolio companies.

Further, investors in Clients with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Client.

***Secondary transfers of LP transactions.*** To the extent the Registrant has discretion over a secondary transfer of interests in a Client (or investments held thereby) pursuant to such Client’s Offering and/or Governing Documents, or is asked to identify potential purchasers (including for investments) in a secondary transfer, the Registrant will do so in its sole discretion, taking into account the following factors, among others:

- The Registrant’s evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Registrant’s perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Clients and/or the Registrant and the expected amount of negotiations required in connection with a potential purchaser’s investment;
- Whether the potential purchaser would subject the Registrant, the Clients or its affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser’s investment into another Client or Other Client (including any commitment to future Clients or Other Clients);
- Requirements in such Client’s Offering and/or Governing Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

***Blackstone’s Relationship with Pátria.*** Blackstone previously owned a non-controlling equity interest in Pátria Investments Limited (“**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). On January 26, 2021, Pátria

completed its initial public offering (“IPO”), pursuant to which Blackstone sold a portion of its interest and no longer has representatives or the right to designate representatives on Pátria’s board of directors. As a result of Pátria’s pre-IPO reorganization transactions (which included Blackstone’s sale of 10% of Pátria’s pre-IPO shares to Pátria’s controlling shareholder) and the consummation of the IPO, Blackstone is deemed to no longer have significant influence over Pátria due to its decreased ownership and lack of board representation. Blackstone does not control the day-to-day management of Pátria or the investment decisions of Pátria’s funds, all of which reside with the local Brazilian partners of Pátria.

**Valuation Matters.** The fair value of all investments or of property received in exchange for any investments will be determined by the Registrant in accordance with the applicable Offering and/or Governing Documents. To the extent provided in the applicable Offering and/or Governing Documents, one or more custodians may assist the parties in determining the respective values of investments held by Clients subject to the Registrant’s applicable valuation policies and procedures. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by the Registrant in accordance with procedures set forth in the applicable Offering and/or Governing Documents. The Registrant may, from time to time, rely on the analysis of third-parties to determine such valuations. The valuation methodologies used to value certain investments will involve subjective judgments and valuations and may not be accurate. Certain valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. For example, the Registrant could believe that credit spreads will be higher upon sale of an asset than they ultimately are, or that interest rates will increase during the hold period of an investment. Valuation methodologies may permit reliance on a prior period valuation of particular assets. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond the Registrant’s control. Generally, 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 or the performance-based compensation or management fees paid to the Registrant 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 Registrant’s performance-based compensation, if any, and, under certain circumstances, the amount of management fees payable to the Registrant. As a result, there may be circumstances where the Registrant, as applicable, is incentivized to determine valuations that are higher than the actual fair value of investments, which may lead to the Registrant being allocated a greater share of distributions than it would otherwise have received, which reduces returns to investors in the Client.

In addition, securities that the Registrant believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and/or within the time frame the Registrant anticipates. In particular, purchasing securities at prices that the

Registrant believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further. There is no guarantee that the fair value as determined by the Registrant will represent the value that will be realized by a Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

***Side Letters and Agreements.*** Affiliates of the Registrant (including General Partners) have entered into and will continue to enter into “side letters” or other similar agreements with certain investors in connection with their admission to the Funds (or other Clients) as investors without the approval of any other investor, that have and will have the effect of establishing rights (other than as set forth in the applicable Offering and/or Governing Documents as a general matter) under, or altering or supplementing the terms of the applicable Offering and/or Governing Documents with respect to such investors in a manner more favorable to such investors than those applicable to other investors in the Client or Other Clients. Notwithstanding the fact that an investor may have a most favored nations provision in its side letter, such investor will not have the right to elect certain rights or benefits. Blackstone has previously confirmed, and it is also expected that Blackstone will from time to time confirm, factual matters to incoming investors, make statements of intent or expectation to such investors or acknowledge statements by such incoming investors that relate to a Client’s and/or Blackstone’s activities pertaining thereto in one or more respects. In addition, Blackstone has and may from time to time agree to certain matters relating to knowledge transfer and/or secondments with one or more investors as part of an overall firm relationship. Additionally, Fund investors who designate representatives to participate on the limited partner advisory committee may, by virtue of such participation, have more information about the Funds and investments in certain circumstances than other Fund investors generally and may be provided information in advance of communication to other Fund investors generally. Any such statements, confirmations, agreements or acknowledgements, including those made in response to an investor’s due diligence requests, will not involve the granting of any legal right or benefit, and therefore will not be subject to the “most favored nations” process or election by any investors, and as a result investors will not typically receive notice thereof or copies of the documentation (if any) in which they are contained. There can be no assurance that any such arrangements will not have an adverse effect on the Clients (or investors therein) or that such arrangements will not influence Blackstone’s activities or the operation of the Clients.

In addition, Blackstone has entered, and it can be expected that Blackstone will in the future enter, into agreements with investors that involve an overall relationship with Blackstone that could incorporate one or more strategies in addition to the applicable Client’s strategy (Strategic Relationships, as described above) with terms and conditions applicable solely to such investor and its investment in multiple Blackstone strategies that would not apply to other Clients and/or any other investor’s investment in another Blackstone Client. Unless otherwise agreed pursuant to a comparable multi-strategy investment program, Clients will not receive a copy of any agreement memorializing such an investment program (even if in the form of a side letter) and will be unable to elect any rights or benefits granted to such multi-strategy investor. See “Strategic Relationships” above.

It is also expected that Blackstone will from time to time confirm factual matters to Clients or Other Clients (and investors therein), make statements of intent or expectation to such Clients or Other Clients (or investors therein) or acknowledge statements by such incoming Clients or investors that relate to the Clients, Other Clients and/or Blackstone's activities pertaining thereto in one or more respects. In addition, Blackstone may from time to time agree to certain matters relating to knowledge transfer and/or secondments with one or more Clients or investors as part of an overall firm relationship. Any such statements, confirmations, agreements or acknowledgements, including those made in response to a Client or investor's due diligence requests, will not involve the granting of any legal right or benefit, and therefore will not be subject to the "most favored nations" process or election by Clients or investors, and as a result other Clients or investors in Other Clients will not typically receive notice thereof or copies of the documentation (if any) in which they are contained. There can be no assurance that any such arrangements will not have an adverse effect on Clients or that such arrangements will not influence Blackstone's activities or the operation of Clients.

***Use of Leverage.*** Subject to the limitations set forth in the Offering and/or Governing Documents, the Registrant may cause certain Clients, directly or indirectly through one or more special purpose vehicles, to incur indebtedness, including borrowing money from any person, making guarantees or providing other credit support to any person or incurring any other obligation (including other extensions of credit), in each case for any proper purpose relating to the activities of such Client's account, including financing any investment-related activities of the Client's account and providing interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions, to cover expenses and management fees, to make, hold or dispose of investments, to provide financing or refinancing, to enter into repurchase agreements or reverse repurchase agreements, and to provide collateral to secure outstanding letters of credit in accordance with the Client's Offering and/or Governing Documents. If the Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment in the security for such loan.

Certain of the Funds have entered into or are expected to enter into and utilize one or more subscription and/or other credit facilities, which involve potential conflicts of interest. Subject to the limitations in the Offering and/or Governing Documents, the use of credit facilities by the Funds is within the Registrant's discretion. Leverage by entities other than the Funds or entities formed to aggregate borrowing by one or more Funds (including through special purpose vehicles formed by the Fund to make or hold investments) do not count towards the limitations on borrowing set forth in the Offering and/or Governing Documents. Subject to the limitations set forth in the Offering and/or Governing Documents and the availability and the terms of any credit facility for the Funds, Blackstone has adopted a policy relating to the use of fund-level credit facilities for the Funds. Generally and without limiting the foregoing, the Funds can be expected to seek to utilize a credit facility for the purpose of, among other things, financing any investment-related activities of the Funds (such as for assets that the Funds do not intend to hold for a long term period), covering partnership expenses, organizational expenses, management fees and any other costs of the Funds, making distributions to limited partners, providing permanent financing or

refinancing or providing interim financing to consummate the purchase of investments or repayment of a subscription credit facility used by a Client with proceeds from a net asset credit facility used by such Client. The amount of credit available to the Funds under a subscription credit facility is determined by the credit quality of the Fund investors as determined by the lender (whereas the amount of credit available under a net asset value credit facility is tied to the creditworthiness of the underlying assets pledged to such facility). Moreover, the credit quality of a Fund investor (or investor in an Other Client joined to the same facility) may be negatively impacted (or disregarded completely by a lender) as a result of contractual agreement between Fund investors (or investor in an Other Client joined to the same facility) and Blackstone (in a side letter, for example). For this reason, Fund investors (and investors in Other Clients joined to the same facility) with a higher credit quality, as determined by the lender, generate more credit for the Funds than Fund investors (and investors in Other Clients joined to the same facility) with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality Fund investors (and investors in Other Clients joined to the same facility) to the others.

Calculations of net and gross internal rates of return (“IRRs”) in respect of investment and performance data referred to in the Offering and/or Governing Documents of a Fund, and as reported to Fund investors from time to time, are based on the payment date of capital contributions received from Fund investors. In respect of investment and performance data referred to as reported to investors from time to time, (A) for purposes of gross IRR calculations, (i) cash outflows are calculated when capital is invested by a Fund, (ii) cash inflows for investment realizations and current income are calculated upon receipt by a Fund and (iii) cash inflows for unrealized investments are based on the fair value at the end of the period determined by Blackstone, and (B) for purposes of net IRR calculations, IRR is based on the due date and amount of capital contributions from Fund investors, not the timing or amount of fund-level borrowings such as the subscription line of credit or asset backed credit facility. This treatment also applies in instances where a Fund utilizes borrowings under a its subscription credit facility or asset backed credit facility in lieu of, or in advance of receiving capital contributions from Fund investors to repay any such borrowings. As a result, use of a subscription credit facility or asset backed 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 Fund investors to the Funds. If the use increases the IRR, as it normally does, the Registrant will have various incentives to use the subscription credit facility or asset backed credit facility, including marketing efforts of future Funds and Other Clients. 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 carried interest to the Registrant, providing an economic incentive to fund investments of the Funds through long-term borrowings in lieu of capital contributions. In addition, the Registrant be expected to receive a greater amount of management fees by utilizing borrowings under the facility, in lieu of a combination of Fund investors’ capital and non-recourse financing, for investments of the Funds. Moreover, the costs and expenses of any such borrowings will generally be allocated among the Fund and any parallel fund on a pro rata or on such other basis that the applicable General Partner determines to be more equitable under the

circumstances, which will increase the expenses borne by applicable Fund investors and would be expected to diminish net cash on cash returns.

Certain of the Funds expect to utilize their subscription credit facilities, and/or asset backed credit facilities and enter into other similar arrangements and extensions of credit for the benefit of co-investors, joint venture partners and other Funds and other Clients and Other Clients, including Blackstone side-by-side arrangements, which invest alongside the Funds in one or more investments. For example, the Funds can be expected to draw from a borrowing to fund a joint venture partner's, co-investor's, other Client's or Other Client's pro rata share of an investment or expense related to an investment. In such circumstances, the Registrant generally intends to disclose such arrangements as part of the periodic reporting or other appropriate communications relating to the Funds and to cause any such co-investors, joint venture partners and other Clients or Other Clients to bear (or reimburse the Funds for) their pro rata share of any interest expenses (but not necessarily origination and other costs) allocable to such extensions of credit. The Registrant 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 Funds and Other Clients. Additionally, conflicts of interest also have the potential to arise to the extent that a subscription credit facility is used to make an investment that is later sold in part to joint venture partners, co-investors or Other Clients, as to the extent co-investors (or Other Clients) are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors (or Other Clients) nevertheless stand to receive the benefit of the use of the subscription credit facility (or other financing) and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. The Funds will pay interest expenses and other expenses incurred in relation to the line of credit. The Client's assets, including any investments, the Client's unpaid capital commitment, and any capital held by the Client's account, are available to satisfy all liabilities and other obligations. If the Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment in the security for such loan. Parties seeking to have the liability satisfied may have recourse to the Client's account assets generally and will not be limited to any particular asset and may require the Client to make capital contributions in order to satisfy such liabilities.

The ability of the Client to attain its investment objectives depends in part on its ability to borrow money on favorable terms. To the extent the Registrant does not employ leverage with respect to the Client's portfolio or borrows on less favorable terms, the Client's investment returns may be lower than those that could have been achieved using leverage on favorable terms and there are risks that the Client will not be able to maintain a leverage facility on favorable terms, or at all.

It is possible that the Registrant may cause the Client to repay any leverage with funds drawn from its unpaid capital commitment or to make future investments with little or no corresponding leverage. If the Registrant decides to cause the Client to pay down its leverage or to make its investments with little or no leverage, the Client's returns may be adversely affected. See also **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.**

Below is a listing of the Registrant's affiliates:

<b>Bank Entity</b>	
Luminor Bank AS*	A Baltic bank purchased by Blackstone Capital Partners
<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 into repurchase agreement transactions for themselves or as agent for their customers
Blackstone Securities Partners L.P.	Provides a variety of limited investment banking services
Currencies Direct Ltd.**	Provides money transfer services to individuals and businesses on a global basis
Everlake Distributors, L.L.C.*	Provides underwriting and distribution of variable life insurance or annuities to other broker-dealers and registered investment advisers
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
<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
ASK Investment Managers Ltd.*	Provides investment advisory services funds and high net worth individuals in India
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds predominantly engaged in multi-manager investment programs (i.e., fund of hedge funds)
Blackstone Alternative Credit Advisors LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
Blackstone Alternative Investment Advisors LLC	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 predominantly participate in a broad range of direct investment opportunities
Blackstone CLO Management LLC (Management Series)	Provides investment advisory services to U.S. CLOs
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 Credit BDC Advisors LLC	Provides investment advisory services to a debt-focused investment company electing to do business as a business development company
Blackstone Credit Systematic Strategies LLC	Provides investment advisory services to debt-focused separately managed accounts, private investment funds, closed-end funds and UCITS 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 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 various private investment funds specializing in the life sciences industry
Blackstone Liquid Credit Advisors I LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
Blackstone Liquid Credit Strategies LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
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 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 Private Investments Advisors L.L.C.	Provides investment advisory services to multi-strategy private equity funds
Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds and pooled investment vehicles
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds



Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private real estate and real estate-related debt investments
Blackstone Strategic Alliance Advisors L.L.C.	Provides investment advisory services to private investment funds primarily engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Provides investment advisory services to private funds engaged primarily 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
BSCA Advisors L.L.C. (Relying Adviser)	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
BXMT Advisors L.L.C.	Provides investment advisory services to a publicly traded REIT and its related entities
BX REIT Advisors L.L.C.	Provides investment advisory services to a non-traded REIT and its operating subsidiary
Clarus Ventures, LLC	Provides investment advisory services to various private investment funds specializing in the life sciences industry
Clover Credit Management, LLC	Provides investment advisory services to CLOs
Clover CLO Advisors, LLC (Relying Adviser)	Provides investment advisory services to CLOs
CT High Grade Mezzanine Manager, LLC (Relying Adviser)	Provides investment advisory services to assets owned by a third-party insurance company
CT High Grade Partners II Manager, LLC (Relying Adviser)	Provides investment advisory services to a private real estate debt fund
CT Investment Management Co., LLC	Provides investment advisory services to publicly traded CDOs and private fund and account clients that predominantly engage in investments in the commercial real estate debt sector
Finance of America Capital Management LLC **	Provides investment advisory services to mortgage related asset private funds and managed accounts
First Eagle Alternative Capital BDC, Inc.*	Provides investment advisory services to private funds and institutional separate account clients
First Eagle Alternative Credit EU, LLC*	Provides investment advisory services to various private investment funds specializing in the European direct lending industry
First Eagle Alternative Credit EU MOA Ltd.*	Sponsor of limited partnerships for First Eagle’s European Alternative Credit business

First Eagle Alternative Credit Funding, LLC*	Sponsor of limited partnerships for First Eagle's Alternative Credit business
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 Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
First Eagle Separate Account Management, LLC*	Provides investment advisory services to a business development company
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
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
First Eagle Direct Lending Manager III, LLC*	Serves as the manager of a private direct lending fund
Napier Park Global Capital GmbH*	Provides Swiss investment advisory services
Napier Park Global Capital (US) LP*	Provides investment advisory services to credit and private investing private investment funds and institutional accounts and collateral management services to securitized asset funds
NIBC Bank N.V.***	Advisory/banking affiliate of NIBC, a PE and BTO portfolio company
NIBC Credit Management, Inc.***	Advisory affiliate of NIBC, a PE and BTO portfolio company
Regatta Loan Management LLC* (Relying Adviser)	Provides collateral management services to securitized asset funds
Blackstone Administrative Services Canada ULC	Canadian exempt investment adviser, which serves as a sub-advisor to the registrant and/or its affiliates
Blackstone Advisors India Private Limited	India investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
Blackstone Advisors Korea Limited	Korean 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 Capital Israel Ltd.	Israel investment advisory firm, which serves as a sub-advisor to affiliates of the registrant

Blackstone (China) Equity Investment Management Company Limited	Chinese investment advisory firm
Blackstone Europe Fund Management S.a.r.l.	Provides services to various alternative investment funds with branch offices in other locations
Blackstone Ireland Fund Management Limited	Provides investment advisory services (management/distribution) to debt-focused private investment funds and alternative investment funds
Blackstone Ireland Limited	Provides investment advisory services to debt-focused private investment funds, separately managed accounts and acts as an investment fund manager
Blackstone Real Estate Australia Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and provides investment management services to trustees and in respect of trusts indirectly controlled by the registrant
Blackstone (Shanghai) Equity Investment Management Co. Ltd.	Chinese investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
Blackstone (Shanghai) Equity Investments Management Co. Ltd. – Beijing Branch Office	Chinese investment advisory firm, which serves as a 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 provides investment advisory services to funds controlled by the registrant
Blackstone Treasury Asia Pte Ltd	Singapore firm which administers cash management and treasury-related activities for the registrant, and centrally managing and investing the registrant's operating cash
BX Mexico Advisors S.A. de C.V.	Mexican advisory entity which provides services to certain publicly registered trusts
Napier Park Global Capital Ltd*	Provides investment advisory services to credit and private investing private investment funds and institutional accounts and collateral management services to securitized asset funds
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group Germany GmbH	German investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and acts as an investment fund manager
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm holding licenses of dealing in securities and advising on securities, which serves as a sub-advisor to affiliates of the registrant

The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to affiliates of the registrant, and acts as an investment fund manager with branch offices in other locations
The Blackstone Group Japan K.K.	Japanese investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and 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>i.e.</i> , 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
Napier Park Global Capital Ltd* (CTA/CPO)	Provides investment advisory services to credit and private investing private investment funds and institutional accounts and collateral management services to securitized asset funds
Napier Park Global Capital (US) LP* (CTA/CPO)	Provides investment advisory services to credit and private investing private investment funds and institutional accounts and collateral management services to securitized asset funds
<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
ELIC Reinsurance Company*	A captive insurance company and wholly-owned subsidiary of Everlake Life Insurance Company
Everlake Assurance Company*	A life insurance company domiciled in the State of Illinois
Everlake Life Insurance Company*	A life insurance company domiciled in the State of Illinois specializing in life insurance and annuities
Everlake Reinsurance Limited*	An exempted reinsurance company organized under the laws of the Cayman Islands

Gryphon Mutual Insurance Company****	A captive property insurance company
Ki Financial Limited**	A digitally driven Lloyd's of London syndicate insurance company
Lexington National Land Services	A wholly owned title and escrow agent
Prima Assicurazioni S.p.A. **	An Italian tech-enabled insurance company
Westland Insurance Group Ltd. *****	A property and casualty insurance broker

\* Portfolio company of affiliated private equity fund

\*\* Portfolio company of affiliated Blackstone tactical opportunities funds

\*\*\* Portfolio company of affiliated Blackstone private equity and tactical opportunities funds

\*\*\*\* Portfolio company owned by its participants, including Blackstone real estate funds, and managed by an affiliate of Blackstone

\*\*\*\*\* Portfolio company of Blackstone credit funds

Various management personnel are registered with our broker-dealer, BSP, 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 Clients.

In addition, the Registrant has formed a special entity to serve as a counterparty to contracts with third parties, including but not limited to service providers to the Clients.

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. Prospective investors should be aware that conflicts will not necessarily be resolved in favor of a Client's interests.

## Item 11: Code of Ethics

As required by the Advisers Act, the Registrant has adopted Blackstone's Code of Ethics (the "Code") that governs a number of potential conflicts of interest that exist in connection with the Clients it manages. This Code is reasonably designed to enable the Registrant to meet its fiduciary obligation to Clients (or prospective Clients) and to instill a culture of compliance within the Registrant. An additional benefit of the Code is to assist the Registrant in detecting and preventing violations of securities laws. The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone's intranet website.

The Code addresses, among other things, 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;
- restrictions on purchasing single-name public securities in employee self-directed personal securities trading accounts;
- pre-clearance of outside business activities; and
- protection of persons who engage in "whistle blowing" activities from retaliation.

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

The Registrant offers many different products and services across its many businesses, and several potential conflicts of interest may arise. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for a list of certain relevant investment related potential conflicts. The Registrant has adopted policies and procedures reasonably designed to address such potential conflicts of interest.

Subject to the Code and with proper approval, the Registrant's employees may buy or sell, for their personal accounts, securities that may also be purchased or sold for Client accounts. 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 the Clients hold or acquire 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 the Clients or pursue similar investment opportunities as the Clients. The Registrant and its employees are subject to guidelines governing the ability to trade in personal accounts, including a prohibition on purchasing single-name public securities in employee self-directed personal securities trading accounts. The guidelines also generally require that such trading be conducted for investment rather than speculative purposes and that certain non-restricted personal securities transactions receive pre-clearance from the legal and compliance department. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisors have a Code of Ethics, and are intended to assist Blackstone with identifying and mitigating actual or potential conflicts of interest with Clients and Blackstone

Clients 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, 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 is available for review upon request. To request a copy of the Code, please contact Scott Mathias, the Chief Compliance Officer of the Registrant, at +1 (212) 583-5000.

## Item 12: Brokerage Practices

**Best Execution.** Portfolio transactions for Clients will be allocated to brokers and dealers on the basis of best execution (which may include, among other items, the consideration of such broker's or dealer's ability to effect transactions, its facilities and financial responsibility). The SEC generally describes "best execution" as a duty to seek to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution.

The Registrant considers the full range and quality of broker services including expertise and ability to perform execution services; ability to execute transactions in the markets at competitive prices without disrupting the market for a particular security; range of services provided and products offered (*e.g.*, securities lending, margin lending, capital introduction, start-up services, reporting, research, valuation); quality and timeliness of market information provided; ability of broker to maintain confidentiality; relationship management/sales coverage; credit worthiness and financial responsibility; operational expertise; ability to maintain confidentiality; trading volumes; fees; and commission rate or spread involved. The Registrant may also effectuate certain transactions involving use of a broker or dealer through other Blackstone personnel associated with its affiliates, including BREDS, and such transactions shall be conducted in accordance with (including the best execution consideration factors set forth in) such affiliate's best execution policies and procedures.

Clients' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Clients, and not the Registrant or any of its affiliates, will be obligated to pay.

Certain of Blackstone's brokers and other service providers or their respective affiliates are also Blackstone Clients or investors therein. As consideration for services provided, these brokers and other service providers will receive reasonable and customary fees or commissions.

Certain Blackstone personnel involved in European investment advisory activities are subject to prohibitions against "inducements" under the Markets in Financial Instruments Directive (Directive 2014/65/EU) ("**MiFID II**"), and therefore provide reasonable compensation for research and other services provided by brokers.

Notwithstanding the foregoing, the Registrant does not "pay up" for research or other services provided by any brokers through the commission rate (*e.g.*, the Registrant does not use "soft dollars").

**Allocation and Aggregation Policy.** Where Clients will participate in opportunities sourced through another Blackstone affiliate or business group (including through Blackstone Credit or BREDS), the Registrant will generally be subject to such affiliate's allocation and aggregation policies (as described in more detail below). The Registrant is committed to



transacting in securities and loans in a manner that is consistent with the investment objectives of each of the Clients, and to allocating investment opportunities (including purchase and sale opportunities) among the Clients on a fair and equitable basis. Clients should be aware that, subject to various conditions set forth in the respective Offering and/or Governing Documents, certain Clients will receive priority with respect to certain investment allocations. In particular, certain Clients have been and will be designed, in whole or in part, to participate in investment opportunities in respect of which certain Clients or Other Clients will receive a primary allocation. Any Client, in respect of any investment opportunity, to the extent established to generally receive an allocation of an investment opportunity with priority over certain Clients or Other Clients, as determined by the Registrant in its sole discretion, will herein be referred to as a “**Primary Client.**” Any Client, in respect of any investment opportunity, to the extent established to generally receive an allocation of such investment opportunity only to the extent that the amount of an investment opportunity exceeds the amount of the investment required to be made available or otherwise deemed appropriate for the relevant Primary Clients, as determined by the Registrant in its sole discretion, will herein be referred to as a “**Overflow Client.**”

The respective investment programs of a given Client and Other Clients may or may not be substantially similar. Blackstone will give advice to (and recommend securities for) Other Clients that may differ from advice given to, or securities recommended or bought for, the relevant Client, even though their investment objectives may be the same as or similar to those of the relevant Client. While the Registrant will seek to manage potential conflicts of interest in a fair and equitable manner, the portfolio strategies employed by the Registrant or its affiliates in managing their respective Other Clients are likely to conflict from time to time with the transactions and strategies employed by the Registrant in managing the relevant Client and may affect the prices and availability of the loans, securities and instruments in which the relevant Client invests and there is no assurance that such conflicts will be resolved in a manner favorable to the relevant Client. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the relevant Client and Other Clients.

In particular, the Registrant from time to time establishes one or more Overflow Clients to receive an allocation of any investment in the investment strategy of a Primary Client that exceeds the amount required to be made available or otherwise deemed appropriate for the Primary Client, as determined by the Registrant, in its sole discretion. Overflow Clients may not always participate in opportunities allocated to Primary Clients, though such opportunities may be allocated to Overflow Clients.

The Registrant (including through its affiliates) currently invests third-party capital in a wide variety of investment opportunities on a global basis through its various Clients and its affiliates’ Other Clients, some of which have investment objectives or guidelines in common with those of Clients. To the extent any Other Clients have investment objectives or guidelines in common with those of Clients in any respect, then investment opportunities and sale opportunities which are within such common objectives and guidelines shall be allocated between such Clients, on the one hand, and such Other Clients, on the other hand, by the Registrant on a basis that it believes in good faith to be fair and reasonable (which,

from time to time, will result in certain Clients not participating in all or a portion of any such investment opportunity or sale opportunity or in a larger portion of any such investment opportunity or sale opportunity).

**Priority: Investment Opportunities.** Investment opportunities will generally be allocated to the relevant Client and certain Other Clients with similar investment objectives as the relevant Client as between the relevant Client and such Other Clients, *pro rata* based on targeted acquisition size (generally based on available or committed capital) or targeted sale size (generally the aggregate positions held by the applicable Other Clients) for such investment. In assessing targeted sizes, the Registrant may take into account capital commitments, available capital and the relative capital of the respective Clients and Other Clients, industry, sector or other types of concentration (including ratings), the portion of the portfolio dedicated to a particular strategy or asset type, any restrictions, guidelines or priority allocations set forth in the Offering and/or Governing Documents of such Clients and such other factors as the Registrant determines in good faith to be appropriate, including, without limitation, such factors described below.

**Priority: Overflow Opportunities.** Investment opportunities that fall within the investment objective of one or more Overflow Clients and also within the investment objective of one or more Primary Clients, will generally be offered first to the relevant Primary Clients and then be offered by the Registrant in its sole discretion to any third party or any member, shareholder or equivalent equity holder of such Primary Client that is interested in co-investment opportunities before being offered to an Overflow Client. Accordingly, there can be no assurance an Overflow Client will be allocated the excess of any appropriate opportunities not taken by the applicable Primary Client.

Notwithstanding anything to the contrary, the Registrant may also consider the following factors in making any allocation determinations, and such factors may result in a different allocation of investment and/or sale opportunities: (a) the risk-return and target return profile of the proposed investment relative to the relevant Clients' current risk profiles; (b) the relevant Clients' investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of the respective portfolios' overall holdings and minimum investment allocation amounts with respect to such Clients; (c) the need to re-size risk in the relevant Clients' portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within Clients' portfolios, as applicable) and taking into account any existing non-*pro rata* investment positions among the portfolios of the relevant Clients; (d) liquidity considerations of relevant Clients', including during a ramp-up or wind-down of one or more Client, proximity to the end of a Client's specified term or investment period, any redemption/withdrawal requests from or with respect to a Client, anticipated future contributions and available cash; (e) legal, tax, accounting, regulatory, political, national security and other considerations deemed relevant by the Registrant and its affiliates; (f) regulatory or contractual restrictions or consequences (including, without limitation, requirements under the Investment Company Act and any related rules, orders, guidance or other authority applicable to Clients or Blackstone Clients); (g) avoiding a *de minimis* or odd lot allocation (or allocating to a single vehicle when investments are smaller

in size); (h) availability and degree of leverage and any requirements or other terms of any existing leverage facilities; (i) a Client's investment focus on a classification attributable to an investment or issuer of an investment, including investment strategy, geography, industry or business sector; (j) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to a Client; (k) the management of any actual or potential conflict of interest; (l) with respect to any investments that are made available to the Registrant by counterparties pursuant to negotiated trading platforms (*e.g.*, ISDA contracts), the absence of such relationships, which may not be available for all Clients; (m) available capital of a Client and Blackstone Clients; (n) primary and permitted investment strategies, guidelines, liquidity positions, requirements and objectives of a Client and Blackstone Clients including, without limitation, with respect to Blackstone Clients that expect to invest in or alongside other funds or across asset classes based on expected return (such as certain managed accounts with similar investment strategies and objectives); (o) sourcing of the investment (including by a particular Blackstone business unit); (p) the specific nature (including size, type, amount, liquidity, holding period, anticipated maturity and minimum investment criteria) of the investment; (q) expected investment return; (r) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows); (s) capital expenditure required as part of the investment; (t) portfolio diversification, concentration and construction concerns (including, but not limited to, whether a particular Client already has its desired exposure to the investment, sector, industry, geographic region or markets in question); (u) relation to existing investments in a Client, if applicable (*e.g.*, "follow on" to existing investment, joint venture or other partner to existing investment, or same security as existing investment); (v) timing expected to be necessary to execute an investment; (w) whether Blackstone believes that allocating investment opportunities to an investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to a Client, Other Clients and/or Blackstone; (x) vehicle sizes and stage of investment operations (*e.g.*, early in a vehicle's investment operations, the vehicle may receive larger allocations than it otherwise would in connection with launching and ramping up), (y) maintaining structuring and financing flexibility for shared investments (which can result in sharing an investment opportunity equally to the extent each party has sufficient available capital to do so) and (z) any other considerations deemed relevant by the Registrant in good faith. For the avoidance of doubt and notwithstanding anything herein to the contrary, an affiliate of the Registrant may be allocated for its own account a portion of certain origination opportunities that otherwise would be appropriate investment opportunities for a Client.

The Registrant shall not have any obligation to present any investment opportunity (or portion of any investment opportunity) to a Client if the Registrant determines in good faith that such opportunity (or portion thereof) should not be presented to such Client for any one or a combination of the reasons specified above, or if the Registrant is otherwise restricted from presenting such investment opportunity to the Client. For example, where an investment opportunity falls outside of a Client's investment objectives, is otherwise prohibited by the Client's investment guidelines or where the Registrant has agreed to provide contractual priority to certain Clients (or investors therein) with respect to related investment opportunities, the Registrant shall have no obligation to present such

opportunity to the Client and may present such opportunities to other Clients or Other Clients.

Moreover, with respect to the Registrant's ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Client and one or more Other Clients (which allocations are to be made on a basis that the Registrant believes in good faith to be fair and reasonable), the Registrant and Blackstone have established general guidelines and policies, which may be updated from time to time, for determining how such allocations are to be made, which, among other things, set forth principles regarding what constitute "debt" or "debt-like" investments, criteria for defining "control-oriented equity" or "infrastructure" investments, guidance regarding allocation for certain types of investments (*e.g.*, distressed investments) and other matters. In addition, certain Other Clients receive certain priority or other allocation rights with respect to certain investments (including with respect to investments generated in connection with investments in another Client), subject to various conditions set forth in such Other Clients' respective governing agreements. The application of those guidelines and conditions may result in certain Clients not participating (and/or not participating to the same extent) in certain investment opportunities in which they otherwise would have participated had the related allocations been determined without regard to such guidelines and conditions and based only on the circumstances of those particular investments.

Additionally, investment opportunities sourced by Blackstone affiliates for Other Clients will be allocated in accordance with Blackstone's and the Registrant's respective allocation policies, which may provide that investment opportunities, including those sourced with respect to such Other Clients, will be allocated in whole or in part to other business units of Blackstone (including BREDS and Blackstone Credit) on a basis that Blackstone and the Registrant believe in good faith to be fair and reasonable, based on various factors, including the involvement of the respective teams from Blackstone or the Registrant and such other business units. It should also be noted that investment opportunities sourced by other business units of Blackstone (including BREDS and Blackstone Credit) will be allocated in accordance with such business units' allocation policies, which will result in such investment opportunities being allocated, in whole or in part, away from Clients.

In circumstances in which any other Clients have investment objectives or guidelines that overlap with those of certain Clients, in whole or in part, the Registrant 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 the Registrant. However, such good faith determinations could be based on expectations that may prove inaccurate. Information unavailable to the Registrant, or circumstances not foreseen by the Registrant at the time of allocation, may cause an investment opportunity to yield a different return than expected. Conversely, an investment that Registrant expects to be consistent with certain Clients' return objectives may fail to achieve them. The Registrant makes allocation determinations based solely on its expectations at the time such investments are made, though investments and their characteristics may change and there can be no assurance that an investment would not prove to have been more suitable for another Client or Other Client in hindsight.

When the Registrant determines not to pursue for a Client some or all of an investment opportunity that would otherwise be within a Client's objectives and strategies, and the Registrant or its affiliates provides the opportunity or offers the opportunity to Other Clients, the Registrant or such affiliates, including their personnel, can be expected to receive compensation from the Other Clients (if applicable), whether or not in respect of a particular investment, including an allocation of performance-based compensation, referral fees or revenue share, and any such compensation could be greater than amounts paid by such Client to the Registrant. As a result, there is an incentive for Registrant (including personnel who receive such compensation) to allocate investment opportunities away from certain Clients or to source investment opportunities for Other Clients, which could result in fewer opportunities (or reduced allocations) being made available to the Clients or to the investors in the Clients as co-investment. In addition, in some cases the Registrant or its affiliates can be expected to earn greater fees when Other Clients participate alongside or instead of the Client in an investment.

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, that, among other things, provide for referral, sourcing or sharing of investment opportunities. It is possible that one or more Clients will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships. It is also possible that investment opportunities that otherwise would be presented to or made by one or more Clients would instead be referred (in whole or in part) to such third party or to other third parties, either as a result of a contractual obligation or otherwise, resulting in fewer opportunities (or reduced allocations) being made available to certain Clients. The Registrant faces a conflict of interest in connection with such arrangements as Blackstone may be incentivized to enter into such arrangements to secure economic and other benefits from such parties, though such arrangements may prevent profitable opportunities from being allocated to Clients. This means that co-investment opportunities that are sourced by the Registrant will from time to time be allocated to investors that are not Clients. For example, a firm with which Blackstone has entered into a strategic relationship will from time to time be afforded with "first call" rights on a particular category of investment opportunities, although there is not expected to be substantial overlap in the investment strategies and/or objectives between certain Clients and any such firm.

Aggregation opportunities for the Registrant or its affiliates generally arise when more than one Client or Other Client is capable of purchasing or selling a particular asset based on investment objectives, available cash, and other factors. The Registrant will generally execute transactions on behalf of Clients and, if applicable, Other Clients on an aggregated basis when we believe that to do so will allow us to obtain best execution and to negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, Clients and Other Clients will be treated in a fair and equitable manner, provided that certain trades may not be aggregated by the Registrant to the extent that the participating Clients or Other Clients do not have the same counterparty relationship established. An "aggregated order" means an order placed by the Registrant on behalf of one or more Clients that does not

specify to the counterparty: (a) the allocation among Clients, groups of Clients or Other Clients and (b) that any partial fills should be allocated *pro rata* among Clients, groups of Clients or Other Clients in accordance with the specified allocation unless otherwise documented, if applicable. Each Client that participates in the allocation of an aggregated order will participate in such allocation at the same price for that investment on a given business day, with aggregated transaction costs shared *pro rata* based on each individual Client's participation in the investment (subject to the terms of certain Clients' Offering and/or Governing Documents).

**Co-investment Opportunities.** Clients from time to time co-invest with investors, Other Clients, Blackstone's affiliates and other parties with whom Blackstone has a material relationship. The allocation of co-investment opportunities is entirely and solely in the discretion of the Registrant. In addition to participation by Consultants in specific transactions or investment opportunities, Consultants and/or other Blackstone employees are from time to time permitted to, and are expected to, participate in Blackstone's side-by-side co-investment rights. Such Consultants or Blackstone employee co-investors generally do not pay a management fee or performance-based compensation. Participation by such co-investors alongside Clients, although generally not expected, would result in a Client being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side. In lieu of all or a portion of the side-by-side investment described above, one or more of the permitted Blackstone participants described above may instead elect to make capital contributions directly to an Other Client. In either of these situations, Blackstone would be eligible to receive fees and performance-based compensation, and whether Blackstone receives such fees will be determined in Blackstone's sole discretion. Blackstone's ability to receive fees from such co-investment parties creates an incentive to allocate to such parties a portion of investment opportunities.

In certain circumstances, the Registrant or its affiliates will determine that a co-investment opportunity should be offered to one or more third parties (such investors, "**Co-Investors**"). The Registrant will maintain discretion with respect to which Co-Investors are offered any such opportunity. It is expected that many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. For example, Blackstone can be expected to prioritize any supplemental accounts in the allocation of co-investment opportunities. Furthermore, co-investment offered by the Registrant 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 the Registrant determines to be appropriate in its sole discretion on a case-by-case basis, which may differ amongst Co-Investors with respect to the same co-investment opportunity, and Blackstone will determine in its sole discretion whether to offer co-investment opportunities (based on, among other factors, whether there has been sufficient allocation of an investment to a Client and whether a potential Co-investor would offer a strategic benefit to the investment, including, but not limited to, the consummation, operation or monitoring thereof). Furthermore, an Other Client and other Co-Investors will often have different investment objectives and limitations, such as return objectives and maximum hold period. The Registrant, as a result, will have conflicting incentives in making

decisions with respect to such opportunities. Even if Clients 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, and there is no guarantee that decisions will be made in a manner that prioritizes the interests of Clients over those of such other parties.

**General Co-Investment Considerations.** There are expected to be circumstances where an amount that would otherwise have been invested by certain Clients is instead allocated to co-investors (who may or may not be Other Clients or investors in Other Clients) or supplemental capital vehicles, and there is no guarantee that any Client will be offered any particular co-investment opportunity. Each co-investment opportunity (should any exist) is likely to be different, and allocation of each such opportunity will depend on the facts and circumstances specific to that unique situation (*e.g.*, timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Different situations will require that the various facts and circumstances of each opportunity be weighted differently, as the Registrant deems relevant to such opportunity. Such factors are likely to include, among others, (i) whether the potential Co-Investor adds strategic value, industry expertise or other similar synergies; (ii) whether a potential Co-Investor has expressed an interest in evaluating co-investment opportunities; (iii) whether a potential Co-Investor has an overall strategic relationship with Blackstone that provides it with more favorable rights with respect to co-investment opportunities; (iv) whether a potential Co-Investor has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, any Other Clients or other co-investments (including whether a potential Co-Investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to Other Clients and their respective underlying portfolio companies, or whether the potential Co-Investor has significant capital under management by Blackstone or intends to increase such amount); (v) the ability of a potential Co-Investor to commit to a co-investment opportunity within the required timeframe of the particular transaction; (vi) Blackstone'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); (vii) whether the Co-Investor is considered "strategic" to the investment because it is able to offer the Client or an Other Client certain benefits, including but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the portfolio company or the possession of certain expertise; (viii) the transparency, speed and predictability of the potential Co-Investor's investment process; (ix) whether Blackstone has previously expressed a general intention to seek to offer co-investment opportunities to such potential Co-Investor; (x) whether a potential Co-Investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xi) the familiarity Blackstone has with the personnel and professionals of the investor in working together in investment contexts (which may include such potential Co-Investor's history of investment in other Blackstone co-investment opportunities); (xii) the extent to which a potential Co-Investor has committed to an Other Client; the size of such potential Co-Investor's interest to be held in the underlying portfolio company as a result of Clients' investment (which is likely to be based on the size of the potential Co-Investor's capital commitment or investment in Clients);

(xiii) the extent to which a potential Co-Investor has been provided a greater amount of co-investment opportunities relative to others; (xiv) the ability of a potential Co-Investor to invest in potential add-on acquisitions for the portfolio company or participate in defensive investments; (xv) 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 company); (xvi) any interests a potential Co-Investor may have in any competitors of the underlying portfolio company; (xvii) the tax profile of the potential Co-Investor and the tax characteristics of the investment (including whether 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); (xviii) whether a potential Co-Investor's participation in the transaction would subject a Blackstone Client and/or the portfolio company to additional regulatory requirements, review and/or scrutiny, including any necessary governmental approvals required to consummate the investment; (xix) the potential Co-Investor's interaction with the potential management team of the portfolio company; (xx) whether the potential Co-Investor has any existing positions in the portfolio company (whether in the same security in which an Other Client is investing or otherwise); (xxi) whether there is any evidence to suggest that there is a heightened risk with respect to the potential Co-Investor maintaining confidentiality; (xxii) whether the potential Co-Investor has demonstrated a long-term and/or continuing commitment to the potential success of a Blackstone Client, other affiliated funds and/or other co-investments, including the size of such commitment; (xxiii) 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; (xxiv) the ability of the Co-Investor to hold investments for longer periods of time and whether the expected holding period and risk-return profile of the investment is consistent with the stated goals of the investor and the expected underwriting of the investment; (xxv) whether a particular co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing; and (xxvi) such other factors as the Registrant deems relevant and believes to be appropriate under the circumstances. The factors listed in the foregoing sentence are neither presented in order of importance nor weighted, except that the Registrant has historically primarily relied upon the following two factors in making the determination to offer co-investment opportunities to Co-Investors: (i) whether the potential Co-Investor has demonstrated a long-term and/or continuing commitment to the potential success of Clients (including whether a potential Co-Investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to Clients or Other Clients and their respective underlying portfolio companies), other affiliated funds, and/or other co-investments, including the size of any such commitment and fee revenue or profits generated for the benefit of Blackstone as a result thereof and (ii) the ability of a potential Co-Investor to commit to a co-investment opportunity within the required timeline of the particular transaction. Except as otherwise described herein, Co-Investors generally will not share Broken Deal Expenses with a Fund and Other Clients, and such expenses may be significant.



The Registrant or its affiliates will typically (but is not required to) establish co-investment vehicles for one or more investors (including third party investors and investors in an Other Client) in order to co-invest alongside Clients and Other Clients in one or more future investments. The existence of these vehicles could reduce the opportunity for other investors to receive allocations of co-investment.

In addition, the Registrant and its affiliates will generally agree with investors (including Blackstone strategic relationships, third party investors and investors in the Clients) to more favorable rights or pre-negotiated, more favorable terms as compared to other co-investors with respect to co-investment opportunities, including with respect to discounts or rebates of performance-based compensation and/or management fees borne by an investor in a Client. To the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to investors in Clients. Furthermore, in connection with any co-investment by third party Co-Investors, the Registrant or its affiliates may establish one or more investment vehicles managed or advised by the Registrant or its affiliates to facilitate such Co-Investors' investment alongside one or more Clients.

The amount and frequency of co-investment by any co-investment vehicle would be at the discretion of the Registrant, as applicable, or as determined by the Offering and/or Governing Documents of such co-investment vehicle. It is possible that the co-investment vehicle would result in fewer co-investment opportunities being made available to investors who do not participate therein, and allocations to the co-investment vehicle are likely to result in the investment vehicles investing less than they would have in the related investment.

In addition, the Registrant and/or its affiliates will in certain circumstances be incentivized to offer certain potential Co-Investors (including, by way of example, as a part of the overall strategic relationship with Blackstone) opportunities to co-invest in priority and/or on more favorable terms as compared to other potential Co-Investors because the extent to which any such Co-Investor participates in (or is offered) co-investment opportunities may impact the amount of performance-based compensation and/or management fees or other fees paid by the Co-Investor receiving the priority allocation or better terms (as well as any additional discounts or rebates thereof that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved) to which the Registrant and/or its affiliates are entitled under the arrangements with such Co-Investor with respect to such Co-Investor's participation in one or more Other Clients, investments and/or otherwise in connection with such Co-Investor's relationship with Blackstone. The amount of performance-based compensation or expenses charged (including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses) and/or management fees, servicing fees or other fees paid (or offset) by the Client may be less than or exceed such amounts charged or paid by co-investment vehicles pursuant to the terms of such vehicles' partnership agreements and/or other agreements with Co-Investors, and such variation in the amount of fees and expenses will create an economic incentive for the Registrant to allocate a greater or lesser percentage of an investment opportunity to such Client or such co-investment vehicles or Co-Investors, as the case may be. In addition, other terms of existing and future co-investment vehicles may differ materially, and in some

instances may be more favorable to the Registrant, than the terms of the Client, and such different terms will create an incentive for the Registrant to allocate a greater or lesser percentage of an investment opportunity to the Client or such co-investment vehicles, 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 such conflicts of interest will be resolved in favor of the Client. Accordingly, any investment opportunities that would have otherwise been offered or allocated, in whole or in part, to a Client may be reduced and made available to co-investment vehicles. Co-investments may be offered by the Registrant on such terms and conditions (including with respect to management fees, servicing fees, performance-based compensation and related arrangements) as the Registrant determines in its discretion on a case-by-case basis.

The Registrant or its affiliates will, prior to making any co-investment opportunities available to any Co-Investor, determine whether any given investment opportunity is (a) required to be offered to specific Co-Investors or a dedicated co-investment vehicle under the terms of any agreement and/or (b) suitable for Other Clients pursuant to the contractual terms governing such Other Clients, taking into account the Other Clients' investment strategy, the Registrant's policies and procedures and its fiduciary duties. There are also circumstances where a portion of an investment opportunity that otherwise would have been invested in by a Client is instead allocated to Co-Investors, and there is no guarantee for any Client or investor that it will be offered any co-investment opportunities.

Apart from the factors described above, the form and terms of each co-investment opportunity will similarly be determined by the Registrant on a case-by-case basis, based on the facts and circumstances of the particular transaction. The terms and conditions (including, and dependent upon the proposed structure of such transaction, any fees, including performance-based fees, payable to the Registrant or its affiliates) will be negotiated on a case-by-case basis. Please see **Item 5 – Fees and Compensation** for information about the allocation of Broken Deal Expenses with respect to co-investment opportunities. The Registrant will be entitled to consider as a factor the likelihood that a potential Co-Investor will accept or be amenable to the proposed form and terms of such co-investment.

***Investments in Portfolio Companies Alongside Other Clients.*** From time to time, the Clients will co-invest with other Blackstone Clients and co-investment or other vehicles in which Blackstone or its personnel invest and that co-invest with such other Blackstone Clients in investments that are suitable for both the Clients and such other Blackstone Clients or other vehicles. Even if the Clients and any such other Blackstone Clients and/or co-investment or other vehicles invest in the same securities or loans, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting, political, national security or other considerations, the terms of such investment (and divestment thereof) (including with respect to price and timing) for the Clients and such other funds and vehicles may not be the same. Additionally, the Clients and such other Blackstone Clients and/or vehicles will generally have different investment periods and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities. As such, a

Fund and/or such Other Clients may dispose of any such shared investment at different times and/or on different terms. Investments by more than one Client of the Registrant or its affiliates in a portfolio company also raises the risk of using assets of a Client of the Registrant or its affiliates to support positions taken by other Clients of the Registrant or its affiliates, or that a Client may remain passive in a situation in which it is entitled to vote. For example, because the Registrant has an incentive to show realized returns in connection with other fundraising activities (including fundraising for Other Clients) or because one Client's term may expire before the end of another Client's term, such Clients may dispose of the investment at different times to the extent permitted by such Clients' Offering and/or Governing Documents. Investments disposed of at different times will likely be disposed of at different valuations, and, as a result, each Client may realize different returns as compared to the same investment held by another Client. These variations in timing may be detrimental to a Client. At the same time, if the Registrant determines it is advisable for a Client to exit an investment at the same time as another Client of the Registrant or its affiliates, the term of which may expire sooner than the former Client's, such Client may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

***Debt Financings in connection with Acquisitions and Dispositions.*** A Client will from time to time provide financing (1) as part of a third party purchaser's bid for, or acquisition of, a portfolio company or the underlying assets thereof owned by one or more Other Clients and/or (2) in connection with a proposed acquisition or investment by one or more Other Clients or affiliates of a portfolio company and/or its underlying assets. This generally would include the circumstance where a Client is making commitments to provide financing at or prior to the time such third party purchaser commits to purchase such investments or assets from one or more Other Clients. A Client will from time to time also make investments and provide debt financing with respect to portfolio companies in which Other Clients and/or affiliates hold or propose to acquire an interest, including when such investments or debt financing would result in (x) facilitating the acquisition by one or more Other Clients of all or a portion of the economic ownership interests and voting rights in a portfolio company or (y) the repayment of an Other Client's existing investment. While the terms and conditions of any such arrangements will generally be at arm's length and negotiated on a case by case basis, the involvement of such Client and/or such Other Clients or affiliates may affect the terms of such transactions or arrangements and/or may otherwise influence the applicable management company's decisions with respect to the management of such Client and/or such Other Clients or the relevant portfolio company, which may give rise to potential or actual conflicts of interest and which could adversely impact such Client, including but not limited to such Client receiving terms less favorable than it would otherwise have received in the absence of such conflict. See **Item 10 – Other Financial Industry Activities and Affiliations** regarding the Registrant's policies for mitigating potential conflicts of interest.

***Allocation of Financing and Refinancing Opportunities.*** A Client may provide financing to a sponsor (including Blackstone or a third party) or its relevant acquisition vehicle or to another company that will result in the re-financing or realization of an Other Client's investment in or acquisition of a portfolio company or an interest in a portfolio company of an Other Client. A Client may also provide financing in connection with acquisitions by one

or more Other Clients or their affiliates of assets, interests (and/or portfolios thereof) owned by a sponsor (including Blackstone or a third party). This may include making commitments to provide financing at, prior to or around the time any such purchaser commits to or makes such investments. Although not limited to such arrangements, this type of financing could for example be provided through pre-arranged “staple” financing packages arranged and offered by Blackstone to potential bidders for such investments. Blackstone will face conflicts of interest in relation to such transactions or arrangements. For example, where a Client provides acquisition financing to any such bidder, in particular in respect of its incentives to maximize profits on the sale of the relevant investment by the relevant Other Client (which may have a higher carried interest payable to its Blackstone-affiliated general partner) or to otherwise induce such bidder to make such acquisition and facilitate an exit of the investment by the Other Client, by offering such financing on below-market pricing and/or other terms. Other Clients that also engage in financing activities (including proprietary Blackstone vehicles) are similarly generally not limited in their ability to provide financing to sponsors or its relevant acquisition vehicle or to another company and their relevant acquisition vehicles or to other companies as part of similar financing packages arranged and offered by Blackstone for the purposes of acquiring investments held by the Client, in which case, similar conflicts of interest will arise. Furthermore, such transactions may involve the partial or complete payoff of loans (with related proceeds being received by the applicable Other Clients) and/or otherwise result in restructurings of terms and pricing relating to such existing loans with the borrower thereof in respect of which such Other Clients may receive refinancing proceeds and/or a retained interest in such loans in accordance with such restructuring arrangements. Additionally, in certain situations a Client may not commit to provide financing until a third-party has committed to make a deposit in connection with the acquisition of an investment from an Other Client, which may result in such Client being disadvantaged in the overall bid process or potentially not consummating the investment.

In addition, Clients have and expect to continue to participate in investments relating to (i) the refinancing or modifications of loan investments or portfolios held or proposed to be acquired by certain Other Client, and Other Clients may refinance a loan currently held by a Client and/or (ii) portfolio companies of one or more Other Clients, including primary or secondary issuances of loans or other interests by such portfolio companies. Although such transactions may result in a Client indirectly providing proceeds to an Other Client (or vice versa), such transactions will not require the consent of the limited partner advisory committee, an independent client representative or any Client (or investor therein) unless specified in the Offering and/or Governing Documents. To the extent such investment opportunities arise, Blackstone will face actual or apparent conflicts of interest, in particular the incentive to use financing provided directly or indirectly by the Client to facilitate a successful exit of any such investment by the relevant Other Client. Moreover, an Other Client may refinance or modify loans or debt positions or provide debt or equity financing to a sponsor (including Blackstone or a third party), which in turn will use such financing to refinance loans or debt positions held by the Client in a borrower prior to their stated maturity. Such prepayments will generally result in the Client receiving a lower than anticipated yield on such investments, which it cannot recoup through the redeployment of the relevant investment proceeds or otherwise mitigate through any early repayment

penalties negotiated with the relevant borrower. The Client may be required to pay prepayment penalties to Other Clients or their portfolio companies (or vice versa). While not limited to such periods, debt refinancings are more likely to occur during periods of declining interest rates. To the extent that a Client reinvests the proceeds of a prepayment in these circumstances, it will likely receive a rate of interest that is lower than the rate on the debt positions that were prepaid as a result of the refinancing. In considering such refinancing opportunities, Blackstone will face actual or apparent conflicts of interest, in particular in respect of its incentives to source attractive refinancing opportunities for the benefit of Other Clients. The pricing and terms of any of the foregoing refinancing transactions will, from time to time, be established solely by Blackstone without the involvement of an independent third party and may be above or below then current market expectations and the pricing and terms related to the prior financing. The refinancing party (and/or the original party to the loan) may ultimately benefit from (or be harmed by) the refinancing, and Clients may consequently profit (including in relation to their incentive allocation calculations) or realize losses as a consequence thereof. It is possible that Blackstone will allocate the opportunity to refinance the loan or other debt position held by a Client in a different proportion (which can be higher or lower) to the proportion in which such Client participated in the position being refinanced and, in certain circumstances, a Client could have insufficient available capital or otherwise be unable to participate in such refinancing.

Similarly, a Client can be expected to participate in a follow-on investment in an existing portfolio company or other borrower in which such Client and/or Other Clients or Blackstone proprietary vehicles or other persons hold a loan or other debt position, which follow-on investment could be protective or a “new money” investment in the relevant issuer, in a different proportion (which can be higher or lower) to the proportion in which it participated in the prior loan or other debt investment, and, in certain circumstances, Blackstone in its sole discretion may determine that a Client will not participate in such investments. Such follow-on investments could be senior to the prior loan or debt investment in the relevant issuer, which could give rise to conflicts of interest to the extent that Blackstone in its sole discretion may determine that a Client invests in a lower or higher proportion than its original investment (or does not participate in such investments), and which could otherwise disproportionately benefit Other Clients or Blackstone relative to such Client, for example, where the Client participates in a protective follow-on investment in a higher proportion than its participation in the original investment due to the inability of an Other Client to participate. Notwithstanding that the follow-on investment by a Client could be senior to the original investment and therefore have structural priority relative to such original investment (and would therefore benefit the Client in that regard), the original investment by such Other Client could nonetheless benefit on a “free-ride” basis from the subsequent protective investment by the Client in the relevant portfolio company and the return from such investment could ultimately be higher than would have been the case had the Client not participated in such investment and the return on the Client’s investment in such portfolio company could be lower than would have been the case if it had participated in such follow-on investment in the same proportion as it participated in the original investment. The reverse will be the case to the extent a Client did not participate in any such investment.

***Firm Involvement in Financing of Third Party Dispositions by Clients.*** Certain Clients will from time to time dispose of all or a portion of an investment by way of accepting a third-party purchaser's bid where Blackstone or one or more Other Clients is providing financing as part of such bid or acquisition of the investment or underlying assets thereof. This generally would include the circumstance where Blackstone or one or more Other Clients is making commitments to provide financing at or prior to the time such third-party purchaser commits to purchase such investments or assets from Clients. Such involvement of Blackstone or one or more Other Clients as such a provider of debt financing in connection with the potential acquisition of portfolio investments by third parties from certain Clients will give rise to potential or actual conflicts of interest, including but not limited to such Clients accepting a lower purchase price than they would otherwise have accepted in the absence of such conflicts.

***Trade Errors.*** A trade error is an error made by the Registrant in the placement, execution, or settlement of a trade for a Client. Trade errors are evaluated on a case-by-case basis, and may not be disclosed to the extent not required by a Client's Offering and/or Governing Documents. Errors are reported to the Chief Compliance Officer upon discovery and are to be corrected as soon after discovery as is reasonably practicable. The Registrant generally will reimburse losses suffered by a Client as a result of a trade error caused by the Registrant's gross negligence or such other standards of care as otherwise specified in the applicable Offering and/or Governing Documents of such Client. Client losses and Client gains will be reviewed on a "net" basis, taking into account, among other factors, all income attributable to the trade that is the subject of the trade error, similar trades, or trades within a specified period, provided that the resolution is equitable to the Client over time. In addition, the Registrant will not correct a trade error made for one Client by causing a Blackstone Client to buy or sell the securities unless such transaction has been approved by a committee that oversees conflicts of interest.

The violation of any prohibitions, limits or any other guidelines (numerical, percentage-based, ratings-based or otherwise) that constitutes a "trade error" shall cease to constitute a "trade error" if (i) such violation is expressly curable under the applicable Offering and/or Governing Documents and (ii) the Registrant cures such violation after becoming aware of the violation in accordance with such Offering and/or Governing Documents. The Registrant may purchase, acquire, sell, exchange, liquidate, transfer or otherwise dispose of any asset or instrument (whether such asset or instrument is the cause of such violation or not) in the event of, or to cure, any such violation.

The following circumstances do not constitute trade errors ("**Other Trade Issues**"): (a) the error does not result in a transaction in a Client's account (such as an error that results in the loss of an investment opportunity), (b) the error is the fault of the executing broker-dealer or another third party, (c) the purchase or sale of the asset is reallocated to an Other Client prior to settlement in accordance with the Registrant's or its relevant affiliate's allocation policies, (d) the purchase or sale of an asset violates restrictions solely arising from a contractual obligation to a third party other than the applicable Client, (e) the failure to satisfy certain contractually imposed settlement requirements results in the forfeiture of delayed compensation, as provided under The Loan Syndications and Trading Association

(“**LSTA**”) Standard Terms and Conditions for Par/Near Par Trade Confirmations, which are incorporated by reference into the LSTA Par/Near Par Trade Confirmation; (f) the Offering and/or Governing Documents of the applicable Client expressly provide for the right of the Registrant to cure such that a trade error is deemed not to have occurred and the Registrant cures in accordance therewith, (g) undetected software defects or fundamental issues with the Registrant’s method of interpreting and acting upon the model’s output, (h) model enhancements and improvements made as part of the normal research process that would not be categorized as a trade error, (i) the error is the fault of a third-party data provider utilized by a systematic model and reasonably relied upon as being accurate; (j) model enhancements and improvements as part of the normal research process that would not be categorized as an investing/trading error, or (k) the applicable Client ratifies the trade in writing. If an Other Trade Issue exists, the Registrant will determine an appropriate course of action, subject to applicable policies and procedures, Offering and/or Governing Documents and other relevant materials or information, as necessary.

### **Item 13: Review of Accounts**

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

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

The Registrant provides unaudited performance reports on a monthly or quarterly basis to certain Clients, as specified in the Offering and/or Governing Documents of such Clients. The Registrant may elect to provide different levels of reports to investors.

Investors in Funds generally will receive written periodic reports which will include capital balance and applicable Fund performance statistics. Investors in Funds will also receive written annual audited financial statements for the Fund in which they are invested. The Registrant 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 such Funds.

Certain Clients may request information relating to a Managed Account or certain investors in a Fund may request information with respect to such Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, the Registrant will provide such Clients (or investors therein) with the information requested. Clients (or investors) that request and receive such information will consequently possess information regarding the business and affairs of the Client (and the investments therein) that may not be known to other Clients or investors. As a result, certain Clients or investors may take actions on the basis of such information that other investors, lacking such information, do not take. Furthermore, at certain times the Registrant may be restricted from disclosing to Clients (or investors) material non-public information regarding any assets in which a Client invests, particularly those investments in which an Other Client or portfolio company that is publicly registered co-invests with a Client.



## **Item 14: Client Referrals and Other Compensation**

Any cash payments to third parties for solicitation activities will be made in accordance with Rule 206(4)-1 of the Advisers Act, to the extent applicable.

In a typical distribution/placement arrangement, the Registrant will generally agree to pay a third party solicitor for referring Clients or investors in certain Funds or Other Clients. Typically, the third party solicitors will receive a portion of the management fee and/or performance fee (if applicable) payable to the Registrant (although other payment arrangements could exist). A prospective investor solicited by a third party solicitor engaged by the Registrant 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 borne by the Registrant, and the Client or investors in such Fund or Other Client will not bear any increased or additional fees or charges. The dollar amount of any placement agent fees is paid out of the applicable Client or Other Client, but may be credited as an offset to the management fees paid by the Client or Other Client, as provided in the applicable Offering and/or Governing Documents of the Client. However, the Registrant and its affiliates generally do not use third party solicitors to solicit Clients with respect to establishing Managed Accounts or, currently, in connection with soliciting investors in Funds.

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

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

## Item 15: Custody

Rule 206(4)-2 (the “**Custody Rule**”) of the Advisers Act defines custody as holding client securities or funds or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions). The Registrant generally endeavors not to enter into arrangements with respect to Managed Accounts whereby it may, or would be deemed to, have custody under the Custody Rule. Conversely, in respect of its Clients that are Funds, the Funds generally have an affiliate of the Registrant acting as General Partner and, as such, the Registrant is deemed to have custody of the Fund’s securities or funds under the Custody Rule. The Registrant and its affiliates also have custody with respect to certain Underlying Fund arrangements formed with respect to specific investments. With respect to such Funds or other arrangements whereby the Registrant will have custody, the Registrant generally complies with the Custody Rule by, among other things, maintaining certain Client assets with qualified custodians and providing all investors in a Fund with audited financial statements.

## **Item 16: Investment Discretion**

The Registrant generally, although not exclusively, acts as a discretionary investment adviser and may exercise sole authority to determine the securities bought and sold for each Client (subject to the overall supervision of the applicable General Partner with respect to the Funds), as well as the amounts thereof, without obtaining specific client consent and without limitation on such authority. Any specific investment guidelines and restrictions are provided in the applicable Offering and/or Governing Documents.

Please refer to **Item 12 – Brokerage Practices** for a discussion on the Registrant's Allocation and Aggregation Policy.

## Item 17: Voting Client Securities (Proxy Voting)

As a fiduciary, an investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies on behalf of its clients, as well as a duty to cast such votes in the best interests of its clients and to not subrogate client interests to its own. Rule 206(4)-6 under the Advisers Act (the “**Proxy Voting Rule**”) places specific requirements on registered investment advisers with proxy voting authority. Due to the nature of the investment strategies deployed by the Registrant, equity securities will generally not be a large portion of the investments of any Client. Nevertheless, because the Registrant generally has discretionary authority over the securities held by the Clients, the Registrant is viewed as having proxy voting authority over such securities. Accordingly, the Registrant is subject to the Proxy Voting Rule. To meet its obligations under this rule, the Registrant has adopted written Proxy Voting Policies and Procedures, which are available upon request. These policies and procedures are reasonably designed and implemented in a manner reasonably expected to confirm that the Registrant votes proxies in the best interests of its Clients and to address how the Registrant will resolve any conflict of interest that may arise when voting proxies. Where the Registrant deems appropriate in its sole discretion, unaffiliated third parties are in certain cases used to help resolve conflicts or to otherwise assist the Registrant in fulfilling all or part of its voting obligations. In this regard, the Registrant can retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to which voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

Clients (or investors therein) may request a copy of the Registrant’s proxy voting policy and the proxy voting records related to the Proxy Voting Rule by contacting the Registrant at the address or telephone number on the cover of this Brochure.

## **Item 18: Financial Information**

The Registrant 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 Clients.

**Item 19: Requirements for State Registered Advisers**

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