

**Item 1 – Cover Page**

**Clarus Ventures, LLC**

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as of March 31, 2023

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

If you have any questions about the contents of this Brochure, please contact us at (617) 949-2200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The Clarus Adviser is registered with the SEC as an investment adviser. The Clarus Adviser’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications the Clarus Adviser provides to you, including this Brochure, serve as information for you to use to evaluate the Clarus Adviser and should be considered in your decision whether to invest in an investment vehicle advised by the Clarus Adviser.

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

## **Item 2 – Material Changes**

There has not been a material change to this Brochure since the last filing dated December 2, 2022. However, since the last annual update, the Clarus Adviser has appointed a new Chief Compliance Officer whose contact information has been included in Items 11 and 17. The address of the Clarus Adviser has also been updated. In addition, please carefully read Items 5, 8 and 10, which have expanded upon the description of certain fees and expenses, potential risk of loss and potential conflicts of interest, respectively.

The Clarus Adviser, at any time, may update this Brochure and may either send you a copy or offer to send you a copy (either by electronic means (e-mail) 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 us at (617) 949-2200.

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## Item 4 – Advisory Business

The Clarus Adviser is a Delaware limited liability company. The Clarus Adviser provides investment advisory services to Clarus Lifesciences I, L.P.; Clarus Lifesciences II, L.P.; Clarus Lifesciences III, L.P.; Clarus Defined Exit I, L.P.; Clarus Defined Exit II, L.P.; Clarus IV-A, L.P.; Clarus IV-B, L.P.; Clarus IV-C, L.P.; and Clarus IV-D, L.P. and any parallel or alternative investment vehicle formed in connection therewith (together, the “Funds”). The Funds are investment funds which specialize in investments in the life sciences industry, including the healthcare, pharmaceutical, biotechnology and medical device sectors. Affiliates of the Clarus Adviser serve as the general partner (the “General Partners”) of each of the Funds. The Clarus Adviser was established in 2005.

References throughout this Brochure to the term “Sponsor” describe, as the context or applicable law requires, individually and collectively, the General Partner of the applicable Fund(s) and the Clarus Adviser, and all references herein to the Sponsor or to any rights, powers, responsibilities, or activities of the Sponsor are qualified in all respects by the Organizational Documents (as defined herein) of the applicable Fund(s), all of which should be carefully reviewed by each potential investor in a Fund for, among other things, a more detailed description of the relative rights, powers, responsibilities and activities of each of the applicable General Partner(s) and the Clarus Adviser.

The ultimate parent of the Clarus Adviser is Blackstone Inc. (together with its affiliates, “Blackstone”), which is a publicly traded corporation listed on the New York Stock Exchange and which trades under the ticker symbol “BX”. Blackstone is a leading global alternative investment manager with investment vehicles focused on the private equity, real estate, hedge fund solutions, credit, infrastructure, life sciences, secondary private equity funds of funds and multi-asset class strategies.

Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.

The Clarus Adviser’s regulatory assets under management were \$ 1,359,869,363 as of December 31, 2022.

### *Description of Advisory Services*

The Clarus Adviser serves as investment adviser to the Funds pursuant to the terms of the investment advisory agreements (the “Advisory Agreements”) with respect to each of the Funds, and makes investment decisions for the Funds including by evaluating the Funds’ investments.

The individual needs of the investors in the Funds are not the basis of investment decisions by the Clarus Adviser. Investment advice is provided directly to the Funds by the Clarus Adviser and not individually to the Funds’ investors.

## Item 5 – Fees and Compensation

### *Management Fees and Performance Fees*

Per the Advisory Agreements with each of the Funds, the Clarus Adviser is entitled to compensation for its services in the form of a management fee (the “Management Fee”), generally payable quarterly in advance. The Management Fee is based on either committed capital or invested capital, depending on the Fund and whether its investment period is currently active. Prorated refunds would be provided for partial quarters, if any, to the extent applicable. As set forth in Item 6 below, the General Partner of each Fund is also eligible to receive performance-based or “carried interest” allocations. The Confidential Private Placement Memorandum (as supplemented from time to time) and the Partnership Agreement and Advisory Agreements (collectively, the “Organizational Documents”) of each Fund include further details on fees and compensation and related matters.

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

Certain investors in the Funds, including current and/or former senior advisors, executive advisors, officers, directors, personnel of Blackstone and/or other key advisors/relationships (including operating partners, executives, founders and entrepreneurs), Portfolio Entities (as defined herein) of the Funds and “Other Blackstone Clients”, (as defined herein), including 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 (“Blackstone Investors”), will not pay Management Fees and/or performance-based or carried interest allocations in connection with their investment in or alongside the Funds or Blackstone-sponsored funds that make investments in the Funds. Notwithstanding the foregoing, such investors will either directly pay for their *pro rata* share of certain Fund expenses (as described below), or the *pro rata* amount of such expenses will be allocated to the applicable General Partner or its affiliates. Such *pro rata* allocation of Fund expenses will, in certain circumstances, be calculated based on capital commitments, invested capital, available capital or other metrics as determined by the applicable General Partner or its affiliates in its sole discretion. Any such methodology (including the choice thereof) involves inherent conflicts and will, in certain circumstances, not result in perfect attribution and allocation of expenses. In addition, to the extent current and/or former partners, employees, advisors and other persons referred to above, including their 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 and entities), make capital commitments and/or otherwise invest in or alongside the Funds, any such amounts will in certain circumstances, in the General

Partner's sole discretion, be treated as satisfying the applicable portion of any required capital commitment of the General Partners and/or their affiliates to the Funds , as applicable (even in circumstances where any such commitments or investments are made following a separation from Blackstone). For more information with respect to the allocation of Fund expenses, please see "—Expenses" in this Item 5 below.

***Blackstone Strategic Relationships.*** Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships with investors (and/or one or more of their affiliates) that involve an overall relationship with Blackstone that could (but is not required to) incorporate one or more strategies (including, but not limited to, different sector and/or geographic focus within the same or a different Blackstone business unit) in addition to the Funds' strategies ("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 vehicles, one of which may be a Fund. Investors in the Funds will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) or receive any other disclosure or reporting of the terms of or existence of any Strategic Relationship and will be unable to elect 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 any further disclosure or reporting information will be shared with the limited partners about any Strategic Relationship). Specific examples of such additional rights and benefits have included and can be expected to include, among others, specialized reporting, discounts or reductions on and/or reimbursements or rebates of management fees or carried interest, secondment of personnel from the investor to Blackstone (or vice versa), targeted amounts for co-investments alongside Blackstone vehicles (including, without limitation, preferential or favorable allocation of co-investment, and preferential terms and conditions related to co-investment or other participation in Blackstone vehicles (including any carried interest and/or Management Fees to be charged with respect thereto, as well as any additional discounts, reductions, reimbursements or rebates thereof or other penalties that would 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 can be expected to include co-investment in investments made by the Funds. To the extent any allocations are made pursuant to the Organizational Documents based on unused capital commitments, any such discount or reduction of Management Fees will cause the unused capital commitments of the applicable investors to fluctuate disproportionately as compared to the unused capital commitments of any other Fund investors without such Management Fee discount or reduction (and the same consequences will result from the different Management Fee terms amongst investors in a Fund as indicated in its Organizational Documents). Blackstone, including its personnel (including life sciences personnel), can be expected to receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from the Funds to or source investment opportunities for Strategic Relationships. Strategic Relationships will, in certain circumstances, therefore result in fewer co-investment opportunities (or reduced allocations) being made available to Investors in the Funds. In addition, from time to time, the Sponsor may enter into economic and/or fee sharing arrangements with respect to the Funds, Other Blackstone Clients or certain limited partners

thereof, which rights will not generally be made available to other limited partners. (See also “—Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment” herein.)

*Other Fees Payable to the Clarus Adviser and its Affiliates*

In addition to the Management Fee and performance-based allocations (see Item 6 below), the Clarus Adviser and its affiliates from time to time receive a variety of other fees as part of the investment activities of the Funds and with respect to the Funds’ Portfolio Entities. The Management Fee paid by investors in the Funds will generally be offset by the amount of certain fees, including directors’ fees, commitment fees, break-up fees, monitoring fees and success fees, or other remuneration paid by the Funds to the Clarus Adviser and its affiliates (but excluding any fees or remuneration paid to any “venture partner”, “entrepreneur in residence” or other similar employee, or consultant to, the Clarus Adviser or its affiliates, or with respect to any of the foregoing persons plus executives and officers, any Development Company) net of expenses, subject to the terms of the Organizational Documents of the applicable Fund.

Any such fees that result in an offset to the Management Fee only apply to the extent it is made as part of the Funds’ investments in such Portfolio Entities, and without regard to the nature of the fees, there will be no offset for Management Fees with respect to any fees paid to the Sponsor after a Fund has exited an investment. Conflicts of interest are expected to arise when a Portfolio Entity enters into arrangements with the Sponsor on or about the time a Fund exits an investment. As a result, in the case of directors’ fees, the Management Fee will not be reduced or offset to the extent any Blackstone and/or Sponsor employees or professionals receive directors’ fees relating to continued director service after the Funds have exited the Portfolio Entities and/or following the termination of such employee’s employment with Blackstone and/or the Sponsor. Investors in the Funds should carefully consult the applicable Organizational Documents to determine the fees that can be offset, and the Management Fee offset percentage applicable to the Fund in which they are invested. (See “—Other Blackstone Business Activities”). In addition, from time to time, the Clarus Adviser can be expected to also engage and retain on behalf of the Funds and/or their Portfolio Entities, strategic advisors, consultants, operating advisors, senior advisors, industry experts, joint venture and other partners and professionals any of whom might be former executives or other personnel of the Clarus Adviser, its affiliates, Development Companies or Portfolio Entities of the Funds or Other Blackstone Clients and who, from time to time, can be expected to receive payments from, or allocations with respect to, Portfolio Entities 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).

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

## *Expenses*

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

- all costs and expenses incurred in identifying, investigating, developing, negotiating, structuring, acquiring, sourcing, trading (including trading errors), settling, monitoring, tracking and holding investments (whether or not consummated), including legal, tax, accounting and travel expenses (including first or business class commercial travel and, in the event the Sponsor determines in its reasonable discretion that commercial air travel would be impractical, the actual cost of non-commercial air travel at rates not in excess of customary commercial rates) in connection therewith;
- fees, costs and expenses related to the organization or maintenance of any Development Company or entity (including intermediate entities or other vehicles) used to develop, source, acquire, hold or dispose of any one or more investments or otherwise facilitating a Fund's investment activities, including without limitation any travel and accommodation expenses related to such entity, fees paid to any service providers of such entities and the salary and benefits of any personnel (including personnel of the General Partners or their affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity (including, without limitation, the salary and compensation of personnel of any Irish or Cayman Islands entities formed in connection with the Fund's activities and the meetings of officers or directors of such entities or their general partners) and costs and expenses associated with the leasing of office space (including, without limitation, rent and refurbishment costs) and Blackstone's activities (e.g., the appointment of new managers) for such entities in the Cayman Islands;
- clearing costs;
- expenses (including legal, advisory and accounting expenses) incurred in connection with the identification, negotiation and structuring of corporate partnerships and other strategic corporate relationships of the Funds and their affiliates;
- costs and expenses of third party appraisals of prospective investments (whether or not consummated);
- broken deal expenses (see "—Broken Deal Expenses" in Item 10 below);
- banks and brokerage fees and commissions and prime brokerage fees, custodial expenses, agent bank and other bank service fees and other investment costs;
- fees and expenses attributable to "back office" support functions provided by third party service providers;



- payments to legal counsel, tax advisors, auditors, accountants, administrators, custodians, consultants (including individuals consulted through expert network consulting firms) and other outside advisors;
- reasonable expenses of each Fund's Investor Committee attributable to such Fund and its activities (including accommodation, meal, event entertainment and other similar expenses in connection with any meetings of a Fund's Investor Committee and any fees, expenses and costs of any legal counsel or other advisors of such Investor Committee);
- to the extent permitted by applicable law, costs and expenses in connection with the Funds' legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other laws and regulations, including the Cayman Islands Private Funds Law, applicable to the Funds and third party expenses incurred in connection with the preparation and administration of filings in connection with such laws or regulations 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);
- expenses incurred in connection with the managed distribution of marketable securities;
- insurance premiums and other related costs;
- market data costs;
- research-related expenses (including, without limitation, news and quotation equipment, software and services);
- other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of any or all assets of the Funds including any expenses related to attending trade association and/or industry meetings, conferences or similar meetings, or visits or meetings with one or more companies or company executives in which the Funds may invest (including, without limitation, travel, accommodation and related expenses related to such entity, including fees paid to any service providers of such entities);
- costs of any investigation, litigation or threatened litigation relating to the business or activities of the Funds or the Sponsor;
- all indemnification obligations set forth in the Organizational Documents;
- principal, interest and other expenses for borrowed money (including but not limited to legal and other costs associated with the negotiation and documentation of agreements with one or more lenders);
- any taxes, fees or government charges that may be assessed against the Funds;
- any extraordinary expense of the Funds, including fees and expenses associated with any tax or other audit, investigation, settlement or review of the Funds;

- liquidation expenses and costs of the Funds (including payment of any liquidation or similar fee);
- costs and expenses of annual and special meetings of each Fund’s Investor Committee or otherwise holding meetings (including annual meetings) or conferences with investors in a Fund, whether individually or in a group (including the travel and other out-of-pocket costs and expenses incurred by the Sponsor in planning and attending such meetings such as for example, set-up, room and board, honorarium, dining, entertainment, and related expenses);
- costs of preparing financial statements and reports and delivering the same to the investors in the Funds and the Funds’ affiliates, including but not limited to web portal and other technology costs, as well as tax returns (including any tax returns or filings required to be made by the Fund in any jurisdictions in which any limited partner is resident or established), Schedule K-1s, Form 200s and other communications or notices relating to the Funds, including periodic investor notices and communications;
- compliance with specialized reports, assistance or documentation requested by specific investors;
- costs incurred in connection with preventing, enforcing or otherwise addressing any event of default by an investor;
- organizational expenses associated with operating the Funds, including, without limitation, filing fees, legal costs and expenses (including expenses of preparing, reviewing and negotiating the partnership agreement, side letters, placement agent arrangements and other related organizational documents);
- data management and/or data science-related services (e.g., data analytics and statistical modeling);
- Management Fees;
- expenses related to certain personnel of the Sponsor and/or Blackstone and their affiliates, including Consultants, seconded to Portfolio Entities, vendors or service providers of the Funds and Other Blackstone Clients to provide finance, accounting, operational support, data management and other similar services, including the sourcing of investments for the Funds or other parties (see “—Secondments and Internships” in Item 10 below);
- all other expenses properly chargeable to the activities of the Funds.

Additionally, as a result of a public health emergency like the COVID-19 pandemic, the Clarus Adviser 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 Blackstone personnel are currently living (even if different than where Blackstone 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 the Funds subject to and in accordance with Blackstone's policies and the Organizational Documents. The Clarus Adviser also may 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 should be allocated to the Funds.

From time to time, the General Partners will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or the applicable General Partner, on the other, and whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and Blackstone's other investment funds, investment vehicles, permanent capital vehicles, accounts and related entities (including those in existence as of the date hereof and those that may be formed in the future, collectively, "Other Blackstone Clients"), on the other hand. Certain expenses may be suitable for only a particular Fund or participating Other Blackstone Client and borne only by such vehicle, or, as is more often the case, expenses may be allocated *pro rata* among each participating Other Blackstone Client and the Funds even if the expenses relate only to particular vehicle(s) and/or investor(s) therein (including, for the avoidance of doubt, the expenses of any feeder entities and each of their respective alternative investment vehicles). Any Other Blackstone Clients that co-invest alongside the Funds in investments (which, for the avoidance of doubt, are not considered "parallel funds" or "parallel vehicles" of the Funds) will generally not be required to bear any portion of the organizational expenses or any other non-investment related partnership expenses (given that those other vehicles generally bear their own non-investment related expenses). The Clarus Adviser intends to generally allocate partnership expenses, including partnership expenses of a Fund, any feeder entities and other parallel funds and alternative investment vehicles, and organizational expenses of such Fund, any feeder entities and the parallel funds between or among such Fund, any feeder entities, the parallel funds, and each of their respective alternative investment vehicles, as applicable, on a *pro rata* basis based on capital commitments, invested capital or available capital, as applicable, but may in certain circumstances allocate such expenses in a different manner if the Clarus Adviser determines in good faith that doing so is more equitable or appropriate under the circumstances. This will result in such Fund bearing a portion of certain partnership expenses and/or organizational expenses attributable to feeder entities and/or another parallel fund that are not directly connected to such Fund and its activities, including expenses incurred in connection with either such Fund's or a feeder entity's or parallel fund's legal, tax and regulatory compliance with any U.S. or non-U.S. law or regulation (including, without limitation, reports, disclosures, registration and other filings and notifications prepared in accordance with the laws of any such jurisdiction). Likewise, while the aggregate amount of capital contributions to be made by the partners for partnership expenses will generally be allocated among the partners based upon each of their unused capital commitments or with respect to partnership expenses directly and solely attributable to an investment, their interests in such investment, the Clarus Adviser may in certain circumstances allocate such expenses in a different manner if the Clarus Adviser determines in good faith that doing so is more equitable or appropriate under the circumstances (for example, if a partnership expense is directly attributable to the status of a particular partner or group of

partners). For example, certain expenses may be incurred by or on behalf of a Fund, feeder entities, parallel funds, other funds and Other Blackstone Clients and will be allocated among such Fund and such feeder entities, parallel funds, other funds and Other Blackstone Clients by the Clarus Adviser in its good faith reasonable discretion, including, in the case of travel, based on estimated time spent with respect to the business of the Funds and Other Blackstone Clients.

With respect to broken deal expenses, the Funds will generally be required to bear their *pro rata* portion of broken deal expenses in accordance with the amount they were expected to invest in the unconsummated deal. However, in the event that a proposed co-investment opportunity in a new or existing investment is not consummated but certain costs and expenses have been incurred by one or more Funds in pursuit of such investment opportunity, including (without limitation) legal, financial, travel and other business diligence costs and expenses, such costs and expenses generally will be paid solely by the applicable Fund(s), and it is expected that any potential co-investors will not bear any portion of such “broken deal” costs and expenses. If a co-investment does close, the portion of unreimbursed transaction expenses incurred by the applicable Fund(s) in connection with such investment, unreimbursed expenses incurred by such Fund(s) in connection with the ongoing monitoring of its investment in the applicable company and any other unreimbursed expenses incurred by such Fund(s) with respect to such investment that are payable by the co-investors (if any) will be determined on a case-by-case basis. The Sponsor will have no obligation to cause co-investors to bear any expenses incurred by the Funds or to bear any particular portion of such expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by the applicable Fund(s) in respect of any such expenses to take into account the co-investment).

The Funds may incur fees, costs and/or expenses that will not always be directly related to a specific potential investment and may be more general in nature and focused on industry sectors. Such fees, costs and/or expenses are initially expected to be allocated to the Funds as partnership expenses, notwithstanding the fact that such fees, costs and/or expenses or related services could directly or indirectly inure to the benefit of Blackstone, its affiliates, their personnel or Other Blackstone Clients and their Portfolio Entities, in addition to or in lieu of the Funds. To the extent that such fees, costs and/or expenses are specific to a particular investment (such as due diligence), and such investment is ultimately consummated in whole or in part by one or more Other Blackstone Clients, the Clarus Adviser expects to allocate a portion of such fees, costs and/or expenses attributable to such investment that would otherwise be borne by the Funds to the Other Blackstone Clients ultimately consummating such investment. The formal allocation decision is typically made shortly prior to committing to an investment and may result in substantial amounts of broken deal expenses being borne by the Funds. Conflicts exist in the allocation of the costs and benefits of these arrangements, and limited partners rely on the Clarus Adviser to handle them in its sole discretion, and there can be no assurance that the Clarus Adviser will resolve such conflicts of interest in a manner that is favorable to the limited partners or the Funds.

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

In addition to the Management Fees and other fees described in Item 5 that are received by the Clarus Adviser and its affiliates, the Sponsor receives a portion of the profits of all investment proceeds from each Fund with respect to each Fund limited partner (other than those that are affiliates of the Clarus Adviser), which is equal to twenty percent of the net gain in respect of such limited partner (as set forth in the applicable Fund's Organizational Documents). Such allocation of profits is only allocated to the applicable General Partner when specific conditions are met, including, in each case, the return to each of the Fund limited partners of an aggregate amount equal to all capital contributed to the applicable Fund by such limited partner and the receipt of a preferred return on such amounts.

As described in Item 10 — "Performance-Based Compensation", the fact that the Clarus Adviser is in part compensated based on the performance of the Funds creates a greater incentive for the applicable General Partner to make more speculative investments on behalf of a Fund or time the purchase or sale of investments in a manner motivated by the personal interest of Blackstone or Sponsor personnel than if such performance-based compensation did not exist. However, the significant commitment by the Sponsor to invest in the Funds and the General Partner clawback and related guarantee, where applicable, should reduce the incentives to make more speculative investments or otherwise time the sale of investments based on considerations related to carried interest.

The General Partner clawback, where applicable, potentially creates other misalignments of interests between the General Partners and limited partners, such as an incentive for the General Partners to defer disposition of an investment that would result in a realized loss or a return on investment that was less than the preferred return and trigger the clawback, or delay the dissolution and liquidation of a Fund if doing so would trigger a clawback obligation.

## Item 7 – Types of Clients

The Clarus Adviser manages the Funds. The Funds' investors may consist of some or all of the following:

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

All investors are subject to applicable suitability requirements. The Clarus Adviser and the General Partners require that each investor in the Funds be (i) an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and (ii) a “qualified purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and meet other suitability requirements (including, in some circumstances, a person that is not a U.S. Person as defined in Regulation S under the Securities Act). Generally, investors must invest a minimum dollar amount as determined in the applicable General Partner’s sole discretion. Each General Partner reserves the right, in its sole discretion, to waive the minimum dollar amount.

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

### *Investment Strategies*

The Clarus Adviser offers advice to the Funds generally to focus on structured investments in late clinical stage life sciences products, including pharmaceutical corporate partnerships, pre-approval royalties and other opportunistic life sciences investments, including pre-approval royalty monetizations and investments in early stage businesses. In the past, the Clarus Adviser has also offered advice to certain of the Funds to invest in life sciences venture capital investments. These investments may be made in connection with privately negotiated partnerships and transactions including spinouts and may utilize some degree of leverage.

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

All decisions for a Fund to invest in a particular investment opportunity require the approval of the Clarus Adviser's investment committee in respect of the applicable Fund(s) (the "Investment Committee"). The Clarus Adviser's investment team, in collaboration with Blackstone's various business units, is responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, managing and exiting investments, as well as pursuing potential operational improvements and value creation initiatives. The Clarus Adviser's personnel generally meet each Monday to discuss potential and pending transactions and ongoing diligence. The members of the broader Blackstone organization investing in healthcare also meet in person and in groups on a regular basis to discuss portfolio investments and industry trends in greater detail, and the Clarus Adviser intends to conduct comprehensive in-person reviews of each Fund's portfolio twice a year. Each Fund's investment decisions will be reviewed and approved by the Investment Committee. If the potential transaction reaches the stage where the investment team proposes to make a definitive bid to acquire or invest in the target company or business, it will prepare a detailed memorandum on the transaction for the appropriate Investment Committee and convene a meeting of the Investment Committee to discuss the transaction in depth with the investment team and decide whether to authorize such a definitive bid and what the bid should be. The Investment Committee will convene as appropriate to approve binding investment decisions, ensuring that broad consensus is achieved and all key concerns have been addressed, before any Fund's capital is committed to a particular deal. The power to, among other things, grant approval for a Fund to acquire a particular investment, finance or refinance any new or existing investment or dispose of any existing investment may be delegated to a sub-committee of the Investment Committee and may be further delegated to particular investment professionals and/or other Blackstone professionals.

In addition, the Sponsor or its affiliates, in partnership with other life sciences specialist investors (the “Syndicate Partners”), own special purpose development companies, including SFJ Pharmaceuticals and Avillion, and may form, invest in, or acquire additional development companies in the future, including development companies wholly owned by the Sponsor or its affiliates (each a “Development Company” and collectively, the “Development Companies”). The Sponsor’s representatives have the right to sit on the board of directors of each of the Development Companies. The focus of each Development Company is to assist the Funds in identifying and diligencing high-quality, later stage assets in life sciences pipelines, to assist in the negotiation of satisfactory terms for transactions on these assets and/or to take the lead in executing the agreed development plans through the mutually agreed success milestone. The Sponsor (or its affiliates) and the Syndicate Partners (if applicable) have exclusive rights to all deal flow sourced by these Development Companies and as such cannot be offered to outside investors. The Sponsor’s team independently diligences each investment opportunity, is actively involved in negotiating the deal structure and economics, and carefully reviews the associated deal documentation with dedicated counsel. The Sponsor has significant involvement in the design of the trial protocol along with the Development Company and life sciences company counterparty. The Sponsor has authority over final deal terms and structures in all of these investments. In the future, the Sponsor may have different processes or control rights with respect to Development Companies, including in respect of any Development Company wholly-owned by the Sponsor or its affiliates. Please also see “—Development Companies” in Item 10 below.

The management teams of each Development Company may source and diligence investment opportunities. Each Development Company independently triages and prioritizes such opportunities and, with the input of its board, submits preliminary term sheet proposals when it feels a program has the potential to meet the Sponsor’s (or its affiliates) (and any Syndicate Partner(s) in such Development Company) investment criteria and returns targets. If further diligence and negotiation indicates the potential for a deal to be of interest to the Sponsor (or its affiliates) (and any Syndicate Partner(s) in such Development Company), then the Sponsor’s team responsible for that Development Company discuss the opportunity with the broader Sponsor team, and generally an independent Sponsor diligence team will be assembled to vet the opportunity. The Sponsor also works closely with the Development Companies and the life sciences counterparty in the final design of the clinical development plan for each investment opportunity.

The Sponsor also independently sources, evaluates and consummates select investment opportunities that fall outside the mandates of the Development Companies, or where another development team may have unique knowledge of, or rights to, a particular asset. Investments may also include the Sponsor collaborating with an existing, smaller life sciences company to finance the development of one or more of its assets through to a pre-agreed success milestone, which would in turn trigger a pre-negotiated acquisition of the company (or its program financed by the Sponsor) by a larger life sciences acquiror.



In addition to the extensive diligence conducted by the Development Company teams (where applicable), the Sponsor performs its own independent confirmatory diligence on each investment opportunity. For an investment opportunity proposed by a Development Company, the Sponsor's deal team generally will include additional members of the Sponsor's investment team who are not on the board of such Development Company.

### *Risk of Loss*

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

1. Nature of Investments;
2. Uncertainty of Financial Results;
3. Past Performance Is Not Indicative of Future Results;
4. No Assurance of Profit or Distributions;
5. Uncertainty of Future Results;
6. Risks Associated with Investments in Life Sciences and Healthcare Products;
7. Investment Concentration;
8. Dependence on Single Products;
9. Uncertainty Related to Health Care Reimbursement and Reform Measures;
10. Economic, Political and Social Uncertainty in the U.S. and Globally;
11. Competition;
12. Leverage;
13. Bankruptcy;
14. Hedging Techniques;
15. Availability of Investment Capital;
16. Illiquidity of the Interests;
17. Long-Term Investment; No Assurance of Returns;
18. Illiquidity of Portfolio Investments;
19. Management of the Fund;

20. Dependence on the Managing Directors;
21. Reliance Upon Company Personnel;
22. Resolution of Conflicts; Investor Committee Approvals;
23. Regulatory and Enforcement Risks;
24. “Bad Actor” Disqualification for Private Placements under Regulation D;
25. Impact of the AIFM Directive;
26. European Union Uncertainty;
27. Political Risks;
28. Social and Political Unrest;
29. Compliance with the Cayman Islands Private Fund Law and Other International Law;
30. Certain Health Care Reform Measures;
31. Certain Litigation Risks;
32. Recourse to the Fund’s Assets;
33. Service on Boards and as Executives;
34. Risk of Dilution;
35. Side Agreements;
36. Cybersecurity Breaches, Identity Theft (including Software Code Protection), Denial of Service Attacks, Ransomware Attacks, and Social Engineering Attempts;
37. Fund Expenses;
38. Difficulty in Valuing Investments;
39. Distributions in Kind;
40. Contingent Liabilities on Disposition of Investments;
41. Controlled Group Risks;
42. The Fund as a Potential Party in Interest to Investing ERISA Plans;
43. Possibility of United States Internal Revenue Service (“IRS”) Examination or Other Audit;
44. Taxation;
45. Indemnification and Exculpation;

- 46. Return of Distributions;
- 47. Non-controlling Investments;
- 48. Material Non-Public Information;
- 49. Limited Access to Information;
- 50. Freedom of Information/Sunshine Laws;
- 51. Government Plan Partners;
- 52. Adequacy of Reserves; Participation in Follow-On Investments;
- 53. Uncertain Time Frame for Winding-Up Affairs;
- 54. Non-U.S. Investments;
- 55. Capital Calls;
- 56. Penalty for Failure to Make Capital Calls;
- 57. Failure of Limited Partners to Fulfill Their Commitment Obligations;
- 58. Fund Size;
- 59. Functional Currency;
- 60. Confidential Information;
- 61. Industry Specific Terminology;
- 62. Compliance with Tax Laws (Including FATCA and Partnership Audit Rules);
- 63. Financial and Tax Situation;
- 64. Withholding and Other Taxes;
- 65. Legal Counsel;
- 66. Factual Statements;
- 67. Track Record Information;
- 68. Lack of Operating History;
- 69. Definitive Terms and Conditions;
- 70. Special Caution for Investors in Second or Later Closings;
- 71. General Tax Considerations;

- 72. Development and Regulatory Approval;
- 73. Permits, Approvals and Licenses;
- 74. Benchmark Reform and the Impact on LIBOR and Other “IBOR” Rates;
- 75. CFIUS and similar Non-U.S. Regulatory Regimes;
- 76. Environment, Social and Governance;
- 77. GDPR/Privacy;
- 78. Placement Agents;
- 79. Technical Risk;
- 80. Renewable Energy Policy Risk;
- 81. Sovereign Risk;
- 82. Weather and Climatological Risks;
- 83. Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry (Including SEC proposals to impose new regulatory restrictions and obligations on private fund advisers);
- 84. Impediments to M&A and Private Equity Activities;
- 85. Dependence on Patents, Trademarks and Other Intellectual Property;
- 86. Charitable and Political Contributions;
- 87. Intermediate Entities;
- 88. Access to Information from Portfolio Entities;
- 89. Political activities (including political contributions, hiring lobbyists and other permissible political activities in U.S. or non-U.S. jurisdictions);
- 90. Sustainability Risks;
- 91. Epidemics/pandemics;
- 92. Coronavirus and Public Health Emergencies; Legislative & Regulatory Enactments;
- 93. Misconduct by general partner employees and partnership service providers;
- 94. Expedited Transactions;
- 95. United Kingdom Relations With the European Union and Related Volatility;

- 96. Cayman Islands Regulatory Oversight;
- 97. Cayman Islands Data Protection;
- 98. Social and Political Unrest/Terrorist Activities/War;
- 99. Electronic Delivery of Certain Documents;
- 100. Exclusion; Excuse Rights;
- 101. European Market Infrastructure Regulation;
- 102. Equities – Mandatory On-Exchange Trading;
- 103. Commodity Position Limits and Reporting;
- 104. Alternative Investment Vehicles;
- 105. Corruption;
- 106. Climate Change Risk;
- 107. Technological, Scientific and Other Innovations
- 108. Access to Information from Portfolio Entities;
- 109. US Tax Reform;
- 110. Investments through Irish Collective Investment Vehicles;
- 111. Antitrust Risk; and
- 112. Risks Related to Recent Developments in the Banking Sector

**Investors are advised to review the applicable Fund's offering materials for a more extensive and detailed description of the applicable investment strategies and the risks of investing in such Fund.**

Economic, political, regulatory, technological and industry conditions fluctuate substantially over time, and performance of any investment is not guaranteed. As a result, there is a risk of loss of value in the assets which the Clarus Adviser manages that is not in the Clarus Adviser's control. The Clarus Adviser cannot guarantee any level of performance or that investors in the Funds will not experience a substantial or complete investment loss. There is no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategies. The marketability and value of any investment by a Fund will depend upon many factors beyond the control of the Clarus Adviser. The expenses of the Funds may exceed their income, and an investor in a Fund could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund as part of an overall investment strategy, and only if the investor can withstand a total loss of its investment.

The past investment performance of the Funds cannot be taken to guarantee or predict future results of the Funds or any investment in the Funds.

The U.S. and other developed economies have recently begun to experience higher than normal inflation rates. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time and how significantly it will impact the U.S. or other economies. Inflation and rapid fluctuations in inflation rates have recently had, and may continue to have, negative effects on the economies and financial markets (including securities markets) of various countries, including those with emerging economies. For example, if a Portfolio Entity is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected, including, without limitation, as a result of a significant increase to such Portfolio Entity's operating cost. Portfolio Entities may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. As inflation rises, a Portfolio Entity may earn more revenue but incur higher expenses. As inflation declines, a Portfolio Entity 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, certain countries have imposed and may continue to impose wage and price controls at times and certain central banks have raised and may continue to raise interest rates.

Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed, and similar governmental efforts could be taken in the future to curb inflation and could have similar effects. Certain countries, including the U.S., have recently seen increased levels of inflation, and there can be no assurance that inflation will not become a more serious problem in the future and have an adverse impact on a Fund's returns.

***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 may 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 a Fund and/or its Portfolio Entities) 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, may be similarly impacted, and it is uncertain what steps (if any) regulators may take in such circumstances. As a consequence, for example, a Fund and/or its Portfolio Entities may 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 limited partners may 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 with a Fund, which in turn may result in fewer investment opportunities being made available to a Fund, result in shortfalls or defaults under existing investments, or impact a Fund's ability to provide additional follow-on support to Portfolio Entities. In addition, in the event that a financial institution that provides credit facilities and/or other financing to a Fund or its Portfolio Entities closes or experiences distress, there can be no assurance that such bank will honor its obligations or that the Fund or such Portfolio Entity will be able to secure replacement financing or capabilities at all or on similar terms. There can be no assurances that a Fund or its Portfolio Entities will establish banking relationships with multiple financial institutions, and the Fund and its Portfolio Entities 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. These recent developments may 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 a Fund, its Portfolio Entities or their respective financial performance.

***Russian Invasion of Ukraine.*** On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date of this Brochure, 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 continue having a negative impact on the economy and business activity globally (including in the countries in which a Fund invests), and therefore could adversely affect the performance of a Fund's investments. The severity and duration of the conflict and its future impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to a Fund and the performance of its investments and operations, and the ability of a Fund to achieve its investment objectives. Similar risks exist to the extent that any Portfolio Entities, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas. Furthermore, if after subscribing to a Fund an investor or any beneficial owner thereto 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), or has become operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United States, United Nations, European Union, United Kingdom or the Cayman Islands (collectively "Sanctions Lists"), the Fund may be required to cease any further dealings with the 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 Sponsor of a Fund has the sole discretion to determine the remedy if an investor or any beneficial owner thereto is included on a Sanctions List and is under no obligation to seek a license to continue dealing with such investor. Although the Clarus Adviser 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 Funds' activities or investors, which would adversely affect the Funds.

***Regulatory Proposals with respect to Private Funds and Advisers.*** In recent years, the SEC's stated examination priorities and published observations from examinations have included, among other things, private equity firms' collection of fees and allocation of expenses, their marketing, valuation and custodial practices, allocation of investment opportunities, terms agreed in side letters and similar arrangements with investors, consistency of firms' practices with disclosures, handling of material non-public information and insider trading, use of affiliated service providers, adviser-led restructurings, ESG investing, purported waivers or limitations of fiduciary duties and the existence of, and adherence to, policies and procedures with respect to conflicts of interest.

In February 2022, the SEC voted to propose various new rules and amendments to existing rules under the U.S. Investment Advisers Act of 1940, as amended from time to time (the "Advisers Act") specifically related to registered advisers and their activities with respect to private funds. The scope and timing of any final rules and amendments with respect to these proposals is unknown. If enacted, the SEC Proposed Rule could have a significant impact on the Sponsor and/or the Funds. Among these proposals, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; prohibit certain types of clawback provisions; require reporting (including in reduced timeframes) by private funds to investors concerning performance, fees and expenses and to the SEC regarding certain transactions and other fund and portfolio events and information; require registered advisers to obtain an annual audit for private funds and also require such fund's auditor to notify the SEC upon the occurrence of certain material events; require advisers to obtain a fairness opinion and make certain disclosures in connection with adviser-led secondary transactions (also known as GP-led secondaries); prohibit advisers from engaging in certain other practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an SEC examination and regulatory and compliance expenses of the adviser to private fund clients and seeking reimbursement, indemnification, exculpation or otherwise limiting an adviser's liability for certain activities; and impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds via side letters or other arrangements with an adviser, which could potentially prohibit the General Partners and the Clarus Adviser from complying with certain side letter provisions and thereby deprive Fund investors of the previously negotiated benefits of such agreements.

In May 2022, the SEC proposed amendments to rules and reporting forms to promote consistent, comparable, and reliable information for investors concerning investment advisers' environmental, social, and governance ("ESG") investments practices. This proposal seeks to



categorize certain types of ESG strategies broadly and require advisers to both provide census type data in Form ADV Part 1A and provide more specific disclosures in adviser brochures based on the ESG strategies they pursue.

The SEC has also recently proposed other rule amendments under the Advisers Act in relation to the safeguarding of client assets, Form PF reporting obligations, cybersecurity risk governance and the outsourcing of functions to service providers.

If adopted, including with modifications, the aforementioned recent SEC proposals could, either individually or collectively, result in material alterations to how the Clarus Adviser and its affiliates operate their businesses and/or the Funds, as well as the Clarus Adviser's implementation of the Funds' investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on the Clarus Adviser, the Funds, their affiliates, the Funds' investments and/or their limited partners. The adoption of such proposals would, among other things, increase compliance burdens and associated regulatory compliance costs, reduce the ability to receive expense or indemnification reimbursements and enhance the risk of regulatory action, including public regulatory sanctions and may result in a change to the Funds' practices and create additional regulatory uncertainty. Further, in connection with the rule proposed in February 2022, if such rule were to be adopted, it could also significantly increase the cost of insurance, specifically D&O and E&O insurance, charged to the Funds and the Fund investors or may even make such insurance coverage unavailable. To the extent permitted under the Organizational Documents, the incremental costs of compliance by the Clarus Adviser and/or the Funds with any new SEC rules, which may be significant, could be borne by the Funds.

Moreover, these proposed amendments, if adopted, could increase the risk of exposure of the Funds, the General Partners and the Clarus Adviser to additional regulatory scrutiny, litigation, censure and penalties for non-compliance or perceived non-compliance, which in turn would be expected to adversely (potentially materially) affect the Clarus Adviser's and the Funds' reputation, and to negatively impact the Clarus Adviser in conducting its business (thereby materially reducing returns to investors of the Funds) by, for example, diverting time, attention and resources of the Clarus Adviser and their personnel away from managing the Funds' investment activities and discouraging behavior that could generate high returns for the Funds (e.g., by driving senior investment personnel to be more risk-averse in their decision-making with respect to the Funds).

**ESG Matters.** Blackstone has established a firm-wide environmental, social, and governance ("ESG") policy and related programs and procedures, including Clarus Adviser's ESG Responsible Investing Policy and certain Fund-specific ESG practices (collectively, the "ESG Framework") that the Clarus Adviser intends to apply, as applicable, across investments consistent with and subject to its fiduciary duties and applicable legal, regulatory or contractual requirements. The

Clarus Adviser will endeavor to consider material<sup>1</sup> ESG factors where applicable in connection with a Fund's investment activities in order to protect and maximize investment performance, however, such framework is not part of the Funds' investment objective or intended to limit available investments. Any reference herein to environmental or social considerations is not intended to qualify the Funds' investment objective to maximize risk adjusted returns on investment. 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 Clarus Adviser 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 Clarus Adviser not to make an investment that it would have made or to make a management decision with respect to a Portfolio Entity differently than it would have made in the absence of such consideration. Additionally, ESG factors are only some of the many factors that the Clarus Adviser 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 Clarus Adviser considers application of the ESG Framework to be an opportunity to potentially enhance or protect the performance of investments over the long-term, the Clarus Adviser cannot guarantee that the application of its ESG Framework and engagement with its investments on ESG, which depends in part on skill and qualitative judgments, will positively impact the performance of any individual Portfolio Entity or Fund. For the avoidance of doubt, the Clarus Adviser 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 Clarus Adviser 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 Clarus Adviser to incorrectly identify, prioritize, assess or analyze the entity's ESG practices and/or related risks and opportunities.

In addition, the Clarus Adviser's ESG Framework is expected to change over time. In certain circumstances, the Clarus Adviser could determine, in its discretion, to revisit the implementation of certain of its 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 Clarus Adviser to adhere to all ESG-related

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<sup>1</sup> As used in this instance, "material" ESG factors are defined as those factors that the Clarus Adviser 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 U.S. federal securities laws or any similar legal or regulatory regime globally.

elements of a particular Fund's investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Fund's portfolio generally. Further, ESG-related statements, initiatives and goals as described in this ADV with respect to the Funds' investment strategy, investments and Portfolio Entities are aspirational and not guarantees or promises that all or any such initiatives and goals will be achieved.

Additionally, the Clarus Adviser's 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, which has the potential to adversely affect Funds. The Clarus Adviser cannot guarantee that their current approach will meet future regulatory requirements, reporting frameworks or best practices. There is also risk of mismatch between the United States, European Union and United Kingdom 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 Clarus Adviser's 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.

There is also growing regulatory and investor interest, particularly in the United States, United Kingdom, and European Union (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.

Additionally, the Clarus Adviser has established certain enterprise-level and business group-specific ESG goals and initiatives. Although the aim of these goals and initiatives is to create strong returns for investors, the pursuit of these goals (which will include 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 Funds.

***Epidemics/Pandemics.*** Certain countries have been susceptible to epidemics or pandemics, most recently a novel and highly contagious form of coronavirus ("COVID-19"). The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, has had and could continue to have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and thereby adversely affect the performance of the Funds' 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 Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives. In addition, if any clinical trial (including

enrollment therein) or regulatory approval process for pharmaceuticals is delayed, otherwise hindered or abandoned as a result of such epidemics or pandemics (including COVID-19), this could have a negative impact on the ability of the Funds' investments to engage in trials or receive approvals, and thereby could adversely affect the performance of the Funds' investments.

***Coronavirus and Public Health Emergencies; Legislative & Regulatory Enactments.*** There has recently been 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 rapidly evolved over the course of the pandemic, and 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. Businesses have also implemented, at different times and to different degrees, similar precautionary measures. 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, are (i) expected to have a material adverse impact on tenants, real estate lenders and commercial property owners, (ii) creating significant disruption in supply chains and economic activity and (iii) having a particularly adverse impact on transportation, hospitality, tourism, entertainment, healthcare, consumer and other industries. Moreover, with the continued spread of COVID-19, governments and businesses have taken, and may continue to take, increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 has, and could in the future, continue to spread, the potential impacts, including global, regional or other economic recessions or adverse market impacts have already occurred and the likelihood of ongoing exacerbated impact is uncertain and difficult to assess.

Any public health emergency, including any new outbreaks, including of 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 the Funds and their Portfolio Entities and could adversely affect the Funds' ability to fulfill their investment objectives. See also "—Epidemics/Pandemics" herein.

The extent of the impact of any public health emergency on the Funds' and their Portfolio Entities' 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 ability to conduct clinical trials, 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 the Funds and their Portfolio Entities at a future point when COVID-19 may not be as prevalent in the public. For this reason, valuations in such 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 the Funds' Portfolio Entities, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Funds. In particular, a public health emergency like COVID-19 may have a greater impact on leveraged assets.

Any such disruptions may continue for an extended and uncertain period of time. The full impacts of the COVID-19 pandemic on markets, business activity and the U.S. and global economies, as well as potential changes in economic and fiscal policies that have been adopted in response to the current 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 Entities) 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 the Funds' investment strategies, the Clarus Adviser 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 Entities, 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 Entities, may be detrimental to the Funds and their Portfolio Entities. Additionally, restrictions on immigration and processing of visas and other work permits may affect the work force of the Funds' Portfolio Entities, 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 COVID-19 pandemic and any such public health crisis that may occur in the future, the Funds are expected to incur heightened legal expenses which could

similarly have an adverse impact to the Funds' returns. For example, the Funds or Portfolio Entities may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by the Funds and/or their Portfolio Entities. 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 the Funds or the Portfolio Entities 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 U.S. 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% 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 (and be contagious to others even if asymptomatic). Furthermore, such vaccines (even among individuals who have received one or more "booster" vaccinations) 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, including the "delta" and "omicron" variants. 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 Funds and the Funds' 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 per jurisdiction). Employee attrition and turnover resulting from such mandates could adversely affect the business operations of Portfolio Entities that operate within those jurisdictions (e.g., by requiring them to discontinue their employment of critical personnel who are not vaccinated).

In addition, the operations of the Funds, their Portfolio Entities, 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 (including office attendance), forwarding of and otherwise delayed receipt of mail, 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 key persons, 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, meeting and travel restrictions. See also "—Epidemics/Pandemics" herein.

As a result of a public health emergency like the COVID-19 pandemic, Blackstone 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 Blackstone's personnel are

currently living (even if different than where Blackstone has historically had offices). The cost of such private air or charter travel, which may be increased due to the pandemic, shall be an expense of the Funds subject to and in accordance with Blackstone's policies and the Organizational Documents.

**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 Funds' or Other Blackstone 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 Funds, Other Blackstone Clients and their respective Portfolio Entities, 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 Funds, Other Blackstone 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 Funds and Other Blackstone 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 Funds’, Other Blackstone 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 Funds’, Other Blackstone Clients’, their respective investors’ or counterparties’ or third parties’ business and operations, which could result in significant financial losses, increased costs, liability to the Funds’ and Other Blackstone 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 Funds’ and Other Blackstone Clients’ investors and clients to lose confidence in the effectiveness of Blackstone’s security measures and Blackstone more generally.

The Funds’ and Other Blackstone Clients’ Portfolio Entities 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 Funds and Other Blackstone Clients could invest in 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 Entities to increase preventative security measures or expand insurance coverage.

Finally, the Funds’ and Other Blackstone Clients’ Portfolio Entities’ technology platforms, data and intellectual property are also subject to a heightened risk of theft or compromise to the extent Blackstone or the Funds’ and Other Blackstone Clients’ Portfolio Entities 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 Funds’ and Other Blackstone Clients’ Portfolio Entities 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 Funds' and Other Blackstone Clients' Portfolio Entities.

## Item 9 – Disciplinary Information

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

On occasion, in the ordinary course of its business, the Sponsor or Blackstone is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, the Clarus Adviser does not believe that any current legal proceeding or claim to which it or Blackstone is a party would individually or in the aggregate materially affect the Clarus Adviser and/or the Funds’ 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 website of the SEC ([www.sec.gov](http://www.sec.gov)) or Blackstone (<https://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx>), and (ii) materials made available through Blackstone’s BXAccess online portal, which is accessible to each Fund’s limited partners with respect to such Fund.

## Item 10 – Other Financial Industry Activities and Affiliations

### Other Financial Industry Activities

Blackstone has conflicts of interest, or conflicting loyalties, as a result of the numerous activities and relationships of Blackstone, the Sponsor, the Funds, the Other Blackstone Clients, the Portfolio Entities of the Funds and Other Blackstone Clients and affiliates, partners, members, shareholders, officers, directors and employees of the foregoing, some of which are described herein. However, not all potential, apparent and actual conflicts of interest are included below, and additional conflicts of interest could arise as a result of new activities, transactions or relationships commenced in the future. In addition, certain terms described herein may only be applicable to certain of the Funds but not others. Potential Fund investors should review this section and the applicable Fund's Organizational Documents carefully for additional risks and conflicts disclosure before making an investment decision.

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

Any references to Blackstone and/or the Clarus Adviser in this section will be deemed to include their respective affiliates (including the General Partners), partners, members, shareholders, officers, directors and employees. References herein to "Portfolio Entity" describes, individually and collectively, any entity owned, directly or indirectly through subsidiaries, by the Funds or Other Blackstone Clients, including, as the context requires, portfolio companies, holding companies, special purpose vehicles and other entities through which investments are held.

If any matter arises that the Clarus Adviser determines in its good faith judgment constitutes an actual and material conflict of interest, the Clarus Adviser will take the actions it determines appropriate to mitigate the conflict, which will be deemed to fully satisfy any fiduciary duties it may have to the Funds or the investors in the Funds. Thereafter, the Clarus Adviser will be relieved of any liability related to the conflict to the fullest extent permitted by law.

Actions that could be taken by the Clarus Adviser or its affiliates to mitigate a conflict include, by way of example and without limitation; (i) if applicable, handling the conflict as described in the applicable Fund's Organizational Documents; (ii) consulting with and obtaining from the applicable Fund's investor committee consisting of representatives of select Fund investors (an "Investor Committee"), independent client representative ("Independent Client Representative") (if any) and/or the investors in the Funds, and as expressly provided for in the Organizational Documents, advice, waiver or consent as to the conflict (including matters giving rise to a conflict of interest with respect to an investment), or acting in a manner or in accordance with standards or procedures approved by the Investor Committee, Independent Client Representative and/or the Fund investors with respect to the conflict; (iii) disposing of the investment or security giving rise to the conflict of interest; (iv) disclosing the conflict to the Investor Committee and/or limited partners (including without limitation, in drawdown notices,

distribution notices, financial statements, quarterly letters or other communications); (v) appointing an Independent Client Representative to act or provide consent with respect to the matter giving rise to the conflict of interest; (vi) validating the arms-length nature of the transaction by referencing participation by unaffiliated third parties; (vii) in the case of conflicts among 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; (viii) implementing policies and procedures reasonably designed to mitigate the conflict of interest; or (ix) otherwise handling the conflict as determined appropriate by the Clarus Adviser in its discretion.

There can be no assurance that the Clarus Adviser will identify or resolve all conflicts of interest in a manner that is favorable to the Funds and the Funds' investors may not be entitled to receive notice or disclosure of the actual occurrence of these conflicts or have any right to consent to them as they arise. Any specific consent to and waiver of certain conflicts of interest described below in no way limits the generality of the foregoing, which is applicable to all conflicts of interest described, implied or alluded to herein. For the avoidance of doubt, where the consent or approval of any Fund's Investor Committee is sought with respect to any matter relating to an Other Blackstone Client, the consent or approval of the Investor Committee shall not be required in connection with such matter, and the lack thereof shall not prevent any Other Blackstone Client from proceeding on the basis of its investor committee's consent or approval (including in circumstance in which the Funds do not similarly proceed). Conversely, to the extent the investor committee of any Other Blackstone Client does not consent to or approve of a matter, notwithstanding the consent or approval of a Fund's Investor Committee to such matter or the determination that such consent or approval is not necessary, the Clarus Adviser may determine not to proceed, which could result in the Funds not participating in transactions that the Clarus Adviser otherwise believes would be beneficial for the Funds.

For purposes of this section, (a) "BREDS Funds" shall be deemed to include any account, client, fund, vehicle or any other similar arrangement managed by Blackstone Real Estate Special Situations Advisors L.L.C.; (b) "Blackstone Credit Funds" shall be deemed to include any account, client, fund, vehicle or any other similar arrangement managed by Blackstone Alternative Credit Advisors LP (formerly known as GSO Capital Partners LP) or Blackstone Structured Products Advisors L.P. or its affiliated advisory entities that operate as part of the credit-focused business of Blackstone; (c) "Legacy Clarus Funds" shall be deemed to include any account, client, fund, vehicle or any other similar arrangement managed by the Clarus Adviser and its related vehicles/entities and successor funds; (d) "Bxls Funds" shall include the Legacy Clarus Funds and any account, client, fund, vehicle or any other similar arrangement managed by Blackstone Life Sciences Advisors L.L.C.; and (f) "BXMT Funds" shall mean accounts, clients, funds, vehicles or any other similar arrangements managed by BXMT Advisors L.L.C.

***Performance-Based Compensation.*** Each General Partner's carried interest creates a greater incentive for such General Partner to make more speculative investments on behalf of a Fund or time the purchase or sale of investments in a manner motivated by the personal interests of the Sponsor's personnel than if such performance-based compensation did not exist, as such

General Partner receives a disproportionate share of profits (above the preferred return hurdle, where applicable under the Organizational Documents). However, the significant commitment by the Sponsor to invest in the Funds (which commitment, for the avoidance of doubt, may not be allocated other than *pro rata* among the Funds) and the General Partner clawback and related guarantees (if any) should reduce the incentives for the applicable General Partner to make more speculative investments or otherwise time the purchase or sale of investments based on considerations related to carried interest and in a manner motivated by the personal interests of Blackstone personnel. The General Partner clawback potentially creates other misalignments of interests between the General Partners and investors in the Funds, such as an incentive for the applicable General Partner to defer disposition of an investment that would result in a realized loss (or a return on investment that was less than the preferred return, where applicable under the Organizational Documents) and trigger the clawback, or delay the dissolution and liquidation of a Fund if doing so would trigger a clawback obligation. In addition, the Tax Reform Bill enacted in 2017 provides for a lower capital gains tax rate on performance-based compensation from investments held for at least three years, which can be expected to incentivize the applicable General Partner to cause a Fund to accelerate deployment of capital at the beginning of such Fund's investment period, hold investments longer to ensure long-term capital gains treatment or dispose of investments prior to any change in law that would result in a higher effective income tax rate on carried interest. Furthermore, upon a withdrawal by an investor from a Fund in certain circumstances, upon the liquidation of a Fund or as otherwise permitted by the Organizational Documents, the applicable General Partner may receive carried interest distributions with respect to a distribution in-kind of non-marketable securities. The amount of carried interest will be dependent on the valuation of the non-marketable securities distributed, which will be determined by the General Partners and could incentivize the General Partners to value the securities higher than if there were no carried interest. Each General Partner 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 (see "—Valuation Matters" below).

**Management Fee.** The Management Fee is payable quarterly in arrears, through the duration detailed in the applicable Organizational Documents of a Fund, including potentially through the complete liquidation of a Fund. In instances where a Fund's Management Fee is calculated (in part) based on invested capital rather than capital commitments, there would be an incentive for the Clarus Adviser to defer realization of Investments, make more speculative Investments than it otherwise would have made if Management Fees were based solely on capital commitments, seek to deploy the capital commitments in Investments at an accelerated pace and/or hold Investments longer than it otherwise would have if Management Fees were based on capital commitments.

**Allocation of Personnel.** The Clarus Adviser will devote such time to the Funds as it determines to be necessary to conduct its business affairs in an appropriate manner. However, Blackstone personnel, including members of the Investment Committee, and personnel of Development Companies will work on other projects, serve on other committees (including boards of directors, as applicable) and source potential investments for and otherwise assist the

investment programs of Other Blackstone Clients and their Portfolio Entities, including other investment programs to be developed in the future. Certain members of the Funds' investment teams are also members of other Funds' or Other Blackstone Clients' investment teams and will continue to serve in those roles (which in some cases is their primary responsibility) and as a result, not all of their business time will be devoted to a particular Fund. Certain non-investment professionals are not dedicated solely to a particular Fund and are entitled to perform work for other Funds or Other Blackstone Clients which is expected to detract from the time such persons devote to a particular Fund. Some key Blackstone personnel who devote substantially all of their time and attention to Blackstone's life sciences investments generally and matters relating thereto within the BXLS group will not devote time predominantly, or solely, to a Fund, as they will also be devoting time to investments made by Other Blackstone Clients. Time spent on these other initiatives diverts attention from the activities of the Funds, which could negatively impact the Funds and investors in the Funds. Furthermore, Blackstone and Blackstone personnel and personnel of Development Companies derive financial benefit from these other activities, including fees and performance-based compensation. Blackstone personnel outside the BXLS group may share in the fees and performance-based compensation from the Funds; similarly, the BXLS group personnel may share in the fees and performance-based compensation generated by Other Blackstone Clients. These and other factors create conflicts of interest in the allocation of time by Blackstone personnel and Development Company personnel. Each General Partner's determination of the amount of time necessary to conduct the applicable Fund's activities will be conclusive, and investors in the Funds rely on the General Partners' judgment in this regard.

***Outside Activities of Principals and Other Personnel and their Related Parties.*** Certain personnel of Blackstone will, in certain circumstances, be subject to a variety of conflicts of interest relating to their responsibilities to the Funds, Other Blackstone Clients and their respective Portfolio Entities, and their outside personal or business activities, including as members of investment or advisory committees or boards of directors of or advisors to investment funds, corporations, foundations or other organizations. Such positions create a conflict if such other entities have interests that are adverse to those of the Funds, including if such other entities compete with the Funds for investment opportunities or other resources. The Blackstone personnel in question could have a greater financial interest in the performance of the other entities than the performance of the Funds. This involvement would create conflicts of interest in making investments on behalf of the Funds and such other funds, accounts and other entities. Although the Clarus Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Funds. Also, Blackstone personnel are generally permitted to invest in alternative investment funds, private equity funds, venture capital 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 the Funds, Other Blackstone Clients and/or Blackstone (subject to Blackstone's Code of Ethics requirements), some of which will involve conflicts of interests. Such personal securities transactions will, in certain circumstances, relate to

securities or instruments which can be expected to also be held or acquired by Other Blackstone Clients, including the Funds, or otherwise relate to companies or issuers in which the Funds have or acquire a different principal investment (including, for example, with respect to seniority) which may give rise to conflicts of interest related to misaligned interests between the applicable Fund and such persons, it being understood that where Blackstone personnel make investments in alternative investment funds and other investment vehicles with the intent to source investments for the Funds or Other Blackstone Clients, there is a greater likelihood that the Funds or such Other Blackstone Clients will invest in companies in which Blackstone personnel hold an indirect interest. There could be situations in which such alternative investment funds invest in the same Portfolio Entities as the Funds and there could be situations in which such alternative investment funds purchase securities from, or sell securities to, the Funds. There can be no assurance that conflicts of interest arising out of such activities will be resolved in favor of the Funds. Investors in the Funds 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 Funds and may not receive notice should the Funds make investments in which such persons hold indirect interests. Although the Clarus Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Funds. (see “—Additional Potential Conflicts of Interest” below).

Additionally, certain personnel and other professionals of Blackstone have family members or relatives that are actively involved in industries and sectors in which the Funds invest and/or have business, personal, financial or other relationships with companies in such industries and sectors (including the advisors and service providers described above) or other industries, which gives rise to potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors, personnel or owners of companies or assets which are actual or potential investments of the Funds or other counterparties of the Funds and their Portfolio Entities and/or assets. Moreover, in certain instances, the Funds or their Portfolio Entities can be expected to purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. These relationships have the potential to influence Blackstone, including the General Partners, in deciding whether to select, recommend or create such service providers to perform services for the Funds or a Portfolio Entity (the cost of which will generally be borne directly or indirectly by the Funds or such Portfolio Entity, as applicable) and to incentivize Blackstone to engage such service provider over a third party. The fees for services provided by such service providers may or may not be at the same rate charged by other third parties and a General Partner undertakes no obligations to select service providers who may have lower rates. A General Partner undertakes no minimum amount of benchmarking. To the extent a General Partner does engage in benchmarking, 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 a General Partner has a relationship 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. In

most such circumstances, the Organizational Documents will not preclude the Funds from undertaking any of these investment activities or transactions. To the extent Blackstone determines appropriate, conflict mitigation strategies can be expected to be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by the General Partners. The limited partners rely on the applicable General Partner to manage these conflicts in its sole discretion.

***Secondments and Internships.*** Certain personnel of the Sponsor and/or Blackstone, including Consultants (as defined herein), will, in certain circumstances, be seconded to one or more Portfolio Entities, Development Companies, service providers and vendors or investors in the Funds and Other Blackstone Clients to provide finance, accounting, operational support, data management and other similar services, including the sourcing of investments for the Funds or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment could be borne by the Sponsor and/or Blackstone or the organization for which the personnel are working or both. In addition, personnel of Portfolio Entities, vendors, service providers (including Development Companies, law firms and accounting firms) and investors in the Funds and Other Blackstone Clients will, in certain circumstances be seconded to, serve internships at or otherwise provide consulting services to, the Sponsor, the Funds, Blackstone, Development Companies and Portfolio Entities and Other Blackstone Clients. While often the Funds, Other Blackstone Clients and their Portfolio Entity are the beneficiaries of these types of arrangements, the Sponsor and/or Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the personnel, vendor or service provider or otherwise also provides services to the Funds, Other Blackstone Clients or Blackstone in the ordinary course. The Sponsor, Blackstone, the Funds, Other Blackstone Clients or their Portfolio Entities may or may not pay salary or cover expenses associated with such secondees and interns, and if a Portfolio Entity pays the cost it will be borne directly or indirectly by the Funds. The Sponsor, Blackstone, the Funds, Other Blackstone Clients or their respective Portfolio Entities could receive benefits from these arrangements at no cost, or alternatively could pay all or a portion of the fees, compensation or other expenses in respect of these arrangements and if a Portfolio Entity or Development Company pays the costs or Blackstone seeks reimbursement from a Fund or its Portfolio Entity or Development Company for such secondment costs, all or a portion of such costs would be borne directly or indirectly by the applicable Fund. 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 Sponsor, Blackstone, the Funds, Development Companies, Other Blackstone Clients, Portfolio Entities, each of their respective affiliates and related parties, and any costs of such personnel may be allocated accordingly. Blackstone will endeavor in good faith to allocate the costs of these arrangements, if any, to Blackstone, the Funds, Development Companies, Other Blackstone Clients, Portfolio Entities and other parties based on time spent by the personnel or another methodology Blackstone deems appropriate in a particular circumstance.

***Other Benefits.*** The Clarus Adviser, its affiliates and their personnel and related parties will receive intangible and other benefits, discounts and perquisites arising or resulting from their



activities on behalf of the Funds, the value of which will not offset or reduce Management Fees or otherwise be shared with the Funds, their Portfolio Entities or the investors in the Funds. For example, airline travel or hotel stays will result in “miles” or “points” or credit in loyalty or 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 will, whether or not *de minimis* or difficult to value, inure exclusively to the benefit of the Clarus Adviser, its affiliates or their personnel or related parties receiving them, even though the cost of the underlying service is borne by the Funds as partnership expenses and/or by their respective Portfolio Entities (see also “—Service Providers, Vendors and Other Counterparties Generally” herein). Similarly, the Clarus Adviser, its affiliates and their personnel and related parties, and third parties designated by the foregoing, also receive discounts on products and services provided by Portfolio Entities and customers or suppliers of such Portfolio Entities.

***Advisors, Consultants and Partners.*** The Clarus Adviser, its affiliates, Portfolio Entities and their respective personnel and related parties engage and retain strategic advisors, consultants, senior advisors, operating advisors, executive advisors, industry experts, joint venture and other partners and professionals and market participants, any of whom might be current or former executives or other personnel of the Clarus Adviser, Development Companies or Portfolio Entities of the Funds or Other Blackstone Clients (collectively, “Consultants”), to provide a variety of services. Similarly, the Funds, Other Blackstone Clients and their Portfolio Entities retain and pay compensation to Consultants to provide services, or to undertake a build-up strategy to originate, acquire and develop assets and businesses in a particular sector or involving a particular strategy. Any amounts paid by the Funds or a Portfolio Entity to Consultants in connection with the above services, including cash fees, profits or equity interests in a Portfolio Entity, discretionary bonus awards, performance-based compensation (e.g., promote), retainers and expense reimbursements, will be treated as partnership expenses or expenses of a Portfolio Entity, as the case may be, and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the Clarus Adviser, be chargeable to the Clarus Adviser or deemed paid to or received by the Clarus Adviser, or offset or reduce any Management Fees to the Clarus Adviser or be subordinated to return of capital to investors in the Funds. 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 the Funds – for example, in the same way that executives from Portfolio Entities of Other Blackstone Clients may provide insight and/or deal origination for the benefit of the Funds, the executives of the Funds’ Portfolio Entities may benefit from insight or information received from Consultants and/or Other Blackstone Clients. Also, Consultants often co-invest alongside the Funds in Portfolio Entities and investments of the Funds, participate in long-term incentive plans of a Portfolio Entity, and invest directly in the Funds or in vehicles controlled by the Funds, with reduced or waived Management Fees and carried interest, including after the termination of their engagement by or other status with Blackstone, and such co-investment or participation (which generally will result in the Funds being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side co-investment rights).

Consultants' benefits described in this paragraph will, in certain circumstances, continue after termination of status as a Consultant. Moreover, in negotiating and structuring transactions with counterparties (such as investment banks, financial intermediaries and other service providers) of the Funds or Portfolio Entities, the Clarus Adviser 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 the Funds (or otherwise make the terms of the transaction less favorable for the Funds).

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

services on behalf of both the Funds and Other Blackstone Clients, and any work performed by Consultants retained on behalf of the Funds may benefit such Other Blackstone Clients (and alternatively, work performed by Consultants on behalf of Other Blackstone Clients may benefit the Funds), and the Clarus Adviser shall have no obligation to allocate any portion of the costs to be borne by the Funds in respect of such Consultant's work on behalf of the Funds to such Other Blackstone Clients, except as described below.

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

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

***Development Companies.*** The Development Companies are highly involved in identifying and diligencing potential investments and negotiating terms with respect to such investments.

Historically, in many of these co-development transactions, Development Companies take the lead in executing the agreed development plans with respect to investments through the mutually-agreed success milestones. In those situations, Development Companies often actively manage clinical trials with respect to investments and in many cases, the applicable Development Company will take the primary responsibility for executing the clinical trials. The relevant Development Company management teams generally retain final decision-making authority on key development decisions, except those involving issues that may materially affect the commercial prospects of the drug. For many of the investments where the Development Companies do not actively manage the clinical trials, the relevant Development Company management teams generally retain supervisory oversight and certain decision-making authority and negative controls on key development decisions.

Personnel of Development Companies also source potential investments for such Development Companies. If an investment opportunity is sourced by a Development Company jointly owned by a Syndicate Partner, as opposed to being independently sourced by the Clarus Adviser for the Funds or by a Development Company that is wholly-owned by the Sponsor, or if the Clarus Adviser allocates an independently sourced investment opportunity to such a Development Company (including, for example, to leverage such Development Company's clinical expertise), such investment opportunity will often be shared with the third party life sciences specialist investors that jointly own such Development Company, which will result in the Funds participating less and having less control over such investment opportunity relative to if the investment was sourced and pursued independently by the Clarus Adviser and the Funds, or by a Development Company wholly-owned by the Sponsor. In certain circumstances, it is also possible that if a deal is sourced for a Development Company by a Syndicate Partner, the Funds will not be able to participate, and vice versa. Certain Development Companies also have rights of exclusivity with respect to investment opportunities they source. As a result, an investment opportunity sourced by such Development Companies may result in the Funds or any other Development Company not being able to independently pursue such investment, even if one or other of such other parties are better positioned to pursue such an investment opportunity. In addition, the Funds and the various Development Companies can be expected to compete for investment opportunities, thus potentially reducing the number of investment opportunities available to the Funds to pursue independently and potentially adversely affecting the terms, including price, upon which investments can be made.

As discussed in the Organizational Documents, the Clarus Adviser or its affiliates, including Other Blackstone Clients, hold significant equity interests in each of the existing Development Companies, and representatives of the Clarus Adviser or its affiliates sit or have the right to sit on the Board of Directors of each of the Development Companies, each of which is effectively controlled by Blackstone and any of its fellow investors in the relevant company.

Development Companies and/or their personnel will be compensated for their services from the Funds or their Portfolio Entities, which Portfolio Entities are expected to often be special purpose vehicles formed and controlled by the Funds for the purposes of a particular investment. This compensation is generally in the form of a management promote, incentive

fee or other performance-based compensation in connection with a Fund investment reaching a milestone and/or regulatory approval or otherwise upon the sale of or other transaction with respect to such investment. Such compensation will be received only after the Funds have received a return of their invested capital in such investment. For example, the Clarus Adviser and Funds may have arrangements with Development Companies that may or may not have termination options and may include payment, no payment, or deferred payment until occurrence of a future event, such as the occurrence of a specified milestone and/or regulatory approval. However, compensation is not limited in this regard and is expected to take other forms from time to time, including (i) reimbursement or advancement by the Funds of Portfolio Entities of the Development Company's overhead and operating cost expenses (including salary, benefits and compensation), which amounts may be funded by the Funds as a preferred investment in the relevant Development Company), or (ii) in other forms as described above with respect to Consultants. In addition, the Funds, their Portfolio Entities, the Clarus Adviser, its affiliates and their respective personnel and related parties may engage Development Companies or their personnel to provide a variety of other services. Any amounts paid by the Funds or a Portfolio Entity to a Development Company or its personnel will be treated as partnership expenses, investments by the Funds or expenses of the Portfolio Entity, as the case may be, and will not be chargeable to the Clarus Adviser or deemed paid to or received by the Clarus Adviser, or offset or reduce any Management Fees to the Clarus Adviser or be subordinated to return of the Funds' investors' capital. Development Companies and their personnel that are expected to perform services may have attributes of Blackstone affiliated entities "employees" (e.g., they may source, evaluate and execute investments, they may have dedicated offices at Blackstone, receive administrative support from Blackstone personnel, participate in general meetings and events for Blackstone personnel or work on Blackstone matters as their primary or sole business activity, and participate in certain benefit arrangements typically reserved for Blackstone employees), even though they are not Blackstone employees, affiliates or personnel for purposes of the Organizational Documents and the Advisory Agreements, and the fees and compensation of the Development Companies and their personnel are paid by the Funds as partnership expenses or by Portfolio Entities without any reduction or offset to management fees. Amounts payable to Development Companies and their personnel will not necessarily be confirmed as being comparable to market rates for such services, and given the close relationship with the Clarus Adviser or its affiliates and the Clarus Adviser or its affiliates' interest in Development Companies, there are conflicts of interest inherent in determining the relevant amount of compensation. Similarly, Other Blackstone Clients and their Portfolio Entities can be expected to engage Development Companies to provide services, and the Funds shall not receive any portion of any fees or compensation paid to such Development Companies in respect of such services. While the Clarus Adviser and its affiliates and/or Other Blackstone Clients and Blackstone are generally not expected to receive any portion of the fees or compensation paid to the Development Companies or their personnel, the Clarus Adviser or its affiliates and/or Other Blackstone Clients are generally expected to continue to hold equity interests in the Development Companies which could result in the Clarus Adviser or an affiliate of the Clarus Adviser and/or Other Blackstone Clients receiving distributions in its capacity as an equity holder of any such company or benefitting from the appreciation of such equity interests. The Clarus Adviser and its affiliates (including life

sciences personnel) would generally not be eligible for such compensation or such compensation would offset or reduce the management fee payable by the Funds or investors in the Funds or otherwise be shared with the Funds. As a result, the Clarus Adviser (including life sciences personnel) could be incentivized to source investment opportunities through Development Companies or to hire professionals as employees of Development Companies rather than employees of the Clarus Adviser.

In addition, Development Companies with respect to which the Clarus Adviser or its affiliates elect members to the Board of Director which may subject such directors to fiduciary obligations to make decisions that they believe to be in the best interests of any such Development Companies. Although in most cases the interests of the Funds and any such Development Company will be aligned, this will not always be the case. Such misalignment would create conflicts of interest between the relevant director's obligations to any such Development Company and its stakeholders, on the one hand, and the interests of the Funds, on the other hand. Although the Clarus Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Funds. In certain cases, personnel of Development Companies could also have conflicts of interest between their work for the Funds and their Portfolio Entities, on the one hand, and themselves on the other hand, and the Clarus Adviser is limited in its ability to monitor and mitigate these conflicts.

***Multiple Blackstone Business Lines.*** Blackstone has multiple business lines, including the Blackstone Capital Markets Group, which Blackstone, the Funds, Other Blackstone Clients, Portfolio Entities of the Funds and Other Blackstone Clients and third parties will, in certain circumstances, engage for debt and equity financings and to provide other investment banking, brokerage, investment advisory or other services. As a result of these activities, Blackstone is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than if it had one line of business. For example, from time to time, Blackstone could come into possession of information that limits the Funds' ability to engage in potential transactions. Similarly, other Blackstone businesses and their personnel could be prohibited by law or contract from sharing information with the Clarus Adviser that would be relevant to monitoring the Funds' investments and other activities. Additionally, Blackstone or Other Blackstone Clients can be expected to enter into covenants that restrict or otherwise limit the ability of the Funds or their Portfolio Entities and their affiliates to make investments in, or otherwise engage in, certain businesses or activities. For example, Other Blackstone Clients could have granted exclusivity to a joint venture partner that limits the Funds and Other Blackstone Clients from owning assets within a certain distance of any of the joint venture's assets, or Blackstone or an Other Blackstone Client could have entered into a non-compete in connection with a sale or other transaction or agreed to other restrictions that could impact the Funds' ability to consummate investments. These types of restrictions may negatively impact the ability of a Fund to implement its 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 personal or business activities, in which case the Funds will not benefit from their experience. The Investors in the

Funds will not receive a benefit from any fees earned by Blackstone or its personnel from these other businesses.

Blackstone is under no obligation to decline any engagements or investments in order to make an investment opportunity available to the Funds. 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 Fund's behalf, the Clarus Adviser will consider such relationships (including any incentives or disincentives as part of such relationship) when evaluating an investment opportunity, and such relationships can be expected to influence the Clarus Adviser's decision to make or not make particular investments on a Fund's behalf. The Funds may also co-invest with clients of Blackstone in particular investments, and the relationship with such clients could influence the decisions made by the Clarus Adviser 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 a Fund (e.g., investments in a competitor of a client or other person with whom Blackstone has a relationship). The Funds could be required to sell or hold existing investments 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. (See “—Other Blackstone Clients; Allocation of Investment Opportunities” and “—Portfolio Entity Relationships Generally” herein.) Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to the Funds. (See “—Other Blackstone Clients; Allocation of Investment Opportunities” and “Portfolio Entity Relationships Generally” and “—Conflicting Fiduciary Duties to Debt Funds” herein.) The Funds may also co-invest with Other Blackstone 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 Clarus Adviser with respect to the Funds' investments and otherwise result in a conflict. (See also “—Other Blackstone Clients; Allocation of Investment Opportunities” herein.) Finally, Blackstone and Other Blackstone Clients could acquire limited partner interests in the Funds in the secondary market. Blackstone and Other Blackstone Clients would generally have greater information than counterparties in such transactions, and the existence of such business could produce conflicts, including in the valuation of the Funds' investments.

**Minority Investments in Asset Management Firms.** Blackstone and Other Blackstone Clients, including Blackstone Strategic Capital Holdings (“BSCH”) and its related parties, regularly make minority investments in alternative asset management firms that are not affiliated with Blackstone, the Funds, Other Blackstone Clients and their respective Portfolio Entities, and which may from time to time engage in similar investment transactions, including with respect to purchase and sale of investments, with these asset management firms and their sponsored funds and portfolio entities. Typically, the Blackstone-related party with an interest in the asset management firm would be entitled to receive a share of carried interest/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. In addition, Blackstone could in certain cases have control rights. Although Blackstone and Other Blackstone Clients, including BSCH, do not intend to control such third-party asset management firms, there can be no assurance that all third parties will similarly conclude that such investments are non-control investments or that, due to the provisions of the governing documents of such third-party asset management firms or the interpretation of applicable law or regulations, investments by Blackstone and Other Blackstone Clients, including BSCH, will not be deemed to have control elements for certain contractual, regulatory or other purposes. While such third-party asset managers will not be deemed “affiliates” of Blackstone for any 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. The Funds may from time to time participate in such investments alongside Other Blackstone Clients, including BSCH. 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 the Funds 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 the Funds. Furthermore, it is expected that from time to time the Funds, their affiliates and their respective Portfolio Entities will engage in transactions with, and buy and sell investments from, any such third-party asset managers and their sponsored funds, and make investments in vehicles sponsored by such third-party asset managers, which may result in the Blackstone-related party earning carried interest/performance-based incentive compensation and/or fee income in respect of any such transactions. Such transactions and other commercial arrangements between the Funds and/or their Portfolio Entities, on the one hand, and such third party asset managers, on the other, are not subject to Investor Committee approval. There can be no assurance that the terms of these transactions between parties related to Blackstone, on the one hand, and the Funds and their Portfolio Entities, on the other hand, will be at arm’s length or that Blackstone will not receive a benefit from such transactions, which can be expected to incentivize Blackstone to cause these transactions to occur. Such conflicts related to investments in and arrangements with other asset management firms will not necessarily be resolved in favor of the Funds. Investors 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.

***Blackstone Policies and Procedures; Information Walls.*** Blackstone has implemented policies and procedures to address conflicts that arise as a result of its various activities, as well as regulatory and other legal considerations. Specified 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 Funds 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, but not limited to, private equity, growth equity, a credit business, a secondary funds business, an infrastructure business, an insurance solutions business, a hedge fund business, a capital markets group, a life sciences business and a real estate advisory business, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses and to protect against the inappropriate sharing and/or use of information between the Funds 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 collaborations that the Funds 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 Blackstone 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 a Fund, might become restricted to those other respective businesses and otherwise be unavailable to such Fund. 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 Funds to effectively achieve their investment objective by unduly limiting the investment flexibility of the Funds and/or the flow of otherwise appropriate information between the Clarus Adviser and other business units at Blackstone. For example, in some instances, personnel of Blackstone may be unable to assist with the activities of a Fund as a result of these walls. There can be no assurance that additional restrictions will not be imposed that would further limit the ability of Blackstone to share information internally. In addition, due to these restrictions, in some instances, a Fund would 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.

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 Funds and the Clarus Adviser 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 vehicle 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 Funds and/or their Portfolio Entities and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone reserves the right to enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Funds, may require the Funds to share such opportunities or otherwise limit the amount of an opportunity the Funds can otherwise take.

**Data.** Blackstone receives, generates or obtains various kinds of data and information from the Funds, Other Blackstone Clients, their Portfolio Entities, and, at their election, certain investors in the Funds and investors in Other Blackstone Clients, and service providers, including but not limited to data and information relating to or created in connection with business operations, financial information results, trends, budgets, plans, ESG, 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) this data and information from the Funds, Other Blackstone Clients, their Portfolio Entities and, at their discretion, investors in the Funds and investors in Other Blackstone 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 Funds, Other Blackstone Clients, their Portfolio Entities, and, at their election, certain investors in the Funds and in Other Blackstone Clients, related parties and service providers. Further, this alternative data is expected to be aggregated across the Funds, Other Blackstone Clients and their respective Portfolio Entities. Although Blackstone believes that these activities improve Blackstone’s investment management activities on behalf of the Funds and Other Blackstone Clients, information obtained from the Funds, their Portfolio Entities and, at their election, certain investors in the Funds and in Other Blackstone Clients also provides material benefits to Blackstone or Other Blackstone Clients, typically without compensation or other benefit accruing to the Funds, their investors or Portfolio Entities of the Funds. For example, information from Portfolio Entities owned by the Funds can be expected to enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Other Blackstone Clients that do not own an interest in the Portfolio Entity, typically without compensation or benefit to the Funds or their Portfolio Entities. Blackstone is expected to serve as the repository for data described in this paragraph.

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 the Funds’ 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 Blackstone Client. Any confidentiality obligations in the Organizational 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 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 the Funds or their investors.

The sharing and use of “big data” and other information presents potential conflicts of interest and the Fund investors acknowledge and agree that any benefits received by Blackstone or its personnel (including fees (in cash or in kind), costs and expenses) will not be subject to the Management Fee offset provisions or otherwise shared with the Funds or their investors. As a result, the Clarus Adviser has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits Blackstone or Other Blackstone Clients. (See also “Data Management Services” herein.)

**Data Management Services.** Blackstone or an affiliate of Blackstone formed in the future will provide data management services to Portfolio Entities, to certain investors in the Funds and in Other Blackstone Clients, and to the Funds and Other Blackstone Clients and other Blackstone affiliates and associated entities (including funds in which Blackstone and Other Blackstone Clients make investments, and Portfolio Entities thereof (collectively, “Data Holders”)). Such services may include assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, holding, transforming, enhancing, marketing and selling such data (among other related data management and consulting services) for monetization through licensing or sale arrangements with third parties and, subject to the limitations in the Organizational Documents and any other applicable contractual limitations, with the Funds, Other Blackstone Clients, Portfolio Entities, investors in the Funds and in Other Blackstone Clients, and other Blackstone affiliates and associated entities (including funds in which Blackstone and Other Blackstone Clients make investments, and Portfolio Entities thereof). If Blackstone enters into data services arrangements with Portfolio Entities and receives compensation from such Portfolio Entities for such data services, Funds will indirectly bear their share of such compensation based on their pro rata ownership of such Portfolio Entities. Where Blackstone believes appropriate, data from one Data Holder may be pooled with data from other Data Holders. Any revenues arising from such pooled data sets would be allocated between applicable Data Holders on a fair and reasonable basis as determined by Blackstone in its sole discretion, with Blackstone able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable. Blackstone is expected to receive compensation for such data management services, which may include a percentage of the revenues generated through any licensing or sale arrangements with respect to the relevant data, and which compensation is also expected to include fees, royalties and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses)) will not be subject to the Management Fee offset provisions or otherwise shared with the Funds or Fund investors. Additionally, Blackstone is also expected to determine to share and distribute the products from such data management services within Blackstone or its affiliates (including Other Blackstone Clients or their Portfolio Entities) at no charge and, in such cases, the Data Holders may not receive any financial or other benefit from having provided such data to Blackstone. The potential receipt of such compensation by Blackstone may create incentives for Blackstone to cause the Funds to invest in Portfolio Entities with a significant amount of data that it might not otherwise have invested in or on terms less favorable than it otherwise would have sought to obtain on behalf of such Funds. (See also “—Data” herein.)

***Buying and Selling Investments or Assets from Certain Related Parties.*** The Funds and their Portfolio Entities can be expected to purchase investments or assets from or sell investments or assets of the Funds to investors in the Funds, Portfolio Entities of Other Blackstone Clients or their respective related parties, including parties which such Fund investors or Portfolio Entities, or Other Blackstone Clients, own or have invested in. In certain circumstances, it can be expected that the proceeds received by a seller from the Funds in respect of an investment or asset will be distributed, in whole or in part, to a related party of the Funds (i.e., a Fund investor, Other Blackstone Clients and/or Portfolio Entities thereof) 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 the Fund or a related party (i.e., a Fund investor, Portfolio Entity of an Other Blackstone Client or an Other Blackstone Client) of the Funds holds publicly traded securities in a Portfolio Entity and the Fund or such related party has entered into a privately negotiated transaction with such Portfolio Entity, the Fund or such related party can be expected to receive (directly or indirectly) proceeds from such related party or the Fund, as applicable, upon the consummation of such privately negotiated transaction. In each such circumstance, Fund investors, Other Blackstone Clients, Portfolio Entities of Other Blackstone Clients or their respective related parties, may also have limited governance rights in respect of such seller or such investment or asset). For example, subject to the Organizational Documents, Clarus IV is expected to sell investments to BXLS (as defined below) Funds. Purchases and sales of investments or assets of the Funds between the Funds or their Portfolio Entities, on the one hand, and investors in the Funds, Portfolio Entities of other Funds or Other Blackstone Clients or their investors or their respective related parties, on the other hand, are not subject to the approval of any Investor Committee or any investor in the Funds unless otherwise required under the Advisers Act or other applicable laws or regulations. A Fund may 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 Blackstone Clients (in which case Blackstone will have conflicting duties in determining the tranching thereof). Blackstone will have conflicting duties to the Funds and Other Blackstone Clients when a Fund sells assets to Other Blackstone Clients, including as a result of different financial incentives Blackstone may have with respect to the Funds and such Other Blackstone Clients. In addition, certain financings between the Funds and Blackstone affiliates may involve structuring that in form is a transaction between the Funds and an affiliate, but will not be treated as the sale of an investment from or to the Funds from a Blackstone affiliate for purposes of the Organizational Documents, as determined by the applicable General Partner in good faith. For example, where a Fund in anticipation of a take-private transaction purchases publicly traded securities of an issuer in which an Other Blackstone 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 Fund would generally not be treated as the sale of an Investment in such issuer from such Other Blackstone Client to the Fund for purposes of the Organizational 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 the Funds to an Other Blackstone Client (or where such

Other Blackstone Client is providing financing to the Funds or a third party purchaser) will not be valued or allocated a sale price that is lower than might otherwise have been the case if such asset were sold to a third party rather than to an Other Blackstone Client. For example, a Portfolio Entity may sell its data to investors, Portfolio Entities of Other Blackstone Clients or Other Blackstone Clients or their respective related parties (see also “—Data Management Services”). 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. For example, there can be no assurance that any investment or asset sold by a Fund to a Fund investor, Portfolio Entity of Other Blackstone 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 a Fund investor, Portfolio Entity of Other Blackstone Clients or any of their respective related parties. Blackstone will not be required to solicit third party bids or obtain a third party valuation prior to causing a Fund or any of its Portfolio Entities to purchase or sell any asset or investment from or to a Fund investor, Portfolio Entity of Other Blackstone Clients or any of their respective related parties as provided above.

***Selling Assets to Other Blackstone Clients.*** Blackstone will have conflicting duties to the Funds and Other Blackstone Clients when the Funds sell assets to Other Blackstone Clients, including as a result of different financial incentives Blackstone may have with respect to the Funds and such Other Blackstone Clients. There can be no assurance that any assets sold by the Funds to an Other Blackstone 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 Blackstone Client.

***Blackstone’s Relationship with Pátria.*** Blackstone previously owned a non-controlling equity interest in Pátria Investments Ltd. (“Pátria”), a leading Brazilian alternative asset manager and advisory firm. Pátria’s alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short equity fund). 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.

***Other Blackstone Clients; Allocation of Investment Opportunities.*** Blackstone currently manages and will continue to manage, sponsor and close a variety of existing or future Other Blackstone Clients that have investment objectives and/or guidelines that overlap, in whole or in part, with those of the Funds to some extent, or pursue similar returns as a Fund but have a different investment strategy or objective. Investors should expect that in certain

circumstances, not all of the investment opportunities suitable for the Funds will be presented to the Funds. Investment opportunities that might otherwise fall within the Funds' investment objectives or strategy may be allocated to Other Blackstone Clients (in whole or in part). As a result, certain opportunities within the Funds' mandate may be made by or shared with one or more of such vehicles or funds. It is expected that some activities of Blackstone, the Other Blackstone Clients and their Portfolio Entities will compete with the Funds and their Portfolio Entities for one or more investment opportunities that are consistent with the Funds' investment objectives, and as a result such investment opportunities may only be available on a limited basis, or not at all, to the Funds. Moreover, under certain circumstances, investment opportunities sourced and/or identified by a Fund and that fall within such Fund's investment strategy and objective may be allocated in whole or in part to Portfolio Entities, Other Blackstone Clients or portfolio entities of Other Blackstone Clients, or Blackstone. Blackstone or its personnel may also from time to time make and hold investments of various types with or in lieu of Other Blackstone Clients, although such investments would be limited or restricted by the Organizational Documents or the agreements for Other Blackstone Clients. The allocation of investments to Other Blackstone Clients, including as described below, can be expected to result in fewer co-investment opportunities (or reduced allocations) being made available to the investors in the Funds. To the extent Blackstone or its personnel make or hold such investments, many of the conflicts of interest associated with the activities of Other Blackstone Clients also apply to such investment activities of Blackstone or its personnel.

The Sponsor has conflicting loyalties in determining whether an investment opportunity should be allocated to itself, the Funds, Blackstone or an Other Blackstone Client, and these conflicts may not necessarily be resolved in favor of the Funds. Blackstone has adopted guidelines and policies, which it can be expected to update from time to time, regarding allocation of investment opportunities.

In addition, Blackstone shall not have any obligations to present any investment opportunity (or portion of any investment opportunity) to the Funds if Blackstone determines in good faith that such opportunity (or portion thereof) should not be presented to the Funds for any one or more combination of reasons specified herein, or if Blackstone is otherwise restricted from presenting such investment opportunity to the Funds.

In circumstances in which any Other Blackstone Clients have investment objectives or guidelines that overlap with those of the Funds, in whole or in part, Blackstone generally determines the relative allocation of investment opportunities between or among the Funds and/or such Other Blackstone Clients on a fair and reasonable basis in good faith according to guidelines and factors determined by it. However, the application of those guidelines and factors may result in the Funds not participating, or not participating to the same extent, in investment opportunities in which they would have otherwise participated, or participated to a greater extent, had the related allocations been determined without regard to such guidelines. Subject to certain limitations, the Funds could invest in the securities of publicly traded companies in which Other Blackstone Clients hold existing investments. Among the factors that the Clarus Adviser considers in making investment allocations among the Funds and Other

Blackstone Clients are the following: (i) any applicable investment strategies, investment mandates, 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), focus (including investment focus on a classification attributable to an investment, such as investment strategy or maturity), parameters, guidelines, regulatory (including, without limitation, requirements under the Investment Company Act and any related rules, orders, guidance or other authority applicable to the Funds and Other Blackstone Clients), investor preferences, limitations, guidelines and other contractual provisions, obligations and terms relating to the Funds and such Other Blackstone Clients and the duration of their respective investment periods and holding periods, (ii) available capital of the Funds and such Other Blackstone Clients as determined by the Clarus Adviser in good faith (which may take into account relative portfolio composition, anticipated co-investment and other considerations in addition to buying power), (iii) the Funds and such Other Blackstone Clients, including whether such Other Blackstone Clients expect to invest in or alongside other funds or across asset classes based on expected return, (iv) legal, tax, regulatory, accounting and other considerations deemed relevant by the Clarus Adviser, (v) primary and permitted investment strategies, guidelines, liquidity positions and requirements, mandates, focus and objectives of the Funds and the Other Blackstone Clients, including, without limitation, with respect to Other Blackstone Clients that expect to invest in or alongside other funds or across asset classes based on expected return, (vi) sourcing of the investment (including by a particular Blackstone business unit), (vii) the sector and geography/location of the investment, (viii) the specific nature (including size, type, amount, liquidity, holding period, anticipated maturity and minimum investment criteria) of the investment, (ix) expected investment return, (x) risk/return profile of the investment relative to the Funds' and the Other Blackstone Clients' current risk profiles, (xi) the management of any actual or potential conflict of interest, (xii) expected availability and degree of leverage on the investment, (xiii) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows), (xiv) capital expenditure required as part of the investment, (xv) the Funds' and Other Blackstone Clients' portfolio diversification and concentration concerns (including, but not limited to, whether a particular fund already has its desired exposure to the investment, sector, industry, geographic region or markets in question), (xvi) relation to existing investments in a fund, if applicable (e.g., "follow-on" to existing investment, joint venture or other partner to existing investment, or same security as existing investment), (xvii) avoiding allocation that could result in de minimis or odd lot investments, (xviii) anticipated tax treatment of the investment, (xix) nature and extent of involvement in the transaction of the respective teams of investment professionals dedicated to the Funds when compared to the Other Blackstone Clients, (xx) timing expected to be necessary to execute an investment and (xxi) other considerations deemed relevant by the Clarus Adviser in good faith.

Investment opportunities that the Clarus Adviser makes a good faith determination are not expected to yield the Funds' targeted return profile or are otherwise inappropriate for a Fund given considerations described in the Organizational Documents or as otherwise determined by the Clarus Adviser, will generally not be allocated to a Fund.

The Clarus Adviser makes good faith determinations for allocation decisions based on expectations that will, in certain circumstances, prove inaccurate and such determinations require it to make subjective judgment regarding application of the guidelines and arrangements described herein. Information unavailable to the Clarus Adviser, or circumstances not foreseen by the Clarus Adviser at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment that the Clarus Adviser expects to be consistent with a Fund's return objectives will, in certain circumstances, fail to achieve or exceed them. Any such judgments and application involve inherent conflicts and risks that assumptions regarding investment opportunities may not ultimately prove correct. As such, there can be no assurance that the subjective judgments made by Blackstone and/or the Sponsor will prove correct in hindsight. Furthermore, in certain circumstances where a Fund is participating alongside one or more Other Blackstone Clients in an investment opportunity, the Clarus Adviser is expected to be required to make initial investment allocation decisions at the time of the signing of the related purchase agreement (or equivalent) and/or funding of the deposit in respect thereof. The Clarus Adviser could change the applicable investment allocations as between a Fund and such Other Blackstone Clients between such signing and/or funding of the deposit and the closing of such investment opportunity as it determines appropriate based on factors the Clarus Adviser deems relevant in its sole discretion. In such circumstances, the Fund's and such Other Blackstone Clients' respective obligations related to any deposit and transaction costs (including broken deal fees and expenses) would be expected to change accordingly, provided that any such adjustments, particularly in respect of funded deposits, are expected to occur at the time of the closing of the investment and interest or other additional amounts will not be due or payable in respect of any such adjustments. In addition, the Clarus Adviser could determine at any point prior to the closing of an investment opportunity that any such investment opportunity that was initially allocated to a Fund based on information available to the Clarus Adviser at the time the allocation decision is made should subsequently be reallocated in whole or in part to one or more Other Blackstone Clients (and vice versa) based on subsequent information received by the Clarus Adviser in respect of such investment opportunity. In such circumstance, the Clarus Adviser could determine to reallocate all or any portion of any such investment opportunity from a Fund to such Other Blackstone Client (or vice versa) (such fund from which an investment opportunity is being reallocated, a "Reallocating Fund"), including in circumstances where such Reallocating Fund has entered into an exclusivity arrangement or other binding agreement with one or more third parties (any such reallocated investment opportunity, a "Reallocated Investment"). In such cases, if the non-Reallocating Fund agrees to pursue the investment, Blackstone will determine, in its sole discretion, whether and to what extent the non-Reallocating Fund will reimburse the Reallocating Fund for any deferred acquisition costs (including non-refundable or refundable deposits, breakage fees, due diligence costs and other fees and expenses) incurred by the Reallocating Fund relating to such Reallocated Investment, and any such reimbursement would be made without the consent of the Investor Committee (or investor representatives), the limited partners, or otherwise, as applicable.

To the extent a Fund jointly holds securities with any Other Blackstone Client that has a different expected duration or liquidity terms, conflicts of interest will arise between such Fund



and such Other Blackstone Client with respect to the timing and manner of disposition of opportunities. In order to mitigate any such conflicts of interest, such Fund may recuse itself from participating in any decisions relating or with respect to the investment by such Fund or the Other Blackstone Client. If the Other Blackstone Client maintains voting rights with respect to the securities it holds, or if the Fund does not recuse itself, Blackstone may be required to take action where it will have conflicting loyalties between its duties to the Fund and such Other Blackstone Clients, which may adversely impact such Fund. (See also “—Other Blackstone Clients; Allocation of Investment Opportunities” herein.) Even if a Fund and such Other Blackstone Clients and/or co-investment or other vehicles invest in the same securities, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for a Fund and/or such Other Blackstone Clients and vehicles may not be the same. Additionally, a Fund and/or such Other Blackstone Clients and/or vehicles will generally have different expiration dates and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities and such differences may also impact the allocation of investment opportunities. As such, a Fund and/or such Other Blackstone Clients may dispose of any such shared investment (or choose whether to invest in related investments (such as follow-on investments)) at different times and on different terms. In addition, investments alongside Other Blackstone Clients in public securities may also result in conflicts of interest that do not apply to other joint investments. Following an IPO or subsequent public offering of a Portfolio Entity in which the Funds and any Other Blackstone Client hold an investment or otherwise if at any time the Funds and an Other Blackstone Client both hold public securities in the same Portfolio Entity, the Funds and such Other Blackstone Client are generally permitted to exit such public securities at different terms and on different terms through sales on the public markets. Blackstone may reach different conclusions for each such vehicle on the decision of whether, when and at what price to sell such securities based on the different expiration dates and/or investment objectives of the Funds and such Other Blackstone Clients or for other reasons, and this may result in Other Blackstone Clients exiting earlier or at a higher price than the Funds (or vice versa). It is also possible that the Funds and one or more Other Blackstone Clients will buy certain investments or assets at or about the same time that one or more Other Blackstone Clients are selling the same or related investments or assets. Such circumstances can be expected to arise from time to time for a number of reasons and may depend on various factors including the respective amounts of available capital, expiration dates, investment objectives and/or return profiles of the Funds and/or Other Blackstone Clients. The General Partners will not be required to provide notice or disclosure of the terms or occurrence of any such transactions to the Fund investors or to obtain any consent or approval from the Fund investors or the Investor Committee, and there can be no assurance that conflicts of interest arising out of such transactions will be resolved in favor of the Funds.

In addition, in certain circumstances certain other investment vehicles (including Other Blackstone Clients) will receive allocations of investments that are otherwise appropriate for a Fund, which will from time to time result in a Fund not participating (or participating to a lesser extent) in certain investment opportunities otherwise within its mandate. Under certain

circumstances, Blackstone can be expected to determine not to pursue some or all of an investment opportunity within the Funds' mandates, including without limitation, as a result of business, reputational or other reasons applicable to the Funds, Other Blackstone Clients, their respective Portfolio Entities or Blackstone. In addition, the Clarus Adviser will, in certain circumstances, determine that the Funds should not pursue some or all of an investment opportunity, including, by way of example and without limitation, because (i) the Funds have insufficient capital to pursue the investment (as determined by the Clarus Adviser in its good faith discretion taking into account not only capital that is actually available but considerations such as portfolio composition, anticipated co-investment and other factors), (ii) the Funds have already invested sufficient capital in the investment, sector, industry, geographic region or markets in question, as determined by the Clarus Adviser in its sole discretion, or (iii) the investment opportunity is not appropriate for the Funds for other reasons as determined by the Clarus Adviser in its sole discretion. In any such case Blackstone could, thereafter, offer such opportunity to other parties, including Other Blackstone Clients or Portfolio Entities or investors in the Funds or Other Blackstone Clients, joint venture partners, related parties or third parties, and such parties may pursue the opportunity.

When the Clarus Adviser determines not to pursue some or all of an investment opportunity for a Fund that would otherwise be within such Fund's objectives and strategies, and Blackstone provides the opportunity or offers the opportunity to Other Blackstone Clients, Blackstone, including its personnel, can be expected to receive compensation from the Other Blackstone Clients whether or not in respect of a particular investment, including an allocation of carried interest or referral fees, and any such compensation could be greater than amounts paid by such Fund to the Clarus Adviser. As a result, the Clarus Adviser (including Sponsor personnel who receive such compensation) could be incentivized to allocate investment opportunities away from such Fund to or source investment opportunities for Other Blackstone Clients. In addition, in some cases Blackstone can be expected to earn greater fees when Other Blackstone Clients participate alongside or instead of the Funds in an investment.

Any such Other Blackstone Clients may be advised by a different Blackstone business group with a different investment committee, which could determine an investment opportunity to be more attractive than the Clarus Adviser believes to be the case. In any event, there can be no assurance that the Clarus Adviser's assessment will prove correct or that the performance of any investments actually pursued by the Funds will be comparable to any investment opportunities that are not pursued by the Funds. Blackstone, including its personnel, will, in certain circumstances, receive compensation from any such party that makes the investment, including an allocation of carried interest or referral fees, and any such compensation could be greater than amounts paid by the Funds to the Clarus Adviser. In some cases, Blackstone earns greater fees when Other Blackstone Clients participate alongside or instead of the Funds in an investment.

The Clarus Adviser makes good faith determinations for allocation decisions based on expectations that will, in certain circumstances, prove inaccurate and such determinations require it to make subjective judgments regarding application of the guidelines and

arrangements described herein. Information unavailable to the Clarus Adviser, or circumstances not foreseen by the Clarus Adviser at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that the Clarus Adviser determines to be consistent with the return objectives of a lower return fund rather than the Funds may not match the Clarus Adviser's expectations and underwriting and generate an actual return that would have been appropriate for the Funds. Conversely, an investment that the Clarus Adviser expects to be consistent with the Funds' return objectives will, in certain circumstances, fail to achieve or exceed them. Any such judgments and application involve inherent conflicts and risks that assumptions regarding investment opportunities may not ultimately prove correct. As such, there can be no assurance that the subjective judgments made by Blackstone will prove correct in hindsight.

Furthermore, the Blackstone Life Sciences private investment platform ("BXLS") was initiated with Blackstone's acquisition in November 2018 of the Sponsor. The investment objective of the BXLS Funds is largely consistent with that of the Sponsor. It is possible that certain of the investment opportunities within the investment objectives of BXLS Funds may fit within, or overlap with, the investment objectives of the Funds and such investment opportunities may be allocated in whole or in part to such other funds and may result in the Funds participating less or not participating at all in such investment opportunities. Blackstone Life Sciences Advisors L.L.C. makes good faith determinations for allocation decisions based on expectations that may prove inaccurate and such determinations require it to make subjective judgments regarding application of the guidelines and arrangements described in its organizational documents.

Clarus IV (as defined herein) has invested alongside a BXLS Fund and the Funds may continue to invest alongside Other Blackstone Clients (including other vehicles in which Blackstone or its personnel invest) in investments that are suitable for one or more of the Funds and such Other Blackstone Clients. To the extent a Fund jointly holds securities with any Other Blackstone Client that has a different expected duration or liquidity terms, conflicts of interest will arise between such Fund and such Other Blackstone Client with respect to the timing and manner of disposition of opportunities. In order to mitigate any such conflicts of interest, such Fund may recuse itself from participating in any decisions relating or with respect to the investment by such Fund or the Other Blackstone Client. If the Other Blackstone Client maintains voting rights with respect to the securities it holds, or if such Fund does not recuse itself, Blackstone may be required to take action where it will have conflicting loyalties between its duties to such Fund and such Other Blackstone Clients, which may adversely impact such Fund. (See also "—Other Blackstone Clients; Allocation of Investment Opportunities" herein.) Even if the Funds or any such Other Blackstone Clients and/or co-investment or other vehicles invest in the same investments, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for the Funds and/or such Other Blackstone Clients and vehicles may not be the same. Additionally, the Funds and/or such Other Blackstone Clients and/or vehicles will generally have different expiration dates and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities and such differences may also impact the

allocation of investment opportunities (including follow-on investments related to earlier investments made by the Funds and Other Blackstone Clients). Such Other Blackstone Clients may also have certain governance rights for legal, regulatory or other reasons that the Funds will not have). As such, the Funds and/or such Other Blackstone Clients may dispose of any such shared investment (or choose whether to invest in related investments (such as follow-on investments)) at different times and on different terms.

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 ("FGL"), (ii) Everlake Life Insurance Company and certain of its affiliates ("Everlake"), (iii) the insurance companies comprising American International Group Inc.'s life and retirement business ("AIG L&R") and (iv) Allstate Life Insurance Company and certain subsidiaries ("ALIC"). As of the date hereof, Blackstone owns a 9.9% equity interest in the parent company of Everlake and Other 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 AIG L&R. The foregoing insurance company investment management arrangements will involve investments by such insurance company clients across a variety of asset classes (including investments that may otherwise be appropriate for the Funds). As a result, in addition to the compensation Blackstone receives for providing investment management services to insurance companies in which Blackstone or an Other 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 Other Blackstone Clients. In the future Blackstone will likely enter into similar arrangements with other Portfolio Entities of the Funds, Other Blackstone Clients or insurance companies. Such arrangements may reduce the allocations of investments to the Funds, and Blackstone may be incentivized to allocate investments away from the Funds 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 Blackstone relative to the terms of the Funds.

***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 the Funds and Other Blackstone 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 Clarus Adviser and its affiliates. For example, some of the assets in a pool may have a higher return profile, while others may have a lower return profile not appropriate for the Funds. Also, a pool may contain both debt and equity instruments that Blackstone determines should be allocated to different funds. In all of these situations, the combined purchase price paid to a seller would be allocated among the multiple assets, securities and instruments in the pool and therefore among the Funds and Other Blackstone Clients acquiring or selling any of the assets, securities and

instruments, although Blackstone could, in certain circumstances, allocate value to a Fund and such Other Blackstone Client on a different basis than the contractual purchase price. Similarly, there will likely be circumstances in which the Funds and Other Blackstone Clients will sell assets in a single or related transactions to a buyer. In some cases, a counterparty will require an allocation of value in the purchase or sale contract, though Blackstone could determine such allocation of value is not accurate and should not be relied upon. Blackstone will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third-party valuation reports. Regardless of the methodology for allocating value, Blackstone will have conflicting duties to the Funds and Other Blackstone 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 the Funds 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 Blackstone Clients.

***Investments in Which Other Blackstone Clients Have a Different Principal Investment Generally.*** A Fund can be expected to hold an interest in a Portfolio Entity that is different (including with respect to relative seniority) than the interests held by Other Blackstone Clients (and in certain circumstances the Clarus Adviser may be unaware, as a result of information walls, of an Other Blackstone Client's participation, the size of the Other Blackstone Client's investment or otherwise). Generally, there are no limitations in the Organizational Documents with respect to such investments (including with respect to terms, price, quantity, frequency, percentage interest therein or otherwise). In these situations, conflicts of interest will arise. In order to mitigate any such conflicts of interest, such Fund may recuse itself from participating in any decisions relating or with respect to such investment by such Fund or the applicable investments by such Other Blackstone Clients, or by establishing groups separated by information barriers (which can be expected to be temporary and limited purpose in nature) within Blackstone to act on behalf of each of the clients. Despite these, and any of the actions described below that Blackstone may take to mitigate the conflict, Blackstone will, in certain circumstances, be required to take action when it will have conflicting loyalties between its duties to such Fund and such Other Blackstone Clients, which will, in certain circumstances, adversely impact such Fund. In that regard, actions may be taken for Other Blackstone Clients that are adverse to such Fund (and *vice versa*). If such Fund recuses itself from decision-making, they will generally rely upon a third party to make decisions, and the third party could have conflicts or otherwise make decisions that Blackstone would not have made. Except to the extent expressly subject to the Management Fee offset provisions of the Funds' Organizational Documents, the limited partners will in no way receive any benefit from fees paid to the Clarus Adviser or its affiliates from a Portfolio Entity in which any Other Blackstone Client also has an interest (including, for greater certainty, any fees the Clarus Adviser or its affiliates received as a result of the provision of services by such affiliates). In addition, under certain circumstances, such Fund may be prohibited (or refrain) from decision-making or exercising other rights it would otherwise have with respect to a Portfolio Entity, as a result of such Fund's affiliation

with Other Blackstone Clients that own different interests in such Portfolio Entity. While the Clarus Adviser will seek, where applicable, to have a third party exercise rights on behalf of such Fund for purposes of exercising voting rights and/or managing any conflicts of interest related to such investments (which may include third-party co-investors or independent representatives), in certain instances such investments may be made without any such third-party participation (for example, because such Fund owns or acquires the entirety of the relevant instrument or tranche), and in such circumstances the absence of any such third party could adversely affect such Fund or its interest in the Portfolio Entity (or the applicable Other Blackstone Client(s)) or its ability to effectively mitigate such conflicts of interest. Except to the extent expressly subject to the Management Fee offset provisions in the Organizational Documents, the investors in the Funds will in no way receive any benefit from fees paid to Blackstone or its affiliates from a Portfolio Entity in which any Other Blackstone Client also has an interest (including, for greater certainty, any fees received by Blackstone as a result of the provision of services by such affiliates).

In addition, the Funds may invest in products developed by companies in which Other Blackstone Clients hold equity or debt securities. In such circumstances, conflicts could arise as the Funds and the Other Blackstone Client could have competing interests regarding the nature and terms of such transaction or if the product fails its clinical trial or is otherwise commercially unsuccessful or the company experiences financial distress.

***Simultaneous Transactions.*** There may be instances where Blackstone negotiates transactions with counterparties that involve the Funds, an Other Blackstone Client and/or Blackstone in different capacities. For example, the Funds may sell or purchase an interest in a Portfolio Entity to a counterparty (such as another sponsor's fund), while the same counterparty acquires or sells an interest in a Portfolio Entity of an Other Blackstone 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 the Funds on one hand, and such Other Blackstone 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 Blackstone Client and the Funds and that the valuations are fair and reasonable to each respective fund, among other things. To the extent Blackstone believes that such transactions rise to the level of a conflict where mitigation would be appropriate, Blackstone may, 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, but is not required to do so or to engage in any other conflict mitigation techniques with respect to such transactions.

***Related Financing Counterparties.*** A Fund can be expected to invest in companies or other entities in which Other Blackstone Clients make an investment in a different part of the capital structure (and vice versa). The Clarus Adviser requests in the ordinary course proposals from lenders and other sources to provide financing to the Funds and their Portfolio Entities. The Clarus Adviser takes into account various facts and circumstances it deems relevant in selecting financing sources, including whether a potential lender has expressed an interest in evaluating debt financing opportunities, whether a potential lender has a history of participating in debt

financing opportunities generally and with Blackstone in particular, the size of the potential lender's loan amount, the timing of the relevant cash requirement, the availability of other sources of financing, the creditworthiness of the lender, whether the potential lender has demonstrated a long-term or continuing commitment to the success of Blackstone and its funds, and such other factors that Blackstone deems relevant under the circumstances. The cost of debt alone is not determinative.

Debt financing to the Funds and their Portfolio Entities is expected to be provided, from time to time, by investors in the Funds and/or their affiliates, Other Blackstone Clients (such as the Blackstone Credit Funds, BREDS Funds and BXMT Funds), and investors therein, their Portfolio Entities and other parties with material relationships with Blackstone, such as shareholders of and lenders to Blackstone and lenders to Other Blackstone Clients and their Portfolio Entities, as well as by Blackstone itself in accordance with the terms of the Organizational Documents. Blackstone could have incentives to cause the Funds and their Portfolio Entities to accept less favorable financing terms from an investor in a Fund, Other Blackstone Clients, their Portfolio Entities, Blackstone itself, investors therein and other parties with material relationships with Blackstone than it would from a third party. The same concerns apply when any of these other parties invest in a more senior position in the capital structure of a Portfolio Entity than the Funds, even if the form of the transaction is not a financing. The Funds or a Portfolio Entity could also occupy a different position in the capital structure than an investor in a Fund, Other Blackstone Client, their Portfolio Entities and other parties with material relationships with Blackstone, in which case Blackstone could have an incentive to cause the Funds or Portfolio Entity to offer more favorable terms to such parties. In the case of a related party financing between the Funds or their Portfolio Entities, on the one hand, and Blackstone, Other Blackstone Clients or their Portfolio Entities, on the other hand, the Clarus Adviser could, but is not obligated to, rely on a third-party agent to confirm the terms offered by the counterparty are consistent with market terms, or the Clarus Adviser could instead rely on its own internal analysis, which the Clarus Adviser believes is often superior to third-party analysis given Blackstone's scale in the market. If, however, any of Blackstone, a Fund, an Other Blackstone Client or any of their Portfolio Entities delegates to a third party, such as another member of a financing syndicate or a joint venture partner, the negotiation of the terms of the financing, the transaction will be assumed to be conducted on an arms-length basis, even though the participation of the Blackstone-related vehicle impacts the market terms and Blackstone may have influence on such third parties. For example, in the case of a loan extended to the Funds or a Portfolio Entity by a financing syndicate in which an Other Blackstone Client has agreed to participate on terms negotiated by a third-party participant in the syndicate, it may have been necessary to offer better terms to the financing provider to fully subscribe the syndicate if such Other Blackstone Client had not participated; it is also possible that the frequent participation of Other Blackstone Clients in such syndicates could dampen interest among other potential financing providers, thereby lowering demand to participate in the syndicate and increasing the financing costs to the Funds. The Clarus Adviser does not believe either of these effects is significant, but no assurance can be given to investors in the Funds that these effects will not be significant in any circumstance. The Clarus Adviser will not be required to obtain any consent or

seek any approvals from investors in the Funds or the applicable Investor Committee in the case of any of these conflicts.

Blackstone could cause actions adverse to a Fund to be taken for the benefit of Other Blackstone Clients or other Funds that have made an investment more senior in the capital structure of a Portfolio Entity than such Fund (e.g., provide financing to a Portfolio Entity, the equity of which is owned by such Fund) and, *vice versa*, actions will, in certain circumstances, be taken for the benefit of such Fund and its Portfolio Entities that are adverse to Other Blackstone Clients or other Funds. Blackstone could seek to implement procedures to mitigate conflicts of interest in these situations such as (i) a forbearance of rights, including some or all non-economic rights, by such Fund or relevant Other Blackstone Client or other Funds (or their respective Portfolio Entities, as the case may be) by, for example, causing such Other Blackstone Client to decline to exercise certain control- and/or foreclosure-related rights with respect to a Portfolio Entity by agreeing to follow the vote of a third party in the same tranche of the capital structure, or otherwise deciding to recuse itself with respect to both normal course ongoing matters (such as consent rights with respect to loan modifications in intercreditor agreements) and also decisions on defaults, foreclosures, workouts, restructurings and other similar matters, (ii) causing such Fund or relevant Other Blackstone Client or other Funds (or their respective Portfolio Entities, as the case may be) to hold only a non-controlling interest in any such Portfolio Entity, (iii) retaining a third-party loan servicer, administrative agent or other agent to make decisions on behalf of such Fund or relevant Other Blackstone Client or other Funds (or their respective Portfolio Entities, as the case may be), or (iv) create groups of personnel within Blackstone separated by information barriers (which can be expected to be temporary and limited purpose in nature), each of which would advise one of the clients that has a conflicting position with other clients. As an example, to the extent an Other Blackstone Client holds an interest in a loan or security that is different (including with respect to relative seniority) than those held by the Funds or their Portfolio Entities, Blackstone may decline to exercise, or delegate to a third party, certain control, foreclosure and other similar governance rights of the Other Blackstone Client. In these cases, Blackstone would generally act on behalf of one of its clients, though the other client would generally retain certain control rights, such as the right to consent to certain actions taken by the trustee or administrative or other agent of the investment, including a release, waiver, forgiveness or reduction of any claim for principal or interest; extension of maturity date or due date of any payment of any principal or interest; release or substitution of any material collateral; release, waiver, termination or modification of any material provision of any guaranty or indemnity; subordination of any lien; and release, waiver or permission with respect to any covenants. The efficacy of following the vote of third-party creditors will be limited in circumstances where the Funds acquire all or substantially all of a relevant instrument, tranche or class of securities.

In connection with negotiating loans and bank financings in respect of Blackstone-sponsored transactions, Blackstone will generally obtain the right to participate (for its own account or an Other Blackstone Client) in a portion of the financings with respect to such Blackstone-sponsored transactions on the same terms negotiated by third parties with Blackstone or other terms the Clarus Adviser determines to be consistent with the market. Although Blackstone



could rely on third parties to verify market terms, Blackstone may nonetheless have influence on such third parties. No assurance can be given that negotiating with a third party, or verification of market terms by a third party, will ensure that the Funds and their Portfolio Entities receive market terms.

In certain circumstances, the Funds may be required to commit funds necessary for an investment prior to the time that all anticipated debt (senior and/or mezzanine) financing has been secured. In such circumstance, Other Blackstone Clients and/or Blackstone itself (using, in whole or in part, its own balance sheet capital), may provide bridge or other short-term financing and/or commitments, which at the time of establishment are intended to be replaced and/or syndicated with longer-term financing. Such bridge financing and/or commitment would not be considered “co-investment” under the Organizational Documents and would be sold down ahead of equity invested by the Funds. Similarly, the Funds and/or Other Blackstone Clients may seek to initially acquire Investments (including all or part of the relevant tranche of securities) for the purpose of syndicating a portion thereof to one or more Other Blackstone Clients, co-investors or third parties. The terms of any such acquisition and syndication will be determined by the Clarus Adviser in its sole discretion and may involve a client initially acquiring all or substantially all of an instrument or relevant tranche or class of securities with a view towards syndication. In any such circumstance, third parties may not be available for purposes of mitigating any potential conflicts of interest (as described above) and the Other Blackstone Client and/or Blackstone itself may receive compensation for providing such financing and/or commitment (including ticking or commitment fees), which fees will not be shared with and/or otherwise result in an offset of Management Fees payable by the limited partners. The conflicts applicable to Other Blackstone Clients who invest in different securities of Portfolio Entities will apply equally to Blackstone itself in such situations. (See also “— Securities and Lending Activities” herein.) In addition, conflicts can also be expected to arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof.

In addition, it is anticipated that in a bankruptcy proceeding a Fund’s interests will likely be subordinated or otherwise adverse to the interests of Other Blackstone Clients with ownership positions that are more senior to those of such Fund. For example, an Other Blackstone Client that has provided debt financing to an investment of a Fund may take actions for its benefit, particularly if such Fund’s investment is in financial distress, which adversely impact the value of the Fund’s subordinated interests.

Although Other Blackstone Clients can be expected to provide financing to the Funds and/or their Portfolio Entities, there can be no assurance that any Other Blackstone Client will indeed provide any such financing with respect to any particular investment of the Funds. Participation by Other Blackstone Clients in some but not all financings of the Funds and their Portfolio Entities may adversely impact the ability of the Funds and their Portfolio Entities to obtain financing from third parties when Other Blackstone Clients do not participate, as it may serve as a negative signal to market participants.

Any financing provided by investors in the Funds or an affiliate to the Funds or a Portfolio Entity is not a capital contribution to the Funds and does not reduce the unused capital commitment of such Fund investor. To the extent investors in a Fund (or any investor in any Other Blackstone Client) or any of their affiliates provide debt financing to the Funds or their Portfolio Entities, it will not be considered “co-investment” and any applicable covenants regarding co-investments in the Organizational Documents do not apply.

***Conflicting Fiduciary Duties to Debt Funds.*** Other Blackstone Clients include funds and accounts that make investments in senior secured loans, distressed debt, subordinated debt, high-yield securities, CMBS and other debt instruments, including any of the investment funds or vehicles sponsored or managed by Blackstone Credit, an affiliate of Blackstone. As discussed above, it is expected that these Other Blackstone Clients or investors therein will be offered the opportunity to provide financing to the Funds with respect to investments made by the Funds and their Portfolio Entities. Blackstone owes a fiduciary duty to these Other Blackstone Clients and investors therein as well as to the Funds and will encounter conflicts in the exercise of these duties. For example, if an Other Blackstone Client purchases high-yield securities or other debt instruments of a Portfolio Entity of a Fund, or otherwise occupies a senior (or other different) position in the capital structure of an investment relative to a Fund, Blackstone will encounter conflicts in providing advice to such Fund and to these Other Blackstone Clients with regard to appropriate terms of such high-yield securities or other instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies, among other matters. For example, in a bankruptcy proceeding, in circumstances where a Fund holds an equity investment in a Portfolio Entity, the holders of such Portfolio Entity’s debt instruments (which may include one or more Other Blackstone Clients) may take actions for their benefit (particularly in circumstances where such Portfolio Entity faces financial difficulties or distress) that subordinate or adversely impact the value of such Fund’s investment in such Portfolio Entity. In addition, a Fund could hold an investment that is senior in the capital structure, such as a debt instrument, to an Other Blackstone Client.

Similarly, certain Other Blackstone Clients can be expected to invest in securities of publicly traded companies that are actual or potential investments of the Funds or their Portfolio Entities or have partnered with or are counterparties to the Sponsor in an investment (including, without limitation, a royalty investment or growth investment). The trading activities of Other Blackstone Clients may differ from or be inconsistent with activities that are undertaken for the account of a Fund or its Portfolio Entities in any such securities. In addition, a Fund may not pursue an investment in a Portfolio Entity otherwise within the investment mandates of such Fund as a result of such trading activities by Other Blackstone Clients.

***Joint Investments.*** The Funds will enter into joint investments with Other Blackstone Clients and may do so where such funds have certain governance rights for legal, regulatory or other reasons. Any such Other Blackstone Client may sell any such investment to any person at any time and the Funds may or may not participate with such Other Blackstone Client in such sale.

***Related Financing of Counterparties to Acquire Investments or Assets from, or Sell Investments or Assets to, the Funds and their Portfolio Entities.*** In certain transactions, Other Blackstone Clients will commit to and/or provide financing to third parties that bid for and/or purchase assets of the Funds and their Portfolio Entities. Generally, there are no limitations in the Organizational Documents or otherwise with respect to such arrangements (including with respect to terms, price, quantity, frequency, percentage interest therein or otherwise). In addition, the Funds and their Portfolio Entities will from time to time purchase assets or portfolio entities from third parties that obtain, or currently have outstanding, debt financing from Other Blackstone Clients. See “—Related Financing Counterparties” herein. Although Blackstone believes that the participation by Other Blackstone Clients in such debt financings could be beneficial to the Funds by supporting third parties in their efforts to bid on the sale of assets by, and to sell assets to, the Funds and their Portfolio Entities, Blackstone will have an incentive to cause the Funds or relevant Portfolio Entity to select to sell an asset to, or purchase an asset from, a third party that obtains debt financing from an Other Blackstone Client to the potential detriment of the Funds. For example, although the price is often the deciding factor in selecting from whom to acquire, or to whom to sell, an asset, other factors at times influence the buyer or seller, as the case may be. The Clarus Adviser could thereafter cause the Funds or a Portfolio Entity to sell an investment or asset of the Funds to, or buy an asset from, a third party that has received financing from an Other Blackstone Client, even when such third party has not offered the most attractive price. Investors in the Funds rely on the Clarus Adviser to select in its sole discretion the best overall buyer in sales of, and the best overall seller in the acquisition of, Funds’ investments or assets, despite any conflict related to the parties financing the buyer or seller, as applicable.

***Related Financing Providers.*** The Clarus Adviser may request in the ordinary course proposals from lenders and other sources to provide financing to the Funds. The Clarus Adviser takes into account various facts and circumstances it deems relevant in selecting financing sources, including whether a potential lender has a history of participating in debt financing opportunities generally and with Blackstone in particular, the size of the potential lender’s loan amount, the timing of the relevant cash requirement, the availability of other sources of financing, the creditworthiness of the lender, whether the potential lender has demonstrated a long term or continuing commitment to the success of Blackstone and its funds, and such other factors that Blackstone deems relevant under the circumstances. The cost of debt alone is not determinative.

Debt financing to the Funds and their Portfolio Entities is expected to be provided, from time to time, by Other Blackstone Clients, their Portfolio Entities and other parties with material relationships with Blackstone, such as shareholders of and lenders to Blackstone and lenders to Other Blackstone Clients and their Portfolio Entities. Blackstone could have incentives to cause the Funds and their Portfolio Entities to accept less favorable financing terms from Other Blackstone Clients, their Portfolio Entities and other parties with material relationships with Blackstone than it would from a third party.

***Co-Investment Opportunities.*** The Funds will allocate co-investment opportunities to investors in the Funds, the Other Blackstone Clients and their investors, Blackstone affiliates and other

parties with whom Blackstone has a material relationship. The Organizational Documents of certain of the Funds provide that certain investors in such Funds with commitments to the Funds above a specified amount will receive priority access to their *pro rata* share of co-investment opportunities presented to other investors in the Funds or third parties. Other than with respect to this priority right, the offering and allocation of co-investment opportunities is entirely and solely in the discretion of Blackstone and/or the Clarus Adviser, and it is expected that many investors will, in certain circumstances, have expressed an interest in co-investment opportunities (including investors in the Funds) and will not be allocated any co-investment opportunities or will receive a smaller amount of co-investment opportunities than the amount requested or expected. For example, if supplemental capital vehicles are established, Blackstone intends to prioritize any supplemental capital vehicles in the allocation of co-investment opportunities. (See also “—Other Blackstone Clients; Allocation of Investment Opportunities” herein.) Furthermore, co-investment offered by the Sponsor 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 Sponsor determines to be appropriate in its sole discretion on a case-by-case basis, which can be expected to differ amongst co-investors with respect to the same co-investment. In addition, the performance of Other Blackstone Clients co-investing with a Fund is not considered for purposes of calculating the carried interest payable by such Fund to the applicable General Partner. Furthermore, the Funds and co-investors will often have different investment objectives and limitations, such as return objectives, leverage limitations and maximum hold period. The Sponsor, as a result of the foregoing, will have conflicting incentives in making decisions with respect to such opportunities. Even if the Funds 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.

Blackstone has established and may in the future establish more investment vehicles managed or advised by Blackstone to facilitate the participation of third-party co-investors (who may or may not be limited partners of the Funds (whether established in connection with such limited partner’s investment in the Funds or otherwise) and/or Other Blackstone Clients) in co-investments alongside the Funds and/or Other Blackstone Clients, including “standing”, dedicated or committed co-investment vehicles (the “Standing Co-Invest Vehicles”), which may or may not be subject to more favorable rights and/or terms than the Funds. Consistent with the preceding paragraph, Blackstone, in its capacity as general partner of any Standing Co-Invest Vehicle, is permitted to make capital commitments or contributions to such Standing Co-Investment Vehicle, including, without limitation, to the extent it determines that such a commitment or contribution is necessary and/or advisable in light of legal, tax regulatory, accounting, contractual and other considerations with respect to such Standing Co-Invest Vehicle for tax or regulatory purposes. Standing Co-Invest Vehicles include both “opt-out” or “opt-in” vehicles where the co-investor determines whether to participate in co-investment opportunities presented to it either through affirmative or negative consent as well as committed vehicles where Blackstone (in some or all circumstances), and not the investors therein, has discretion in determining whether the Standing Co-Invest Vehicle, or a particular investor, will participate in co-investment opportunities. Standing Co-Invest Vehicles may

nevertheless only participate in co-investment opportunities after the initial acquisition of an Investment by the Funds through a syndication from the Funds. The use of such vehicles may have the impact of blending an investor's effective management fee rate (and/or carried interest rate) down and the Clarus Adviser may be incentivized to allocate co-investment opportunities to discretionary vehicles with higher effective fees, carried interest or other performance-based compensation rates. The Clarus Adviser also reserves the right to provide certain Standing Co-Invest Vehicles with priority rights to participate in co-investment opportunities alongside the Funds, or the Clarus Adviser may agree to allocate co-investment opportunities to one or more Standing Co-Invest Vehicles in a programmatic manner. The terms of any Standing Co-Invest Vehicle agreed to with a Fund investor will not be subject to any "most favored nations" rights of the other Fund investors, notwithstanding that such terms may have been agreed to simultaneously with such Fund investor's investment in a Fund and that such Standing Co-Invest Vehicle may invest alongside such Fund periodically or programmatically, effectively modifying the economic terms of such Fund investor's participation in such shared investments. The amount and frequency of co-investment by any Standing Co-Invest Vehicle will be at the discretion of the Clarus Adviser, subject to the terms of such Standing Co-Invest Vehicles. It is possible that the existence of Standing Co-Invest Vehicles established by the Clarus Adviser will result in fewer co-investment opportunities being made available to investors who do not participate therein, and allocations of co-investment opportunities to Standing Co-Invest Vehicles may result in the Funds investing less than it would have in the related investments. Furthermore, to the extent that Blackstone establishes any Standing Co-Invest Vehicles, it can be expected to result in fewer investment opportunities for the Funds and fewer co-investment opportunities being made available to the Fund investors. The number and scale of co-investment opportunities made available to the Fund investors (if any) may be higher or lower than those made available to Standing Co-Invest Vehicles.

- General Co-Investment Considerations: There are expected to be circumstances where an amount that would have otherwise been invested by the Funds is instead allocated to co-investors (who may or may not be Other Blackstone Clients, investors in the Funds or investors of Other Blackstone Clients, and may include Blackstone affiliates and/or third parties) or supplemental capital vehicles, and, except that certain investors in certain of the Funds may have a priority right to participate in co-investment opportunities pursuant to the Organizational Documents of the applicable Fund, there is no guarantee that any investor in any Fund will be offered any particular co-investment opportunity. As a general matter, the allocation of co-investment opportunities is entirely discretionary on the part of Blackstone and/or the Clarus Adviser, and it is expected that many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. Blackstone and/or the Clarus Adviser will take into account various facts and circumstances deemed relevant by Blackstone and/or the Clarus Adviser in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, Blackstone's and/or the Clarus Adviser's assessment of a potential co-investor's ability to invest an amount of capital

that fits the needs of the investment (taking into account the amount of capital needed as well as the number of investors that can realistically participate in the transaction) and Blackstone's and/or the Clarus Adviser's assessment of a potential co-investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction. Additional considerations can be expected to also include, among others and without limitation, the size of a potential co-investor's commitments to the Funds, Other Blackstone Clients and strategic third party investors; whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone; whether a potential co-investor has committed to a Fund or an Other Blackstone Client; the size of the potential co-investor's interest to be held in the underlying Portfolio Entity as a result of the Funds' investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Funds); whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of the Sponsor, Blackstone, the Funds, other affiliated funds and/or co-investments (including size of commitment); and/or Other Blackstone Clients (including whether a potential co-investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to the Funds or Other Blackstone Clients and their respective underlying Portfolio Entities, or whether the co-investor has significant capital under management by the Sponsor and/or Blackstone or intends to increase such amount); whether the potential co-investor has an overall strategic relationship (including Strategic Relationships) with the Sponsor and/or Blackstone that provides it with more favorable rights with respect to co-investment opportunities; whether the potential co-investor is considered "strategic" to the investment because it is able to offer the Funds certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the Portfolio Entity or the possession of certain expertise; the transparency, speed and predictability of the potential co-investor's investment process; the ability of a potential co-investor to hold investments for longer periods of time or indefinitely; whether the Sponsor and/or Blackstone has previously expressed a general intention to seek to offer co-investment opportunities to such potential co-investor, whether a potential co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; the familiarity the Sponsor and/or Blackstone has with the personnel and professionals of the potential co-investor in working together in investment contexts in the Funds, its predecessor funds or Other Blackstone Clients (which can be expected to include such potential co-investor's history of investment in the Funds or Other Blackstone Clients and/or other Blackstone co-investment opportunities); the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others; the ability of a potential co-investor to invest in potential follow-on or add-on acquisitions for the Portfolio Entity or participate in defensive investments; the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the potential co-investor would be willing to defer to the Sponsor and Blackstone and assume a more passive role in governing the Portfolio Entity); any

interests a potential co-investor may have in any competitors of the underlying Portfolio Entity; the tax profile of the potential co-investor and the tax characteristics of the investment (including whether or not the potential co-investor would require particular structuring implementation or covenants that would not otherwise be required but for its participation or whether such co-investor's participation is beneficial to the overall structuring of the investment); whether a potential co-investor's participation in the transaction would subject the Funds and/or any of their Portfolio Entities to additional regulatory requirements, review and/or scrutiny, including any necessary governmental approvals required to consummate the investment; the potential co-investor's relationship with the potential management team of the Portfolio Entity; whether the potential co-investor has any existing positions in the Portfolio Entity (whether in the same security in which a Fund is investing or otherwise); whether there is any evidence to suggest that there is a heightened risk with respect to the potential co-investor maintaining confidentiality; whether the potential co-investor has demonstrated a long term and/or continuing commitment to the potential success of the Funds, other affiliated funds and/or other co-investments, including the size of such commitment; whether the potential co-investor has any known investment policies and restrictions, guidelines, limitations or investment objectives that are relevant to the transaction, including the need for distributions; whether the expected holding period and risk-return profile of the investment is consistent with the stated goals of the potential co-investor; and such other factors that the Sponsor may in good faith deem relevant and believes to be appropriate in the circumstances. Also, the Sponsor will, in certain circumstances, agree with investors (including investors in the Funds, Blackstone strategic relationships (including Strategic Relationships) and third-party investors) to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to targeted, preferential or favorable allocation of co-investment opportunities and discounts or rebates of performance-based compensation or management fees and/or tailored underwriting toward such investors interests. Finally, under the terms of the Organizational Documents of certain of the Funds, investors in such Funds with capital commitments to such Funds or certain other Funds greater than a certain amount will have a priority right to participate in co-investments ahead of other investors. Such arrangements will result in fewer co-investment opportunities being made available to other investors in the Funds. In addition, the allocation of investments to Other Blackstone Clients, including as described under "—Other Blackstone Clients; Allocation of Investment Opportunities" herein, can be expected to result in fewer co-investment opportunities to investors in the Funds.

Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral, sourcing or sharing of investment opportunities. Blackstone will, in certain circumstances, pay management fees and performance-based compensation in connection with such arrangements. Blackstone may also provide for or receive

reimbursement of certain expenses incurred or received in connection with these arrangements, including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses. The amount of such reimbursements can be expected to relate to allocations of co-investment opportunities. While it is possible that the Funds will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by the Funds would instead be referred (in whole or in part) to such third party.

- Additional Potential Conflicts of Interest with respect to Co-Investment; Strategic Relationships Involving Co-Investment: Blackstone and/or the Clarus Adviser and their affiliates will in certain circumstances be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall strategic relationship (including a Strategic Relationship and supplemental capital vehicles) with Blackstone) opportunities to co-invest in priority or on more favorable terms than other potential co-investors due to the amount of performance-based compensation or management fees or other fees paid by the co-investor receiving the priority allocation or better terms (as well as any additional discounts or rebates avoided by allocating co-investments to such co-investor with respect to such co-investor's participation in the Funds and/or any Other Blackstone Clients) or other aspects of such co-investor's relationship with the Sponsor. The Management Fees, carried interest and other fees received by the Sponsor from and the amount of expenses charged to the Funds can be expected to be less or more than such amounts paid by or charged to co-investment vehicles pursuant to the terms of such vehicles' partnership agreements and other agreements with co-investors, and such variation in the amount of fees and expenses can be expected to create an economic incentive for the Sponsor to allocate a greater or lesser percentage of an investment opportunity to the Funds or such co-investment vehicles or co-investors, as the case may be. In addition, other terms of existing and future co-investment vehicles can be expected to differ materially, and in some instances can be expected to be more favorable to the Sponsor, than the terms of the Funds, and such different terms can be expected to create an incentive for the Sponsor to allocate a greater or lesser percentage of an investment opportunity to the Funds or such co-investment vehicles, as the case may be. Such incentives will give rise to conflicts of interest, and there can be no assurance that such conflicts of interests will be resolved in favor of the Funds and that any investment opportunities that would have otherwise been offered to the Funds or investors in the Funds through co-investment will be made available. In circumstances where the Funds are investing alongside Other Blackstone Clients, the Clarus Adviser and its affiliates may be incentivized to cause the Funds, on the one hand, or such Other Blackstone Clients, on the other hand, to offer co-investment opportunities depending on the economic and other terms each may be permitted to offer co-investors. There may be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, properties, securities or instruments, where a Fund and Other Blackstone Clients participate in a single or related transactions with a particular seller



where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) to any of the Funds and such Other Blackstone Clients. The allocation of such specific items generally would be based on the Clarus Adviser's determination of, among other things, the expected returns and risk profiles for such items (e.g., specific items with lower expected returns and a higher risk profile may be allocated to the Funds whereas those with higher relative expected returns and a lower risk profile may be allocated to an Other Blackstone Client), and in any such case the combined purchase price paid to a seller would be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third party valuation firm and/or by the Clarus Adviser and its affiliates. Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral, sourcing or sharing of investment opportunities. Blackstone will, in certain circumstances, pay management fees and performance-based compensation in connection with such arrangements. Blackstone will, in certain circumstances, also provide for or receive reimbursement of certain expenses incurred or received in connection with these arrangements, including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses. The amount of such reimbursements or rebates can be expected to relate to allocations of co-investment opportunities and increase if certain co-investment allocations are not made. While it is possible that the Funds will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by the Funds would instead be referred (in whole or in part) to such third party, either as a contractual obligation or otherwise, resulting in fewer opportunities (or reduced allocations) being made available to the Funds and/or investors in the Funds. Certain co-investment vehicles, including certain Standing Co-Invest Vehicles, will generally not be permitted, pursuant to their governing documents, to bear broken deal expenses. Some other co-investment vehicles, including some other Standing Co-Invest Vehicles, may not bear broken deal expenses or other investment-related expenses (including in respect of financing of such investment) from time to time (in which case the Funds would bear such extra portion of such expenses) from time to time unless Blackstone determines otherwise in its discretion. Such determinations will be made on a case by case basis by Blackstone and may result in differing treatment of co-investment vehicles under certain circumstances. The foregoing will under certain circumstances result in the Funds bearing more than its *pro rata* share of broken deal expenses or such other expenses. This may give rise to conflicts of interest in connection with the Funds' investment activities, and, while the Clarus Adviser 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 Funds.

***Liability Arising From Transactions Entered into Alongside Other Blackstone Clients.*** Because of the opportunistic and flexible nature of the Funds' investment strategies, the Funds will also coinvest from time to time with one or more Other Blackstone Clients (including co-investment

or other vehicles in which Blackstone or its personnel invest and that co-invest with such Other Blackstone Clients) or Blackstone (including Blackstone Innovations (“BXi”)) in investments that are suitable for both the Funds and such Other Blackstone Clients. Participating in investments alongside Other Blackstone Clients and/or Blackstone will subject the Funds to a number of risks and conflicts (and in certain circumstances the Clarus Adviser will be unaware of an Other Blackstone Client’s participation, as a result of information walls or otherwise). For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for a Fund, Other Blackstone Clients and Blackstone may not be the same. Additionally, the Funds and such Other Blackstone Clients will generally have different investment periods or expiration dates and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities and such differences may also impact the allocation of investment opportunities (including follow-on investments related to earlier investments made by a Fund, Blackstone and Other Blackstone Clients). Such Other Blackstone Clients may also have certain governance rights for legal, regulatory or other reasons that the Funds will not have. As such, a Fund and/or such Other Blackstone Clients may dispose of any such shared investment at different times and on different terms, and investors therein may receive different consideration than is offered to the Fund investors (e.g., some or all Fund investors may receive cash whereas other Fund investors and investors in BXi or Other Blackstone Clients may be provided the opportunity to receive distributions in-kind in lieu thereof).

At times, a transaction counterparty will, in certain circumstances, require facing only one fund entity, which can be expected to result in (i) if a Fund is a direct counterparty to a transaction, such Fund being solely liable with respect to its own share as well as other Funds’ and Other Blackstone Clients’ shares of any applicable obligations, or (ii) if a Fund is not the direct counterparty, such Fund having a contribution obligation to the relevant other Funds and Other Blackstone Clients. Alternatively, a counterparty may agree to face multiple funds, which could result in the Funds being jointly and severally liable alongside other Funds and Other Blackstone Clients for the full amount of the applicable obligations. In cases in which the Funds could be responsible for the liability of other Funds or an Other Blackstone Client, or vice versa, the applicable parties would generally enter into a back-to-back or other similar contribution or reimbursement agreement. Likewise, for certain investment-related hedging transactions, it can be expected to be advantageous for counterparties to trade solely with a Fund (or its special purpose or other vehicles). For these transactions, it is anticipated that the Funds would then enter into back-to-back trade confirmations with deal-specific aggregators as well as guarantees, keepwells or other similar arrangements with the relevant other Funds and Other Blackstone Clients. The party owing under such an arrangement may not have resources to pay its liability, however, in which case the other party will bear more than its *pro rata* share of the relevant loss. It is not expected that the Funds or Other Blackstone Clients will be compensated for agreeing to be primarily liable vis-à-vis a third-party counterparty. Moreover, in connection with the divestment of all or part of a Portfolio Entity (e.g., an initial public offering) and/or the wind-down of a Portfolio Entity, Blackstone will seek to track the ownership interests, liabilities and obligations of the Funds and any Other Blackstone Clients owning an interest in the

Portfolio Entity comprising such operating business, but it is possible that the Funds and applicable Other Blackstone Clients will, in certain circumstances, incur shared, disproportionate or crossed liabilities. Furthermore, depending on various factors including the relative assets, expiration dates, investment objectives and return profiles of each of the Funds and such Other Blackstone Clients, it is possible that one or more of them will have greater exposure to legal claims and that they will have conflicting goals with respect to the price, timing and manner of disposition opportunities.

***Conflicts Related to Secondary Transfers of Limited Partner Transactions.*** To the extent the Clarus Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Clarus Adviser will do so in its sole discretion, taking into account the following factors, among others:

- the Clarus Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- the Clarus Adviser'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 Funds and/or the Clarus Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- whether the potential purchaser would subject the Clarus Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- a potential purchaser's investment into another Fund (including any commitment into a future fund);
- requirements in such Fund's Organizational Documents; and
- such other facts as it deems appropriate under the circumstances in exercising such discretion.

***Conflicts Relating to Continuation Vehicles and Continuation Transactions.*** The Clarus Adviser could, subject to the requirements of the Organizational Documents, from time to time establish other investment vehicles for the purpose of purchasing one or more investments from a Fund (sometimes, but not always, where the selling Fund is approaching the end of its term), which may be made in connection with, or alongside, another Fund making the investment (such vehicles, "Continuation Vehicles", and such transactions, "Continuation Transactions"). In such circumstances, the Clarus Adviser is acting on behalf of, and making the investment decision for, both a Fund and the applicable Continuation Vehicle. As a result, Continuation Transactions implicate the conflicts of interest described herein in "Buying and Selling Investments or Assets from Certain Related Parties" between the Fund and the Continuation Vehicle more generally. Further, because the Clarus Adviser and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried

interest 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 Clarus Adviser will have a potential conflict of interest in determining transaction terms and participants. While certain conflicts of interest related to Continuation Transactions often require approval by the Investor Committee of a Fund, certain transactions may be able to be completed at the initiation of the Clarus Adviser without any such approval.

**Broken Deal Expenses.** Any expenses that may be incurred by the Funds for actual investments as described herein or in the Organizational Documents may also be incurred by the Funds with respect to broken deals (i.e., investments that are not consummated). The Clarus Adviser is not required to and, in most circumstances, will not seek reimbursement of broken deal expenses from third parties, including counterparties to the potential transaction or potential co-investors. Moreover, expenses related to the organization of co-investment vehicles formed to invest in broken deals may be borne by the Funds, and not the proposed co-investors thereof. 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 agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, commitment fees that become payable in connection with a proposed investment, legal, tax, accounting and consulting fees and expenses (including all expenses incurred in connection with any tax audit, investigation settlement or review of the Funds, and any expenses of the Funds' partnership representative or its designated individual), printing and publishing expenses, and legal, accounting, tax and other due diligence and pursuit costs and expenses (including, for the avoidance of doubt, any Consultant expenses and broken deal expenses associated with services provided by Portfolio Entities, as detailed below). Any such broken deal expenses could, in the sole discretion of the Sponsor, be allocated solely to the applicable Funds and not to Other Blackstone Clients or co-investment vehicles that could have made the investment (including any situation where an Other Blackstone Client was initially allocated an investment opportunity and incurred such expenses before such investment opportunity was reallocated to a Fund), even when the Other Blackstone Client or co-investment vehicle commonly invests alongside the Funds in its investments or Blackstone or Other Blackstone Clients in their investments. In such cases each Fund's share of expenses would increase. The Clarus Adviser expects that until a potential investment of a Fund is formally allocated to an Other Blackstone Client (it being understood that final allocation decisions are typically made shortly prior to closing an investment), such Fund is expected to bear the broken deal expenses for such investment, which may result in substantial amounts of broken deal expenses. In the event broken deal expenses are allocated to an Other Blackstone Client or a co-investment vehicle, the Clarus Adviser or the Funds will, in certain circumstances, advance such fees and expenses without charging interest until paid by the Other Blackstone Client or co-investment vehicle, as applicable. Certain co-investment vehicles however, or certain potential co-investors who might have invested in a transaction had it been consummated will not be allocated any share of such break-up or topping fees or

broken deal expenses, such as potential investors in co-investment structures relating to a specific investment where the legally binding agreements relating to such co-investment are not executed until the time of the deal closing, unless the applicable General Partner determines otherwise in its discretion or as may be set forth in the relevant operative agreements. In addition, certain Portfolio Entities will provide services (including identifying potential investments) to the Funds, Other Blackstone Clients and their respective Portfolio Entities in respect of certain investments that are not ultimately consummated. See also “—Portfolio Entity Service Providers and Vendors” herein.

***Other Blackstone Business Activities.*** Blackstone, Other Blackstone Clients, their Portfolio Entities, Development 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 the Funds, the Development Companies and their Portfolio Entities, such as fees for asset management (including, without limitation, management fees and carried interest/incentive arrangements), development and property management; underwriting (including, without limitation, evaluation regarding value creation opportunities and ESG risk mitigation); syndication or refinancing of a loan or investment (including loan modification or restructuring fees); loan servicing; special servicing; administrative services; advisory services on purchase or sale of an asset or company; advisory services; investment banking and capital markets services; treasury and valuation services; placement agent services; fund administration; internal legal and tax planning services; information technology products and services; insurance procurement, brokerage solutions and risk management services; data extraction and management products and services; services by BX Energy Portcos (as defined below); clinical development and other pharmaceutical trial services; and other products and services (including but not limited to restructuring, consulting, monitoring, commitment, syndication, origination, organization and financing, and divestment services). Other than as expressly set forth in the Organizational Documents, such fees shall not be applied to offset Management Fees and Fund investors will not share therein. Such parties will also provide products and services for fees to Blackstone, the Funds, Other Blackstone Clients and their Portfolio Entities, and their personnel and related parties, as applicable, as well as third parties, as applicable. Further, such parties could provide products and services for fees to the Funds, Other Blackstone Clients and their Portfolio Entities in circumstances where third-party service providers are concurrently providing similar services to the Funds, Other Blackstone Client and their Portfolio Entities. Through its Innovations group, Blackstone incubates (or otherwise invests in) businesses that are expected to be introduced to, and therefore frequently provide goods and services to the Funds and Other Blackstone Clients and their Portfolio Entities, as well as other Blackstone-related parties and third parties. By contracting for a product or service from a business related to Blackstone, the Funds and their Portfolio Entities would provide not only current income to the business and its stakeholders, but could also create significant enterprise value in them, which would not be shared with the Funds or investors in the Funds and could benefit Blackstone directly and indirectly. Also, Blackstone, Other Blackstone Clients and their Portfolio Entities, and their personnel and related parties will, in certain circumstances, receive compensation or other benefits, such as through additional ownership interests or otherwise, directly related to the consumption of

products and services by the Funds and their Portfolio Entities. The Funds and their Portfolio Entities will incur expense in negotiating for any such fees and services, which will be treated as partnership expenses. In addition, a General Partner may receive fees associated with capital invested by co-investors relating to investments in which a Fund participates or otherwise, in connection with a joint venture in which a Fund participates or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which a General Partner performs services.

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

The Clarus Adviser does not have any obligation to ensure that fees for products and services contracted by the Funds or their Portfolio Entities are at market rates unless the counterparty is considered an “Affiliate” of the Sponsor, as determined in accordance with the applicable Organizational Documents, and given the breadth of Blackstone’s investments and activities the Clarus Adviser may not be aware of every commercial arrangement between the Funds and their Portfolio Entities, on the one hand, and Blackstone, other Funds, Other Blackstone Clients and their Portfolio Entities, and personnel and related parties of the foregoing, on the other hand.

The Management Fees paid by the Funds and investors in the Funds will generally be offset by the amount of certain fees, including directors’ fees, commitment fees, break-up fees, monitoring fees and success fees, or other remuneration paid by the Funds to the Clarus Adviser and its affiliates (but excluding any fees or remuneration paid to any “venture partner”, “entrepreneur in residence” or other similar employee, or consultant to, the Clarus Adviser or its affiliates, or with respect to any of the foregoing persons plus executives and officers and/or any Development Company) net of expenses; however, the Funds and investors in the Funds will otherwise not receive the benefit (*e.g.*, through an offset to the Management Fee or otherwise) of any fees or other compensation or benefit received by the Clarus Adviser, its affiliates or their personnel and related parties (see also “—Service Providers, Vendors and Other Counterparties Generally” and “—Other Blackstone Business Activities” herein). The Clarus Adviser and its affiliates and their personnel and related parties will receive fees attributable to Other Blackstone Clients (including co-investment vehicles, permanent capital vehicles, accounts and/or third parties) and third parties and, without limiting the generality of the foregoing, the amount of such fees allocable to Other Blackstone Clients (including co-investment vehicles, permanent capital vehicles, accounts and/or third parties) will not result in an offset of the Management Fees payable by investors in the Funds or otherwise be shared with the Funds, their Portfolio Entities or the investors in the Funds, even if (i) such Other

Blackstone Clients (including co-investment vehicles, permanent capital vehicles, accounts and/or third parties) provide for lower or no management fees for the investors or participants therein (ii) such fees result in an offset to management fees or carried interest payable by any of such Other Blackstone Clients (including co-investment vehicles, permanent capital vehicles, accounts and/or third parties). As noted in “Co-Investment Opportunities” herein, this creates an incentive for the Sponsor and/or Blackstone to offer co-investment opportunities and can be expected to result in other fees being received more frequently (or exclusively) with investments that involve co-investment.

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

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 the Funds’ behalf involving any such corporations, the Clarus Adviser will consider those relationships (including any incentives or disincentives as part of such relationship) when evaluating the investment opportunity, which may result in the Clarus Adviser choosing not to make such an investment on the Funds’ behalf due to such relationships. The Funds may also co-invest with clients of Blackstone in a particular investment, and the relationship with such clients could influence the decisions made by the Clarus Adviser 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 the Funds (e.g., investments in a competitor of a client or other person with whom Blackstone has a relationship). The Funds may be required to sell or hold existing Investments as a result of investment banking relationships or other relationships that Blackstone may have or develop, or transactions or investments Blackstone may make or have made.

**Outsourcing.** The Clarus Adviser is expected to outsource to third parties many of the services performed for the Funds and/or their Portfolio Entities, including services (such as

administrative, legal, accounting, tax, investment diligence and modeling, and ongoing monitoring, tax or other related services) that can be or historically have been performed in-house by the Clarus Adviser and its personnel. For example, third parties may assist the Clarus Adviser in preparing internal templates, memos, and similar materials in connection with the Clarus Adviser's analysis of investment opportunities. The fees, costs and expenses of such third party service providers will be borne by the Funds as partnership expenses, even if the Clarus Adviser would have borne such amounts if such services had been performed in-house. In such cases, the fees, costs and expenses associated with the provision of such services will be borne by the Funds instead of the Clarus Adviser, thereby increasing the Funds' expenses borne by the Fund investors.

The decision to engage a third party service provider and the terms (including economic terms) of such engagement will be made by the Clarus Adviser in its discretion, taking into account such factors as it deems relevant under the circumstances. Certain third party service providers and/or their employees will dedicate substantially all of their business time to the Funds, Other Blackstone Clients and/or their respective Portfolio Entities, while others will have other clients. In certain cases, third party service providers and/or their employees (including part- or full-time secondees to Blackstone) may spend some or all of their time at Blackstone offices, have dedicated office space at Blackstone, have Blackstone-related 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. The Clarus Adviser 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 Funds as partnership expenses (with no reduction or offset to Management Fees) and retaining third parties will reduce the Clarus Adviser's internal overhead and compensation 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 Funds. The involvement of third party service providers may present a number of risks due to the Clarus Adviser's reduced control over the functions that are outsourced.

In general, there are risks associated with the involvement of third-party service providers due to Blackstone's reduced control over the functions that are outsourced. In some cases, third-party service providers are permitted to delegate all or a portion of their responsibilities relating to the Funds and/or their Portfolio Entities to other third parties (including to their affiliates). Any such delegation could further reduce Blackstone's control over the outsourced functions, and Blackstone would lack direct oversight over the party to whom the responsibilities are delegated.

A third-party service provider could face conflicts of interest in carrying out its responsibilities relating to the Funds and/or their Portfolio Entities, including (without limitation) in relation to the delegation of such responsibilities to other parties and the allocation of time, attention and resources to Blackstone as compared to its other clients. Third-party service providers could have incentives to carry out their responsibilities in a manner that does not advance the interests of the Funds and often have no fiduciary obligation to act in the best interest of



Blackstone or the Funds. Blackstone has limited visibility into what conflicts of interest a third-party service provider might face and the extent to which any such conflicts impact the service provider's decision-making.

There can be no assurances that the Clarus Adviser will be able to identify, prevent or mitigate the risks of engaging third party service providers (including the risk that such third-party service provider or its delegate will not perform the outsourced function with the same degree of skill, competence and efficiency as Blackstone would in the absence of an outsourcing arrangement). The Funds could suffer adverse consequences from actions, errors or failures to act by such third parties or their designees, and will have obligations, including indemnity obligations, and limited recourse against them.

Outsourcing and in-house services may not occur uniformly for all Blackstone managed vehicles and accounts and, accordingly, certain costs could be incurred by (or allocated to) certain Funds through the use of third party (or internal) service providers that are not incurred by (or allocated to) certain other Funds or Other Blackstone Clients. Any such outsourcing that would qualify as a "delegation" under the AIFMD will be treated in accordance with the AIFMD.

**Material Non-Public Information.** By reason of their responsibilities in connection with other activities of Blackstone and potentially by virtue of their activities outside of Blackstone, certain employees of Blackstone may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to purchase or sell an investment that it otherwise might have purchased or sold, which could negatively affect their operations.

**Securities and Lending Activities.** Blackstone, its affiliates and their related parties and personnel participate in underwriting and lending syndicates and otherwise act as arrangers of financing, including with respect to the public offering and private placement of debt or equity securities issued by, and loan proceeds borrowed by, the Funds and their Portfolio Entities or advising on such transactions. Underwritings and financings can be on a firm commitment basis or on an uncommitted, or "best efforts," basis, and the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. Blackstone can also be expected to provide, either alone or alongside third parties performing similar services, placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by Portfolio Entities of the Funds and Other Blackstone Clients. A Blackstone broker-dealer will from time to time act as the managing underwriter, a member of the underwriting syndicate or broker for the Funds or their Portfolio Entities, or as dealer, broker or advisor to a counterparty to the Funds or a Portfolio Entity, and purchase securities from or sell securities to the Funds, Other Blackstone Clients or Portfolio Entities of the Funds and Other Blackstone Clients or advise on such transactions. Blackstone will also from time to time, on behalf of the Funds or their Portfolio Entities, or other parties to a transaction involving the Funds or their Portfolio Entities, effect transactions, including

transactions in the secondary markets, that result in commissions or other compensation paid to Blackstone by the Funds or their Portfolio Entities or the counterparty to the transaction, thereby creating a potential conflict of interest. This could include, by way of example, fees and/or commissions for equity syndications to co-investment vehicles. Subject to applicable law, Blackstone will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, capital markets fees, advisory fees (including capital markets advisory fees), lending arrangement fees, asset/property management fees, insurance (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, the Funds, an Other Blackstone Client or their Portfolio Entities are purchasing debt) or other compensation with respect to the foregoing activities; however, the Management Fee with respect to an investor in a Fund generally will be reduced by such amounts. The Clarus Adviser has sole discretion to approve the foregoing arrangements if the Clarus Adviser believes in good faith that such transactions are appropriate for the Funds.

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

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

Blackstone employees, including employees of the Clarus Adviser, are generally permitted to invest in alternative investment funds, venture capital funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of the Funds. The limited partners will not receive any benefit from any such investments.

**PJT.** On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT 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 the Funds and their Portfolio Entities, on the one hand, and PJT, on the other. The

pre-existing relationship between Blackstone and its former personnel involved in financial and strategic advisory services at PJT, the overlapping ownership and co-investment and other continuing arrangements between PJT and Blackstone can be expected to influence the Clarus Adviser to select or recommend PJT to perform services for Blackstone, the Funds or their Portfolio Entities, the cost of which will generally be borne directly or indirectly by the Funds and investors in the Funds (to the extent of their ownership therein). Given that PJT is no longer an affiliate of Blackstone, the Clarus Adviser and its affiliates are able to cause the Funds and Portfolio Entities to transact with PJT generally without restriction under the Organizational Documents of the Funds, notwithstanding the relationship between Blackstone and PJT. (See also “—Service Providers, Vendors and Other Counterparties Generally” herein.)

***Portfolio Entity Relationships Generally.*** Blackstone, Portfolio Entities of the Funds, including special purpose vehicle Portfolio Entities that may be formed in connection with investments, the Development Companies and Other Blackstone Clients are and will be counterparties or participants in agreements, transactions and other arrangements with the Funds, Other Blackstone Clients, and other investments managed by Blackstone or other Blackstone affiliates and/or any portfolio entities of the foregoing for the provision of goods and services, purchase and sale of assets and other matters (including information-sharing and/or consulting). In addition, certain Portfolio Entities may be counterparties or participants in agreements, transactions and other arrangements with other Funds, Other Blackstone Clients and/or Portfolio Entities or portfolio entities of other Funds and/or Other Blackstone Clients 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 Entities of the Funds will provide or recommend goods or services to Blackstone, the Funds, Other Blackstone Clients, or other Portfolio Entities (including “platform” investments of the Funds and Other Blackstone Clients). As another example, it can also be expected that the management of one or more Portfolio Entities may consult with one another or with one or more Portfolio Entities of an Other Blackstone Client in respect of seeking its expertise, industry view, or otherwise on a particular topic including but not limited to an asset and/or the purchase and /or sale thereof. Moreover, the Funds and/or an Other Blackstone Client may consult with a Portfolio Entity of the Fund or of an Other Blackstone Client as part of the investment diligence for a potential investment by the Funds or such Other Blackstone Client. As a result of or as part of such interactions or otherwise, personnel (including one or more members of the management team) at one Portfolio Entity may transfer to or become employed by another Portfolio Entity of the Funds or of an Other Blackstone Client, the Funds, 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 Investor Committee or the Fund investors. These agreements, transactions and other arrangements will involve payment of fees and other amounts and/or other benefits to Blackstone, a Blackstone affiliate and/or a Portfolio Entity, none of which will result in any offset to the Management Fees or otherwise be shared with the Funds or any Fund investors because Portfolio Entities are generally not considered to be affiliates of the Clarus Adviser, the Funds or Blackstone under the Organizational Documents of the Funds, notwithstanding that some of the services provided by a Portfolio Entity are similar

in nature to the services provided by the Clarus Adviser. Such agreements, transactions and other arrangements will generally be entered into without the consent or direct involvement of the Funds and/or such Other Blackstone Client or the consent of the applicable Investor Committee and investors in the Funds or such Other Blackstone Client (including, without limitation, in the case of minority investments by the Funds in such Portfolio Entities or the sale of assets from one Portfolio Entity to another). This is because, among other considerations, Portfolio Entities of the Funds and Portfolio Entities of Other Blackstone Clients are not considered affiliates of the Blackstone, the Funds or the Clarus Adviser under the Organizational Documents and therefore are not covered by affiliate transaction restrictions included in the Organizational Documents, such as the requirement to obtain consent from an Investor Committee in certain circumstances. There can be no assurance that the terms of any such agreement, transaction or other arrangement will be as favorable to the Funds as otherwise would be the case if the counterparty were not related to Blackstone.

In addition, it is possible that certain Portfolio Entities of the Funds or Other Blackstone Clients or entities in which Other Blackstone Clients have an interest will compete with the Funds for one or more investment opportunities. It is also possible that certain Portfolio Entities of the Other Blackstone Clients or entities in which Other Blackstone Clients have an interest will engage in activities that may have adverse consequences on the Funds and/or their Portfolio Entities (including, by way of example only, as a result of laws and regulations of certain jurisdictions (e.g., bankruptcy, environmental, consumer protection and/or labor laws) that 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, which may result in the assets of the Funds and/or their Portfolio Entities being used to satisfy the obligations or liabilities of one or more Other Blackstone Clients, their Portfolio Entities and/or affiliates).

In addition, Portfolio Entities, Blackstone and affiliates of Blackstone may also establish other investment products, vehicles and platforms focusing on specific asset classes or industry sectors that fall within a Fund's investment strategy, which may compete with such Fund for investment opportunities (it being understood that such arrangements may give rise to conflicts of interest that may not necessarily be resolved in favor of the Funds).

Further, Portfolio Entities with respect to which the Funds may elect members of the board of directors will, as a result, subject the Funds and/or such directors to fiduciary obligations to make decisions that they believe to be in the best interests of any such Portfolio Entity. Although in most cases the interests of the Funds and any such Portfolio Entity will be aligned, this may not always be the case. This has the potential to create conflicts of interest between the relevant director's obligations to any such Portfolio Entity and its stakeholders, on the one hand, and the interests of the Funds, on the other hand. Although Blackstone will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Funds.

***Portfolio Entity Service Providers and Vendors.*** The Funds, the Development Companies, Other Blackstone Clients, Portfolio Entities of each of the foregoing and Blackstone can be expected to

engage Portfolio Entities of the Funds and Other Blackstone Clients to provide some or all of the following services: (a) corporate support services (including, without limitation, accounts payable, accounts receivable, accounting/audit (e.g., valuation support services), account management (e.g., treasury, customer due diligence), insurance procurement, placement, brokerage and consulting services, cash management, accounts receivable financing, 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 compliance, internal compliance, know-your-client reviews and refreshes, judicial processes, legal, environmental and/or sustainability due diligence support (e.g., review of asset condition reports, energy consumption), engineering services, capital planning services, operational coordination (e.g., coordination with JV partners, third-party service providers), risk management, reporting (e.g., tax, debt, portfolio or other similar topics), tax and treasury, tax analysis and compliance (e.g., CIT and VAT compliance), transfer pricing, internal risk control and valuation services), and other services; (b) borrowing management services (including, without limitation, monitoring, restructuring and work-out of performing, sub-performing and non-performing 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))); (c) operational services including personnel (i.e., general management of day to day operations); and (d) transaction support services (including, without limitation, acquisition support; customer due diligence and related on-boarding; liquidation; reporting; relationship management with brokers, banks and other potential sources of investments; identifying potential investments including development sites and providing diligence and negotiation support to acquire the same, coordinating with investors; assembling relevant information; conducting financial and market analyses and modelling; coordinating closing/post-closing procedures for acquisitions, dispositions and other transactions; marketing and distribution, overseeing brokers, lawyers, accountants and other advisors; working with consultants and third parties to pursue entitlements; providing in-house legal, ESG and accounting services; and assisting with due diligence, preparation of asset improvement feasibilities, site visits, transaction consulting and specification of technical analysis and review of (i) operations and maintenance manuals and (ii) statutory documents). Similarly, Blackstone, Other Blackstone Clients and their portfolio entities can be expected to engage Portfolio Entities of the Funds to provide some or all of these services. Some of the services performed by Portfolio Entity service providers could also be performed by the applicable General Partner or its affiliates from time to time and vice versa. Fees paid by a Fund or its Portfolio Entities or value created by other Portfolio Entity service providers or vendors do not offset or reduce the Management Fee payable by the investors in the Funds and are not otherwise shared with the Funds, unless otherwise required by the Organizational Documents. In addition, see “—Development Companies” herein.

Blackstone has multiple business lines, which may result in competition with a Portfolio Entity for high performing executive talent and presents actual and potential conflicts of interest. For example, Blackstone may “poach” a Portfolio Entity 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 Entity may want to retain such executives or other employees, and regardless, Blackstone is under no obligation to avoid interviewing or hiring such employees.

*Ontra (fka InCloudCounsel).* Ontra is a Portfolio Entity of certain Other Blackstone Clients that provides a contract automation and intelligence platform that utilizes artificial intelligence and a network of attorneys to support processing of routine contracts and tracking of obligations in complex agreements. Ontra is expected to perform services for the Funds, their Portfolio Entities, Other Blackstone Clients and Blackstone.

*CoreTrust.* On September 30, 2022, certain Blackstone private equity funds and related entities closed the previously announced acquisition of a majority interest in CoreTrust (the “CoreTrust Acquisition”), a group purchasing organization that provides purchasing services to member companies, which includes Portfolio Entities owned, in whole or in part, by certain Blackstone-managed funds. CoreTrust is expected to provide group purchasing services to the Funds, their Portfolio Entities, Other Blackstone Clients and Blackstone. Generally, CoreTrust generates revenue from vendors based on a percentage of the amount of products or services purchased by its member companies and benefit plans maintained by its member companies. As previously disclosed, CoreTrust has historically shared a portion of the revenue generated through purchases made by Blackstone Portfolio Entities and also paid Blackstone a consulting fee. Blackstone stopped accepting such revenue sharing arrangements and consulting fee upon the closing of the CoreTrust Acquisition. However, Blackstone may in its sole discretion reinstitute such or similar revenue sharing arrangements with CoreTrust in the future.

In addition, prior to the CoreTrust Acquisition, CoreTrust generated revenue in respect of certain Portfolio Entities (the “Applicable Portfolio Entities”) from certain health and welfare benefit plan-related vendors (the “Applicable Vendors”). For legal and regulatory reasons, following the CoreTrust Acquisition, CoreTrust is limited in its ability to generate revenue from the Applicable Vendors in respect of Portfolio Entities’ health benefit plans based on a percentage of the amount of products or services purchased by such plans. As a result, for Applicable Portfolio Entities and other Portfolio Entities that become CoreTrust members, CoreTrust intends to rebate all revenue received from Applicable Vendors to each such Portfolio Entity’s applicable benefit plan. CoreTrust also intends to enter into with each Applicable Portfolio Entity (and with other Portfolio Entities that become CoreTrust members) a separate agreement that will include the payment of an access fee in return for allowing such Portfolio Entities to use the goods and services provided by the Applicable Vendors through CoreTrust. The amount of the access fee has not yet been determined and may not be subject to benchmarking, and the access fee may be greater or less than the amount of the revenue that CoreTrust previously generated from Applicable Vendors.

In addition, in the event of the disposition of a Portfolio Entity (whether by way of transfer to the Funds, an Other Blackstone Client, a Portfolio Entity of the foregoing or Blackstone, as

described above, or by way of a sale to a third party), such Portfolio Entity may continue to provide some or all of the services described herein to the Funds, Other Blackstone Clients, Portfolio Entities of the foregoing or Blackstone, as applicable, even for a substantial period of time following such disposition.

The Funds and/or Portfolio Entities may engage in the future with relevant businesses owned by Blackstone and/or Other Blackstone 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 Portcos”). The Funds may make use of BX Energy Portcos in order to support the Funds’ aim of maximizing risk-adjusted returns on investments. In particular, BX Energy Portcos are 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 Entities 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.

Blackstone and Other Blackstone Clients could benefit from these transactions and activities through current income and creation of enterprise value in BX Energy Portcos’s businesses. Although Blackstone believes the services provided by BX Energy Portcos are equal or better than those of third parties, Blackstone directly benefits from the engagement of BX Energy Portcos, and there is therefore an inherent conflict of interest.

There may be instances where current and former employees of Other Blackstone Clients’ Portfolio Entities are seconded to or temporarily hired by the Funds’ Portfolio Entities or, at times, the Funds’ investments directly. Such secondments or temporary hiring of current and former employees of Other Blackstone Clients’ Portfolio Entities by the Funds’ Portfolio Entities (or its Investments) may result in a potential conflict of interest between the Funds’ Portfolio Entities and those of such Other Blackstone Clients. Subject to the Organizational Documents, the costs of such employees are expected to be borne by the Funds or their relevant Portfolio Entities, as applicable, and the fees paid by the Funds or such Portfolio Entities to, other Portfolio Entity service providers or vendors do not offset or reduce the Management Fee.

The Funds and their Portfolio Entities will compensate one or more of these service providers and vendors owned by the Funds or Other Blackstone Clients, including through incentive-based compensation payable to their management teams and other related parties. Some of these service providers and vendors owned by the Funds or Other Blackstone Clients will charge the Funds and their Portfolio Entities for goods and services at rates generally consistent with those available in the market for similar goods and services. The discussion regarding the determination of market rates herein applies equally in respect of the fees and expenses of the

Portfolio Entity service providers, if charged at rates generally consistent with those available in the market.

Other service providers and vendors owned and/or controlled by the Funds or Other Blackstone Clients 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 the Funds and their Portfolio Entities to them, along with any related tax costs and an allocation of the service provider's overhead, including any of the following: salaries, wages, benefits and travel expenses; marketing and advertising fees and expenses; legal, compliance, accounting and other professional fees and disbursements; office space, furniture and fixtures (including, without limitation, rent and refurbishment costs) 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; due diligence expenses; one-time costs, including costs related to building-out, expanding and winding-down a Portfolio Entity; costs that are of a limited duration or non-recurring (such as start-up or technology build-up costs, initial 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). The foregoing costs, although allocated in a particular period, will, in certain circumstances, relate to activities occurring outside the period (including in prior periods, such as where any such costs are amortized over an extended period), and further will, in certain circumstances, be of a general and administrative nature that is not specifically related to particular services, and therefore the Funds could pay more than their *pro rata* portion of fees for services. In addition, in certain circumstances, the Clarus Adviser also relies on the management team of a Portfolio Entity 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 Entity 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 and/or accruals (or other periodic estimates and/or accruals where applicable) and therefore the Funds 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 the Funds and their Portfolio Entities bearing less or more costs and expenses. In addition, a Portfolio Entity 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 Entities for the same services, and, subject to the Organizational Documents, Fund investors will not necessarily be entitled to receive notice or disclosure of such changes in allocation methodology. In certain instances, particularly where such service providers and vendors are located outside of the U.S., such service providers and vendors will charge the Funds and their Portfolio Entities 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, the Funds and their Portfolio Entities will compensate one or more of these service providers and vendors owned by the Funds or Other Blackstone Clients through incentive-based compensation payable to their management teams and other related parties. The incentive-based compensation paid with respect to a Portfolio Entity or asset of a Fund or Other Blackstone Clients will vary from the incentive-based compensation paid with respect to other Portfolio Entities and assets of such Fund and Other Blackstone 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 Entities relative to others, and the performance of certain assets and Portfolio Entities may provide incentives to retain management that also service other assets and Portfolio Entities. Blackstone is not expected to perform or obtain any 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, and the Management Fee will not be offset by such amounts. There can be no assurances that amounts charged by Portfolio Entity service providers that are not controlled by the Funds or Other Blackstone 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, while it is expected that the Funds or Other Blackstone Clients will engage in long-term or recurring contracts with Portfolio Entity service providers, the Clarus Adviser may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time. If benchmarking is performed, the related benchmarking expenses will be borne by the Funds, Other Blackstone Clients and/or their respective Portfolio Entities and will not offset the Management Fee.

In certain circumstances, the Funds and Other Blackstone Clients will enter into fee arrangements with Portfolio Entity 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 Entity service providers have entered into such fee arrangements, there may be situations where the Portfolio Entity service provider's tax liabilities that are associated with the income received from the Funds and/or Other Blackstone Clients could be passed along to the Funds such that the Funds would ultimately be responsible for bearing such expenses. Accordingly, the Clarus Adviser may have an incentive to structure its fee arrangements with Portfolio Entity service providers in such a manner where the Funds or an Other Blackstone Client may bear all or a portion of such Portfolio Entity 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 Organizational Documents.

A Portfolio Entity service provider will, in certain circumstances, subcontract certain of its responsibilities to other Portfolio Entities of the Funds and Other Blackstone Clients. In such circumstances, the relevant subcontractor could invoice the Portfolio Entity for fees (or in the case of a cost reimbursement arrangement, for allocable costs and expenses) in respect of the services provided by the subcontractor. The Portfolio Entity, if charging on a cost reimbursement, no-profit or break-even basis, would in turn allocate those costs and expenses as it allocates other fees and expenses as described above. Similarly, Other Blackstone Clients, their Portfolio Entities and Blackstone can be expected to engage Portfolio Entities of the Funds to provide services, and these Portfolio Entities will generally charge for services in the same manner described above, but the Funds and their Portfolio Entities generally will not be reimbursed for any costs (such as start-up costs or technology build-up costs) relating to such Portfolio Entities incurred prior to such engagement.

Portfolio Entity service providers described in this section are generally owned and controlled by one or more Blackstone vehicles, such as the Funds and Other Blackstone Clients. 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 the Funds to an Other Blackstone Client, or from an Other Blackstone Client to the Funds.

The transfer of a Portfolio Entity service provider (or the employees, leases, contracts or office assets of such service provider) between the Funds, other Funds and/or Other Blackstone Clients (where a Fund may be, directly or indirectly, a seller or a buyer in any such transfer) will generally be consummated for minimal or no consideration, and without obtaining any consent from the Investor Committee or the investors in the Funds. The Clarus Adviser may, but is not required to, obtain a third party valuation confirming the same, and if it does, the Clarus Adviser may rely on such valuation. Portfolio Entities of the Funds and Other Blackstone Clients are not considered “affiliates” of Blackstone, the Clarus Adviser or the Funds under the Organizational Documents and therefore are not covered by affiliate transaction restrictions included in the Organizational Documents, such as the requirement to obtain consent from the Investor Committees in certain circumstances.

In the case of Investments involving a “platform company,” a Fund will from time to time enter into an arrangement with one or more individuals (who may have experience or capability in sourcing and/or managing investments) to undertake a build-up strategy to acquire and develop assets and businesses in a particular sector or involving a particular strategy. The counterpart individuals may be compensated with a salary and/or equity incentive plan. Such compensation 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), which may be calculated as a percentage of assets under management and/or a waterfall similar to a carried interest, respectively, and 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 the Clarus Adviser, its affiliates and/or management of Portfolio Entities of Other Blackstone Clients, can be expected to undertake analysis and evaluation of potential investment and acquisition opportunities for such platform company. In such circumstances, the Funds would initially invest capital to fund a portion of the overhead (including rent, benefits, salary or retainers for the counterpart individuals and/or their affiliated entity) and sourcing costs for such investments. Although the Clarus Adviser is generally responsible under the Organizational Documents for certain overhead expenses and investment analysis associated with sourcing and managing investments, as well as compensation costs of investment professionals, the Funds (and indirectly the Fund investors, and not solely the Clarus Adviser, will bear some or all of the cost of such platform companies including costs related to overhead and the sourcing and analysis of investments, as well as compensation for the related counterparties, for any such platform companies.

***Service Providers, Vendors and Other Counterparties Generally.*** Certain third-party advisors and other service providers and vendors or their affiliates to the Funds and their Portfolio Entities (including accountants, administrators, paying agents, depositaries, lenders, bankers, brokers, attorneys, consultants, title agents, property managers and investment or commercial banking firms) are owned by Blackstone, the Funds or Other Blackstone Clients or provide goods or services to, or have other business, personal, financial or other relationships with, Blackstone, the Funds, the Other Blackstone Clients (including co-investment vehicles, where applicable) and their respective Portfolio Entities and affiliates and personnel of the foregoing. Such advisors and service providers referred to above may be investors in the Funds or Other Blackstone Clients, affiliates of the General Partners, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Blackstone, the Funds and/or Other Blackstone Clients have an investment, and payments by the Funds and/or such entities may indirectly benefit Blackstone, the Funds, the Other Blackstone Clients (including co-investment vehicles, where applicable) and their respective Portfolio Entities or any affiliates or personnel of the foregoing. Also, advisors, lenders, investors, commercial counterparties, vendors and service providers (including any of their affiliates or personnel) to the Funds and their Portfolio Entities could have other commercial or personal relationships with Blackstone, Other Blackstone Clients, co-investment vehicles and their respective Portfolio Entities, or any affiliates, personnel or family members of personnel of the foregoing. Although Blackstone selects service providers and vendors it believes are most appropriate in the circumstances based on its knowledge of such service providers and vendors (which knowledge is generally greater in the case of service providers and vendors that have other relationships to Blackstone), the relationship of service providers and vendors to Blackstone as described above will, in certain circumstances, influence Blackstone in deciding whether to select, recommend or form such an advisor or service provider to perform services for the Funds or a Portfolio Entity, the cost of which will generally be borne directly or indirectly by the Funds and can be expected to incentivize Blackstone to engage such service provider over a third party, utilize the services of such service providers and vendors more frequently than would be the case absent the conflict, or to pay such service providers and vendors higher fees or commissions than

would be the case absent the conflict. The incentive could be created by current income and/or the generation of enterprise value in a service provider or vendor; Blackstone can be expected to also have an incentive to invest in or create service providers and vendors to realize on these opportunities. Furthermore, Blackstone will from time to time encourage third-party service providers to a Fund and its Portfolio Entities to use other Blackstone-affiliated service providers and vendors in connection with the business of a Fund, Portfolio Entities, and unaffiliated entities, and Blackstone has an incentive to use third-party services providers who do so as a result of the indirect benefit to Blackstone and additional business for the related service providers and vendors. Fees paid by the Funds or their Portfolio Entities to or value created in these service providers and vendors do not offset or reduce the Management Fee payable by the investors in the Funds and are not otherwise shared with the Funds unless required by the Organizational 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 the Funds and their Portfolio Entities for the same services. However, legal fees for unconsummated transactions are often charged at a discounted rate, such that if the Funds and their Portfolio Entities consummate a higher percentage of transactions with a particular law firm than Blackstone, the Funds, Other Blackstone Clients and their Portfolio Entities, the investors in the Funds could indirectly pay a higher net effective rate for the services of that law firm than Blackstone, the Funds or Other Blackstone Clients and/or their Portfolio Entities. Also, advisors, vendors and service providers often charge different rates or have different arrangements for different types of services. For example, advisors, vendors and service providers often charge fees based on the complexity of the matter as well as the expertise and time required to handle it. Therefore, to the extent the types of services used by the Funds or their Portfolio Entities are different from those used by Blackstone, Other Blackstone Clients and their Portfolio Entities, and their affiliates and personnel, the Funds and their Portfolio Entities can be expected to pay different amounts or rates than those paid by such other persons. Similarly, Blackstone, the Funds, the Other Blackstone Clients and their Portfolio Entities and affiliates can be expected to enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Blackstone) from time to time whereby such counterparty will, in certain circumstances, charge lower rates (or no fee) or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation the volume of transactions entered into with such counterparty by the Sponsor, Blackstone, the Funds and their investments and/or Portfolio Entities.

The Funds, Other Blackstone Clients and their Portfolio Entities are expected to enter into joint ventures with third parties to which the service providers and vendors described above will, in certain circumstances, 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 the Funds, Other Blackstone Clients and their Portfolio Entities that also use the services of the Portfolio Entity service provider will, directly or indirectly, pay the difference, or the Portfolio Entity service provider will bear a loss equal to

the difference. Moreover, in certain circumstances, the joint venture partner may be allocated fees, costs and expenses pursuant to a different methodology than a Portfolio Entity service provider's standard allocation methodology, which could result in the Funds or their Portfolio Entities being allocated more fees, costs and expenses than they would otherwise be allocated solely pursuant to such standard allocation methodology.

Blackstone may, from time to time, encourage service providers to the Funds and their Portfolio Entities' investments to use, at market rates and/or on arm's length terms, Blackstone-affiliated service providers in connection with the business of the Funds, Portfolio Entities, and unaffiliated entities. This practice provides an indirect benefit to Blackstone in the form of added business for Blackstone-affiliated service providers.

With respect to transactions or agreements with Portfolio Entities (including, for the avoidance of doubt, long-term incentive plans), if unrelated officers of a Portfolio Entity have not yet been appointed, Blackstone may negotiate and execute agreements between Blackstone and/or the Funds on the one hand, and the Portfolio Entity or its affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Blackstone may use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

***Charitable and Political Contributions.*** To the extent permitted by applicable law, the Clarus Adviser may, from time to time, require, cause or invite the Funds and/or a Portfolio Entity to make contributions to charitable initiatives, certain communities and/or related organizations or other non-profit organizations that the Clarus Adviser believes could, directly or indirectly, enhance the value of the Funds' investments, assist in completing an acquisition of a Portfolio Entity 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, the Funds or their Portfolio Entities. Such contributions could be designed to benefit employees of a Portfolio Entity, the community in which a Portfolio Entity operates or a charitable cause essential to, or consistent with, the business purpose of a Portfolio Entity. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of Blackstone, portfolio entity management teams, advisors, operating partners, service providers, vendors, joint venture partners, and/or other persons or organizations associated with Blackstone, the Funds, Other Blackstone Clients or the Portfolio Entities. These relationships could influence the Clarus Adviser's decision whether to require, cause or invite a Fund or the Portfolio Entities to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the Portfolio Entities could supplement or replace charitable contributions that Blackstone would have otherwise made. Also, in certain instances, the Clarus Adviser may, from time to time, select a service provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where the Clarus Adviser believes such charitable initiatives could, directly or indirectly, enhance the value of the Funds' investments or otherwise be beneficial to the Portfolio Entities.

A Portfolio Entity 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 Entities are not considered affiliates of the Sponsor (and in some cases are not controlled by the Sponsor), and therefore such activities are not subject to relevant policies of the Clarus Adviser and such activities may be undertaken by a Portfolio Entity without the knowledge or direction of the Clarus Adviser. In other circumstances, there may be initiatives where such activities are coordinated by Blackstone for the benefit of one or more Portfolio Entities. In certain circumstances, the interests of such Portfolio Entities (which such activities are designed to promote) may not align with or be adverse to the interests of other Portfolio Entities, the Funds, Other Blackstone Clients or the Fund investors. The costs of such activities may be allocated among those Portfolio Entities (and borne indirectly by the Fund investors). While the costs of such activities will typically be borne by the Portfolio Entity (and indirectly the Funds) undertaking such activities, such activities could also directly or indirectly benefit other Portfolio Entities, other investments, Other Blackstone Clients or Blackstone, which may not be required to bear a share of such costs. There can be no assurance that any such activities will be successful in advancing the interests of a Portfolio Entity or otherwise benefit such Portfolio Entity or the Funds.

Any such charitable contributions or political contributions made by the Funds or the Portfolio Entities, if material, could affect the Funds' performance in respect of the relevant investment and will not offset Management Fees payable by the Funds. There can be no assurance that any such activities will actually be beneficial to or enhance the value of the Funds or the Portfolio Entities, or that the Clarus Adviser will be able to resolve any associated conflict of interest in favor of the Funds.

***Restrictive Covenants; Restrictions on Fund Activities.*** Blackstone, the Funds, Other Blackstone Clients, joint venture partners and/or their respective Portfolio Entities and affiliates can be expected to enter into covenants that restrict or otherwise limit the ability of Blackstone, the Funds, Other Blackstone Clients, joint venture partners and/or their respective Portfolio Entities and affiliates to make investments in, or otherwise engage in, certain businesses or activities. For example, Other Blackstone Clients could have granted exclusivity to a joint venture partner that limits the Funds and Other Blackstone Clients from owning assets within a certain distance of any of the joint venture's assets. Blackstone, the Funds, an Other Blackstone Client, a joint venture partner and/or their respective Portfolio Entities and affiliates could have entered into a non-compete or other undertaking in connection with a purchase, sale or other transaction, including, without limitation, that Blackstone, the Funds, Other Blackstone Clients, joint venture partners and/or their respective Portfolio Entities 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 may negatively impact the ability of a Fund to implement its investment program. (See also "—Multiple Blackstone Business Lines.")

**Blackstone Insurance Solutions.** Blackstone Insurance Solutions (“BIS”) is comprised of two affiliated registered investment advisers. BIS provides investment advisory services to insurers (including insurance companies that are owned, directly or indirectly, by Blackstone, a Fund or Other Blackstone Clients, in whole or in part, such as FGL (previously a Portfolio Entity of an Other Blackstone Client), Everlake, AIG L&R and ALIC). Actual or potential conflicts of interest will likely arise in relation to 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 will engage in a variety of activities, including participating in transactions related to the Funds and/or their Portfolio Entities (e.g., as originators, co-originators, counterparties or otherwise). 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 (or any Other Blackstone Clients participating via a similar arrangement) will not be an “Affiliate” under the Organizational Documents of a Fund, in which case any limitations or obligations pursuant to such Organizational Documents with respect to transactions with affiliates, including any required consents of the Fund investors or any Investor Committee, will not apply. BIS Clients have invested and are expected to continue investing in Other Blackstone Clients and the Funds. BIS Clients may have investment objectives that overlap with those of the Funds or their Portfolio Entities, and such BIS Clients may invest alongside the Funds or such Portfolio Entities in certain investments, which will reduce the investment opportunities otherwise available to the Funds or such Portfolio Entities. Other transactions in which BIS Clients will participate include, without limitation, investments in debt or other securities issued by Other Blackstone Clients or Portfolio Entities or other forms of financing to Other Blackstone Clients or Portfolio Entities (including special purpose vehicles established by the Funds, Other Blackstone Clients or such Portfolio Entities) (see “—Conflicting Fiduciary Duties to Debt Funds” and “—Investments in Which Other Blackstone Clients Have a Different Principal Investment Generally” herein). When investing alongside the Funds or their Portfolio Entities or in other transactions related to the Funds or their Portfolio Entities, BIS Clients may not invest or divest at the same time or on the same terms as the Funds or the applicable Portfolio Entities. BIS Clients will also from time to time acquire investments and Portfolio Entities directly or indirectly from the Funds, including one or more cash-flow assets (e.g., royalty streams), which may be securitized along with other cash-flow assets. In circumstances where the General Partners determine in good faith that the conflict of interest is mitigated in whole or in part through various measures that Blackstone or the General Partners implement, the General Partners are not required and do not intend to seek approval of any Investor Committee or the investors in the Funds. 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 Entity 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 Clarus Adviser 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 may, but is not required to, from time to time require the applicable BIS Clients participating in a transaction to consent thereto (including in circumstances where the Clarus Adviser does not seek the consent of an Investor Committee or the investors in the Funds). 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.

**Transactions with Portfolio Entities.** Blackstone and Portfolio Entities of the Funds and Other Blackstone Clients operate in multiple industries and provide products and services to or otherwise contract with the Funds and their Portfolio Entities, among others. In connection with any such investment, Blackstone, the Funds and Other Blackstone Clients and their respective Portfolio Entities and personnel and related parties of the foregoing can be expected to make referrals or introductions to the Funds or Portfolio Entities of the Funds or Other Blackstone Clients in an effort, in part, to increase the customer base of such companies or businesses or because such referrals or introductions will, in certain circumstances, result in financial benefits, such as cash payments, additional equity ownership, or participation in revenue share, accruing to the party making the introduction. Furthermore, such introductions or referrals may involve the transfer of certain personnel or employees among Blackstone and Portfolio Entities of the Funds and Other Blackstone 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 Portfolio Entity to implement such arrangements, pursuant to which the joint venture or business provides services (including, without limitation, corporate support services, loan management services, management services, operational services, ongoing account services (e.g., 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 entities 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 the Funds or Other Blackstone 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 and/or to Blackstone or its affiliates in the case of a joint venture that are tied or related to participation by the Portfolio Entities of the Funds and/or of Other Blackstone Clients, accruing to the party making the introduction. Such joint venture or business could use data obtained from such Portfolio Entities (see “—Data” and “—Data Management Services” herein). The Funds and the investors in the Funds typically will not share in any fees, economics, equity or other benefits accruing to Blackstone, Other Blackstone Clients and their Portfolio Entities as a result of the introduction of the Funds and their Portfolio Entities. There may, however, be instances in which the applicable arrangements provide that the Funds or their Portfolio Entities 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 the Funds or one of their Portfolio Entities is the referring or introducing party, rather than receiving all of the financial incentives (including, in some cases, cash payments, additional equity ownership, participation in revenue share and/or milestones) 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 Blackstone Clients or their respective Portfolio Entities.

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

***Related Party Leasing.*** The Funds and their Portfolio Entities will, in certain circumstances, lease property to or from Blackstone, other Funds, Other Blackstone Clients and their Portfolio Entities and affiliates and other related parties. The leases are generally expected to, but may not always, be at market rates. Blackstone can be expected to confirm market rates by reference to other leases it is aware of in the market, which Blackstone expects to be generally indicative of the market given the scale of Blackstone's real estate business. Blackstone can be expected to, but may not always, 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 the Funds and their Portfolio Entities will lease to or from any such related parties on terms as favorable to the Funds and their Portfolio Entities as would apply if the counterparties were unrelated.

***Asset Pooling.*** A Fund may in the future pool certain or all investments with one or more other Funds or Other Blackstone Clients (any such pool, an "Asset Pool"), including for the purposes of obtaining leverage or other financing, or seeking a full or partial exit from one or more Investments including through securitization. In such circumstances an Asset Pool may be managed or controlled by the Clarus Adviser or any of its affiliates and securities or other interests in the Asset Pool will be owned by such Fund, other Funds and other affiliated funds. The consummation of any such transaction will generally not require the consent of such Fund's Investor Committee or the Fund investors unless required by the applicable Organizational Documents and will involve the exercise of the Clarus Adviser's and its affiliates' discretion with respect to a number of material matters, which may give rise to actual or potential conflicts. For example, in connection with such transactions, the Clarus Adviser will have broad discretion to determine whether and to what extent such a transaction constitutes a disposition of the contributed assets under the terms of the applicable Organizational Documents, to determine

the proportionate interest of such Fund, the other Funds and the Other Blackstone Clients (as applicable) in the Asset Pool (or particular classes or tranches of securities or others interests in the Asset Pool), which will require the Clarus Adviser and its affiliates to determine the relative value of assets contributed to the Asset Pool and value of securities or interests (or particular classes or tranches thereof) issued by the Asset Pool, and to determine how interests in or proceeds from the Asset Pool are attributed to investors in the Funds or the Funds, that participated in such contributed assets, each of which may have a material impact on Fund investors' returns in respect of such investments or the Funds more generally. In making these determinations the Clarus Adviser and its affiliates may, but are not required to, engage or seek the advice of any third-party independent expert, however even if such advice was sought, valuing such assets and interests and, therefore, the value of a Fund's interest in, or proceeds received from, any Asset Pool, will be subjective. A Fund will generally be exposed to the performance of all assets in an Asset Pool and those investments contributed to the Asset Pool by the other Funds or Other Blackstone Clients (as applicable) may not perform as well as those investments contributed by such Fund. Accordingly, the returns of such Fund of in respect of investments contributed by it may be lower than if they had not been contributed to the Asset Pool. The receipt, use and recontribution by such Asset Pools of any such proceeds shall not be considered distributions received by, or contributions made by, a Fund or its investors for purposes of the applicable Organizational Documents (including, for example, that such proceeds would not reduce or increase, as the case may be, the unpaid capital commitment of the limited partners, will not be subject to the investment limitations applicable to such Fund's investments, will not be subject to the carried interest waterfall, will not be subject to any preferred return and will not be subject to any requirements under the Organizational Documents with respect to the timing of distribution of proceeds) and may result in higher or lower reported returns than if such proceeds had otherwise been distributed (or deemed distributed) to the Funds or the investor.

***Cross-Guarantees and Cross-Collateralization.*** In certain circumstances the Funds and their Portfolio Entities can be expected to enter into cross-collateralization or cross-guarantee or any similar arrangements (including with respect to Asset Pools) with Other Blackstone Clients and co-investment vehicles and their Portfolio Entities, particularly in circumstances in which better financing terms are available through such arrangements and/or in circumstances where the assets of each Portfolio Entity are similar in nature. 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 Blackstone Clients by way of a back-to-back or reimbursement type agreement. Also, it is expected that cross-collateralization will generally occur at Portfolio Entities rather than the Funds for obligations that are not recourse to the Funds except in limited circumstances such as "bad boy" events. While cross-collateralization of Investments may enable the Funds 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 Blackstone Clients could result in the Funds losing their interests in otherwise performing investments or other assets of the Funds due to poorly performing or non-performing investments or other assets of other Funds or of

Other Blackstone 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, the Funds' obligations under such cross-collateralization arrangements are expected to apply to investments in which the Funds have not participated). The Fund investors may also be required to fund capital contributions to cover the Funds' obligations under such a default. A Fund can, in certain circumstances, be exposed to risks associated with borrowings or other indebtedness of other Funds and/or Other Blackstone Clients when such other entities are not in turn exposed to risks associated with such Fund's borrowing for a similar purpose if, for example, the such other entities or the partners thereof are excused from cross-collateralizing certain partnership expenses, management fees or other obligations of such Fund and Other Blackstone Clients. Through cross-collateralization, the Funds may nevertheless be indirectly exposed to risks associated with leverage on fees, expenses and/or other obligations of the Funds. (See also "—Liability Arising From Transactions Entered into Alongside Other Blackstone Clients" and "Asset Pooling" herein.)

Similarly, a lender could require that it face only one Portfolio Entity of the Funds and Other Blackstone Clients, even though multiple Portfolio Entities of the Funds and Other Blackstone Clients benefit from the lending, which will typically result in (i) the Portfolio Entity facing the lender being solely liable with respect to the entire obligation, and therefore being required to contribute amounts in respect of the shortfall attributable to other Portfolio Entities, and (ii) Portfolio Entities of the Funds and Other Blackstone 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 Entities of the Funds and Other Blackstone Clients benefiting from a financing can be expected to enter into a back-to-back or other similar reimbursement agreements whereby each agrees that no Portfolio Entity bears more than its *pro rata* portion of the debt and related obligations. It is not expected that the Portfolio Entities would be compensated (or provide compensation to other Portfolio Entities) for being primarily liable, or jointly liable, for other Portfolio Entities *pro rata* share of any financing.

**Joint Venture Partners.** The Funds are also expected to co-invest with Other Blackstone Clients, other affiliates of Blackstone and/or third parties (or affiliated managers or other persons) as partners, consortium sponsors or co-venturers ("Joint Venture Partners") with respect to specified investments or categories of investments through partnerships, joint ventures, consortiums, investment platforms, or other similar arrangements ("JV Arrangements"), thereby acquiring jointly-controlled or non-controlling interests in certain investments. JV Arrangements could be designed to share risk in the underlying investments with Joint Venture Partners or involve the Funds taking on greater risk with an expected greater return or reducing its risk with a corresponding reduction in the expected rate of return. Such JV Arrangements could involve risks in connection with such third-party involvement, including the possibility that such other Joint Venture Partner may have financial difficulties, resulting in a negative impact on such JV Arrangements, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives (including the timing and nature of any

exit) or the increased possibility of default (which the Funds may be required to make up) by, diminished liquidity or insolvency of, the third party due to a sustained or general economic downturn. In addition, the Funds may in certain circumstances be liable for the actions of its Joint Venture Partners. In those circumstances where such Joint Venture Partners involve a management group, such third parties may receive compensation arrangements relating to such JV Arrangements, including incentive compensation arrangements and/or other fees, in each case which compensation will not offset Management Fees. Furthermore, such Joint Venture Partners to JV Arrangements may provide services (such as asset management oversight services) similar to, and overlapping with, services provided by Blackstone to the Funds, Other Blackstone Clients or their respective Portfolio Entities, and, notwithstanding the foregoing, fees attributable to such services will not offset Management Fees or otherwise be allocated to, or shared with, the Fund investors.

**Valuation Matters.** The fair value of all investments (including any asset received in exchange for any investments or interests in the Funds, as applicable) will ultimately be determined by the Clarus Adviser in accordance with the Organizational Documents and the Funds' valuation policy and procedures. It will, in certain circumstances, be the case that the carrying value of an investment does not reflect the price at which the investment is ultimately sold in the market, and the difference between carrying value from time to time and the ultimate sales price could be material. The valuation methodologies used to value any investment will involve subjective judgments and estimates and will, in certain circumstances, not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. For example, the Sponsor could believe that capitalization rates will be lower upon a sale of an investment than they ultimately are, or that interest rates will decline during the hold period of an investment thereby creating attractive value even though rates do not decline. Valuation methodologies may permit reliance on a prior period valuation of particular investments. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond Blackstone's and the Sponsor's control.

The valuation of investments will affect the amount and timing of the Clarus Adviser's performance-based compensation and, under certain circumstances, the amount of Management Fees and servicing fees (if any) payable to the Clarus Adviser. The valuation of investments of Other Blackstone Clients will, in certain circumstances, affect the decision of potential investors to subscribe for interests in a Fund. Similarly, the valuation of investments of a Fund will, in certain circumstances, affect the ability of Blackstone to form and attract capital to Other Blackstone Clients. As a result, there can be expected to be circumstances in which Blackstone is incentivized to defer realization of Investments, make more speculative Investments, seek to deploy the capital commitments in Investments at an accelerated pace, hold investments longer and/or determine valuations that are higher (or lower) than the actual fair value of investments, which generally remains in the sole discretion of Blackstone. There will be no retroactive adjustment in the valuation of any Investment or the carried interest distributions or Management Fees paid to the Clarus Adviser to the extent any valuation proves to not accurately reflect the realizable value of an Investment in a Fund. In addition, in the event that a Fund makes any distribution in-kind to Fund investors, the fair market value of

such securities distributed in kind is expected to be determined by the applicable General Partner (who at times may, but is not required to, receive input from a third-party valuation expert), subject to the terms and conditions of the applicable Organizational Document. As there is no guarantee that such valuations will reflect the value for such assets that would be achieved if such assets were sold to a third party rather than distributed in-kind, Fund investors may not receive the price for such assets that they may otherwise have received if such assets were sold in a third party sale. If the valuations made by the applicable General Partner in connection with the distribution-in-kind and used to calculate performance and carried interest distributions are higher than what could have been received if such investments were instead disposed of to third parties, held to maturity, or otherwise disposed of in another manner, the amount of carried interest distributions received by the applicable General Partner, or the timing of receipt of carried interest distributions, could be higher and earlier in time than it would have been if such assets were sold in a third-party sale. Additionally, because the amount of proceeds Fund investors are deemed to receive in connection with potential distributions in kind of marketable securities utilizes an average of the trading prices both prior to and after the date of distribution (as more fully described in the applicable Organizational Document), the General Partner's carried interest distributions may be based on a valuation that is higher than the price of the securities actually distributed to the applicable Fund or that the applicable General Partner would have received had such securities been sold for cash, in each case at the time of distribution.

**Group Procurement; Discounts.** The Funds and their Portfolio Entities will enter into agreements regarding group procurement (including, but not limited to, CoreTrust, a group purchasing organization described more fully above), 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 discounted due to scale or pooled across Portfolio Entities, including through sharing of deductibles and other forms of shared risk retention from a third party or a Blackstone affiliate, and other operational, administrative or management related initiatives. Blackstone will allocate the cost of these various services and products purchased on a group basis among the Funds, Other Blackstone Clients and their Portfolio Entities. Some of these arrangements result in commissions, discounts, rebates or similar payments to Blackstone, its personnel, or other Funds and Other Blackstone Clients and their Portfolio Entities, including as a result of transactions entered into by the Funds and their Portfolio Entities, and such commissions or payment will not be subject to the Management Fee offset provisions. Blackstone can be expected to also receive consulting, usage or other fees from the parties to these group procurement arrangements. To the extent that a Portfolio Entity of an Other Blackstone Client is providing such a service, such Portfolio Entity and such Other Blackstone Client will benefit. Further, the benefits received by the particular Portfolio Entity providing the service will, in certain circumstances, be greater than those received by the Funds and their Portfolio Entities receiving the service. Conflicts exist in the allocation of the costs and benefits of these arrangements, and the Fund investors rely on the Clarus Adviser to handle them in their sole discretion.

**Diverse Investor Group.** The investors in the Funds may have conflicting investment, tax and other interests with respect to their investments in the Funds and with respect to the interests

of investors in other investment vehicles managed or advised by Blackstone that participate in the same investments as the Funds, and investor personnel may have incentives or conflicts with respect to their investments in the Funds or Other Blackstone Clients, including matters Blackstone is not aware of, such as shares of Blackstone Inc. The conflicting interests of investors in the Funds and/or investors in other investment vehicles would generally relate to or arise from, among other things, the nature, structuring, financing, tax profile and timing of disposition of investments of the Funds. The Clarus Adviser will, in certain circumstances, as a result have conflicts in making these decisions, which can be expected to be more beneficial for one or more (but not all) investors in the Funds than for other investors in the Funds or *vice versa*. In addition, the Funds can be expected to make investments that will, in certain circumstances, have a negative impact on related investments made by the investors in the Funds in separate transactions. In selecting and structuring investments appropriate for the Funds and the Sponsor will consider the investment and tax objectives of the Funds and their partners as a whole (and those of investors in Other Blackstone Clients that participate in the same investments as the Funds), not the investment, tax or other objectives of any investor in a Fund individually. As a result of disparate tax considerations applicable to certain investors in the Funds and Other Blackstone 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 Clarus Adviser will, in certain circumstances, elect to exclude certain investors in the Funds from particular investments (in whole or in part), including, for the avoidance of doubt, follow-on investments (or such investors in the Funds will benefit from excuse rights or investment limitations with respect to particular investments or follow-on investments), for legal, tax, regulatory or other reasons applicable to any such investment in which case non-excluded investors in the Funds shall generally be allocated a greater proportionate interest in such investment (or a follow-on investment related thereto, notwithstanding the initial or existing ownership proportions thereof). In addition, certain investors in the Funds may also be limited partners in Other Blackstone Clients, including supplemental capital vehicles and co-investment vehicles that may invest alongside the Funds in one or more investments of the Funds, which could create conflicts for the Clarus Adviser in the treatment of different investors in the Funds. Investors in the Funds can be expected to also include affiliates of the Clarus Adviser. All Sponsor-related investors in the Funds will have equivalent rights to vote and withhold consents as nonrelated investors in the Funds, unless otherwise provided by the terms of the Organizational Documents of the Funds. Nonetheless, Blackstone may have the ability to influence, directly or indirectly, these Sponsor related investors in the Funds. It is also possible that the Funds or the Funds' Portfolio Entities will, in certain circumstances be counterparties (such counterparties dealt with on an arm's length basis) or participants in agreements, transactions or other arrangements with an investor in a Fund or its affiliates (which may occur in connection with such investor or its affiliates making a capital commitment to a Fund or Other Blackstone Client), including with respect to one or more investments (or types of investments). Such transactions may include agreements to pay performance fees to a management team and

other related persons in connection with the Funds' investment therein, which will reduce the Funds' returns and will not necessarily be subordinated to the return of the capital contributions made by the investors in the Funds. Such investors in the Funds described in the previous sentences can be expected to therefore have different information about Blackstone and the Funds than investors in the Funds not similarly positioned. In addition, conflicts of interest will, in certain circumstances, arise in dealings with any such investors in the Funds, and the Clarus Adviser may not be motivated to act solely in accordance with its interests relating to the Funds. (See also "—Other Blackstone Business Activities" herein.) Similarly, not all investors in the Funds monitor their investments in vehicles such as the Funds in the same manner. For example, certain investors in the Funds can be expected to periodically request from the Clarus Adviser information regarding the Funds and/or their Portfolio Entities and investments that is not otherwise included in the reporting and other information delivered to all investors in the Funds—for instance, pre-quarterly reporting valuation. In such circumstances, the Clarus Adviser may provide such information to such Fund investor and not to other investors in the Funds and the Clarus Adviser will not be obligated to affirmatively provide such information to all Fund investors because they have provided such information upon request by certain Fund investors. As a result, certain investors in the Funds can be expected to receive more information from the Clarus Adviser about the Funds and their Portfolio Entities or may receive information about the Funds and their Portfolio Entities at an earlier time than other investors in the Funds, and the Clarus Adviser will have no duty to ensure all investors in the Funds receive the same information regarding the Funds and their Portfolio Entities. Therefore, certain investors in the Funds can be expected to be able to take actions on the basis of such information which, in the absence of such information, other investors in the Funds do not take. Furthermore, at certain times Blackstone will, in certain circumstances be restricted from disclosing to the investors in the Funds material non-public information regarding any assets in which the Funds invests, particularly those investments in which an Other Blackstone Client or Portfolio Entity that is publicly registered co-invests with the Funds. In addition, investment banks or other financial institutions, as well as Blackstone personnel, can be expected to also be investors in the Funds or limited partners of Other Blackstone Clients. These institutions and personnel are a potential source of information and ideas that could benefit the Funds and can be expected to receive information about the Funds and their Portfolio Entities in their capacity as a service provider or vendor to the Funds and their Portfolio Entities.

Further, Fund investors 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 the Funds.

***Investors in the Funds' Outside Activities.*** An investor in a Fund shall be entitled to and can be expected to have business interests and engage in activities in addition to those relating to the Funds, including business interests and activities in direct competition with the Funds and their Portfolio Entities, and may engage in transactions with, and provide services to, the Funds or their Portfolio Entities (which will, in certain circumstances, include providing leverage or other

financing to the Funds or their Portfolio Entities as determined by the Clarus Adviser in its sole discretion). None of the Funds, the Fund investors or any other Person shall have any rights by virtue of the Organizational Documents of the Funds or any related agreements in any business ventures of the Fund investors. The Fund investors, and in certain cases the Clarus Adviser, will have conflicting loyalties in these situations.

***Subscription Credit Facilities.*** Certain of the Funds have entered into, or are expected to enter into and utilize one or more subscription credit facilities, which involve potential conflicts of interest. Subject to the limitations in the Organizational Documents, the use of a subscription credit facility by the Funds is within the Clarus Adviser's discretion. Subject to the limitations set forth in the Organizational Documents and the availability and the terms of any such credit facility for the Funds, the Clarus Adviser has adopted a policy relating to the use of fund-level credit facilities for the Funds and may update or adopt from time to time policies or guidelines relating to the use of such credit facilities. Generally and without limiting the foregoing, the Funds can be expected to seek to utilize a subscription credit facility in lieu of capital calls for the purpose of, among other things, funding all new investments, partnership expenses and other Fund obligations, making distributions to partners (to the extent permitted under the Organizational Documents), and providing permanent financing or refinancing or providing interim financing to consummate the purchase of investments of the Funds. The Funds will generally call capital from the Funds' investors within 120 calendar days from any borrowing incurred under such credit facility and the Funds' contractual restrictions. If permitted under the applicable Organizational Documents, the General Partners may be incentivized to cause the Funds or their Portfolio Entities to borrow (whether from the Funds' subscription credit facility or otherwise) for distributions as it will result in the General Partners receiving carried interest earlier than it would otherwise. Such borrowings by the Funds and/or Other Blackstone Clients or Portfolio Entities under any subscription credit facility also increases their leverage without any corresponding acquisition of assets. The amount of credit available to the Funds and Other Blackstone Clients under any subscription credit facility may be determined by the credit quality of the Fund investors and the investors of the Other Blackstone Clients (including co-investment vehicles) party thereto (collectively, "Credit Party LPs") as determined by the lender (and the lender may determine that certain investors or Other Blackstone Clients have little or no credit quality). Moreover, the credit quality of the Credit Party LPs may be negatively impacted (or disregarded completely by a lender) as a result of contractual agreements between the Credit Party LPs and Blackstone (in a side letter for example). For this reason, Credit Party LPs with a higher credit quality, as determined by the lender, generate more credit for the Funds or the Other Blackstone Clients, as applicable, than Credit Party LPs with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality Credit Party LPs to the others. While the Clarus Adviser expects to generally utilize credit facilities for the Funds in a consistent manner, the use of such credit facilities may differ based on available credit facility capacity and the contractual terms applicable to each Fund, among other factors and the subscription credit facility used by the Funds may differ. Therefore, as the subscription credit facilities utilized by the Funds have different terms, such as with respect to hedging, currency limitations and interest rates, while the Funds may be invested in the same investment, and while the valuation of such investment would be consistently determined



pursuant to the relevant Organizational Documents, the investment return can, in certain circumstances, differ among the Funds as a result.

The Funds' use of credit facilities will be used and managed in the manner described above independently from any Other Blackstone Client's use of credit facilities (and the contractual restrictions applicable to such Other Blackstone Clients and other credit facilities may be more or less favorable than those of the Funds), even when the same credit facility is being utilized and/or investments are shared between the Funds and an Other Blackstone Client, which may result in different expenses related to borrowings and investment IRRs reported by multiple Blackstone funds for the same investment.

**ICAV.** As described further under "*Certain Investment Structures*," certain Funds expect to structure Investments (or portions thereof) through investment vehicles, including Irish vehicles such as an ICAV. The assets of each sub-fund will be segregated from one another, and the assets in the sub-fund will be invested in accordance with the investment objectives and policies of the Funds. The liabilities of any sub-fund shall be binding on the ICAV, but only to the extent of the particular sub-fund's assets and if another sub-fund's liabilities exceed its assets, the holders of other sub-funds will not have recourse against the Funds' assets held in another sub-fund.

The ICAV is expected to be authorized by the Central Bank of Ireland as a Qualifying Investor Alternative Investment Fund pursuant to the European Union Alternative Investment Fund Managers Directive (the "AIFMD"), which requires the appointment of an alternative investment fund manager (an "AIFM"). Blackstone Europe Fund Management S.à r.l. is a Luxembourg entity that has been appointed as the AIFM of the ICAV. The AIFM is in charge inter alia of the risk management function of the ICAV, though it has delegated its portfolio management function including the discretionary investment of the assets of the ICAV to the Clarus Adviser. The AIFM is required to monitor and supervise the Clarus Adviser's provision of portfolio management services on an ongoing basis.

The ICAV will also be required to maintain a separate board of directors that is responsible for the overall management and control of the ICAV. The directors review the operations of the ICAV at regular meetings (which will take place in Ireland) and receive periodic reports from the AIFM and/or the Clarus Adviser detailing the performance of each sub-fund and providing an analysis of the portfolios of each sub-fund. The directors have the power to impose restrictions on the direct or indirect holding of shares by, and the transfer of shares to, any person or entity and to compulsorily redeem shares held by such persons or entities. Subject to the Organizational Documents, the costs to establish and maintain this board of directors will be borne by the Funds and their Investors, even if the relevant Investors do not participate in the ICAV.

***Certain Investment Structures.*** Subject to the terms of the applicable Organizational Documents, certain Funds expect to structure Investments (or portions thereof) through investment vehicles, including Irish vehicles such as an ICAV, with the expectation of relying on an income tax treaty. However, no assurances can be made regarding the applicability of income tax treaties to any given investment structure (or that the applicable tax treaty or tax

laws will not change). In addition, tax treaties are complex, and (among other requirements) will often impose a number of restrictions on the composition of the Funds' underlying beneficial owners as a prerequisite for qualifying for the benefits of the treaty. In considering whether to consent to a Fund investor's request to transfer its interest in a Fund, the applicable General Partner expects to consider these requirements, and depending on facts and circumstances (including the ultimate composition of the investors in the Funds and any other previous or expected transfers of interests) the applicable General Partner may not consent to a Fund investor's request to transfer its interests in the Funds and/or an applicable alternative investment vehicle. Because the applicable General Partner may take into account a Fund investor's specific characteristics in structuring such investments, a Fund investor's ability to transfer its Interest may be restricted. Given the anticipated small base of Fund investors in certain Funds, a Fund investor should not expect to be able to transfer its Interest in certain Funds. Fund investors must be prepared to bear the risks of owning Interests for an extended period of time. In addition, the use of an ICAV to structure Investments will have further impacts on certain Funds including additional restrictions on operations relating to the ICAV's separate board of directors, and increased regulatory, tax, legal and other considerations that the applicable General Partner must consider, which may negatively impact the certain Funds. For instance, under Irish law, the ICAV is not subject to Irish tax on its relevant income or relevant gains so long as the ICAV is an Irish resident for tax purposes in Ireland. The ICAV will be regarded as resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland and the ICAV is not regarded as resident elsewhere. It is intended that the directors of the ICAV will conduct the affairs of the ICAV in a manner that will ensure it is an Irish resident for tax purposes. Finally, investment structures such as these require significant cost to establish and maintain, which costs will be borne by the applicable Funds, and their Fund investors.

The General Partners expect to structure Fund investors' interests in certain Funds in a manner that allows such Fund investors to preserve their ability to rely on the benefits of applicable income tax treaties between the United States and a Fund investor's country of residence with respect to the income of the applicable Fund. However, there can be no assurances that Investment income of certain Funds will be so eligible. In addition, because certain Funds are being formed exclusively for certain Fund investors resident in certain countries, a Fund investor's ability to transfer its interest in such Funds may be restricted. A Fund investor in such Fund should not expect to be able to transfer its Interest in such Fund.

***Failure to Make Payments.*** If a Fund investor fails to make capital contributions or other payments owed under the Organizational Documents when due, and the contributions and / or payments made by non-defaulting Fund investors and borrowings by such Fund are inadequate to cover the defaulted capital contributions or other payments, such Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could materially adversely affect the returns to the Fund investors (including non-defaulting Fund investors). If a Fund investor defaults, such Fund investor may be subject to various remedies as provided in the Organizational Documents, including, without limitation, reductions in its capital account balance and percentage interest, a forced sale of its interest in

a Fund and preclusion from participation in any further investments made by such Fund. A General Partner may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting Fund investors to fund the shortfall caused by the defaulting Fund investor(s). A default by a Fund investor may also limit a Fund's availability to incur borrowings and avail itself of what would otherwise have been available credit.

***Electronic Delivery of Certain Documents.*** Subject to the applicable Organizational Documents, each Fund investor will consent to electronic delivery (including email or posting on the applicable Fund's intranet website or other internet service in accordance with the applicable Organizational Documents) of (i) any notices or communications required or contemplated to be delivered to the Fund investor by the Sponsor, pursuant to applicable law or regulation (including, without limitation, the 1940 Act (as defined below) and the U.S. Gramm-Leach-Bliley Act of 1999, as amended), at the option of the person making such delivery and (ii) capital demand notices and other notices, requests, demands or consents or other communications and any financial statements, reports, schedules, certificates or opinions required to be provided to the Fund investors under the applicable Organizational Documents or under any other agreement that may be applicable to a Fund investor's investment in a Fund. There are certain risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, Blackstone cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an internet based system.

***Insurance.*** The Funds will purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) to insure the Funds, Portfolio Entities, the Clarus Adviser, Blackstone and their respective directors, officers, employees, agents and representatives, and members of the Investor Committee and other indemnified parties (and in certain circumstances, such person's agents and representatives), against liability in connection with the activities of the Funds. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella," group or other insurance policies maintained by Blackstone that cover one or more of the Funds and Other Blackstone Clients, the Clarus Adviser and/or Blackstone (including their respective directors, officers, employees, agents, representatives and members of the Investor Committee and other indemnified parties). The Clarus Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella," group or other insurance policies among one or more of the Funds and Other Blackstone Clients, the Clarus Adviser 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, the Funds and their Portfolio Entities may enter into arrangements with Other Blackstone Clients and their respective Portfolio Entities whereby insurance is procured as a group where the insurance provider may charge lower premiums to the group than it would on an individual basis. In such event, the obligation to pay the premiums on such group policies may be allocated in accordance with the relative values of the respective entities that are insured by such policies (or other factors that Blackstone may reasonably determine).

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

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

**Other Conflicts.** In addition, other present and future activities of the Sponsor, Blackstone, the Funds, Other Blackstone Clients and their Portfolio Entities, the Development Companies, affiliates (including the Clarus Adviser) and related parties will from time to time give rise to additional conflicts of interest relating to the Funds and its investment activities. The Clarus Adviser generally attempts to resolve conflicts in a fair and equitable manner, but conflicts will not necessarily be resolved in favor of the Funds’ interests. In addition, pursuant to the Organizational Documents, an Investor Committee has been established and authorized to give consent on behalf of the Funds with respect to certain matters. A General Partner may allow one or more investors in the Funds to appoint a non-voting observer to the Investor Committee, to attend meetings of the Investor Committee and to receive information and materials provided to the members of the Investor Committee (subject to certain limitations). If Fund investors or the Investor Committee of a Fund consents to a particular matter as to which it is consulted and the applicable General Partner acts in a manner, or pursuant to the standards and procedures, approved by, such Investor Committee or otherwise as provided in the Organizational Documents of such Fund, then such General Partner and its affiliates will not have any liability to such Fund or the investors in the Funds for such actions taken in good faith by them. However, such Investor Committee will not represent the interests of all the Fund investors, each member of such Investor Committee may act in the interests of the Fund investor with which it is associated, and the members of such Investor 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 such Investor Committee or to review the actions or deliberations of such Investor Committee. Furthermore, some or all of the members of a Fund’s Investor Committee may also be on the advisory committee of other Funds or Other Blackstone Clients with which there is a potential conflict or may represent investors that have an interest in both such other Funds or Other Blackstone Clients. Such Investor 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.

**Additional Potential Conflicts of Interest.** The officers, directors, members, managers and personnel of the Clarus Adviser can be expected to trade in securities, including the securities of the Funds’ Portfolio Entities and Portfolio Entities of Other Blackstone Clients, and make

personal investments for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies or as otherwise determined from time to time by the Clarus Adviser. Such personal securities transactions and investments will, in certain circumstances, result in conflicts of interest, including to the extent they relate to (i) a company in which the Funds 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 Funds or pursue similar investment opportunities as the Funds. In addition, as a consequence of Blackstone's status as a public company, the officers, directors, members, managers and personnel of the Clarus Adviser can be expected to take into account certain considerations and other factors in connection with the management of the business and affairs of the Funds and their affiliates that would not necessarily be taken into account if Blackstone were not a public company. The directors of Blackstone have fiduciary duties to shareholders of the public company that may conflict with their duties to the Funds. Finally, although Blackstone believes its positive reputation in the marketplace provides benefit to the Funds and Other Blackstone Clients, the Clarus Adviser could decline to undertake investment activity or transact with a counterparty on behalf of the Funds for reputational reasons, and this decision could result in the Funds foregoing a profit or suffering a loss.

***Side Letters and Agreements.*** The General Partners will enter into side letters or other similar agreements with certain Fund investors in connection with their admission to the Funds without the approval of any other Fund investor, which will have the effect of establishing rights under or altering or supplementing the terms of the Organizational Documents with respect to such Fund investors in a manner more favorable to such Fund investors than those applicable to other Fund investors. Notwithstanding the fact that a Fund investor may have a most favored nations provision in its side letter, such Fund investor will not have the right to elect certain rights or benefits. It is also expected that Blackstone will from time to time confirm factual matters to incoming Fund investors, make statements of intent or expectation to such Fund investors or acknowledge statements by such incoming Fund investors that relate to a Fund 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 Fund investors as part of an overall firm relationship. Additionally, it is expected that Fund investors who designate representatives to participate on the applicable Fund's Investor 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 the Fund investors, and as a result Fund 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 Funds or that such arrangements will not influence Blackstone's activities or the operation of the Funds.

**Possibility of Different Information Rights.** Fund investors may request information from the Clarus Adviser relating to the Funds, and the Clarus Adviser can in its discretion provide such Limited Partners with the information requested. Fund investors that request and receive such information from the Clarus Adviser relating to the Funds, or otherwise receive additional information with respect to a Portfolio Entity, including as a result of any rights obtained as a co-investor or joint venture partner in an investment, will consequently possess information regarding the business and affairs of the Funds that is not generally known to other Fund investors. As a result, certain Fund investors may take or not take actions on the basis of such information which, in the absence of such information, other Fund investors do or do not take. Furthermore, at certain times Blackstone may be restricted from disclosing to the Fund investors non-public information regarding any assets in which the Funds invests, particularly those investments in which an Other Blackstone Client or Portfolio Entity that is publicly registered co-invests with the Funds.

### **Other Financial Industry Affiliations**

The Clarus Adviser is an affiliate of each of the following entities:

<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
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds predominantly engaged in multi-manager investment programs ( <i>i.e.</i> , 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 Asset Based Finance Advisors LP	Provides investment advisory services to a number of separately managed accounts and vehicles that primarily engage in asset backed securities and whole loan investments
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
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
First Eagle Direct Lending Manager III, LLC*	Serves as the manager of a private direct lending fund
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
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
ASK Investment Managers Ltd.*	Provides investment advisory services to funds and high net worth individuals in India
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.à 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 tactical opportunities funds

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

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

\*\*\*\*\*Portfolio company of Blackstone Credit Funds

The Blackstone Group (HK) Limited is registered in Hong Kong, Blackstone Advisors India Private Limited is registered in India, Blackstone Singapore Pte Ltd is registered in Singapore, The Blackstone Group International Partners LLP is registered in the United Kingdom and The Blackstone Group (Australia) Pty Limited is registered in Australia.

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

**A more detailed description of applicable conflicts of interest is set forth in the Organizational Documents of the Funds.**

## Item 11 – Code of Ethics

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

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

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

The Code includes, among other items, the following:

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

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

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see Item 10 – Other Financial Industry Activities and Affiliations for a list of investment related potential conflicts, including, in particular, “Other Blackstone Clients; Allocation of Investment Opportunities” describing conflicts related to allocation of investment opportunities among

investment funds sponsored by Blackstone and co-investors. The Clarus Adviser has adopted policies and procedures reasonably designed to address such potential conflicts of interest.

The Clarus Adviser and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes (including by having minimum holding periods) and that all such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. As a policy matter, Blackstone personnel are generally prohibited from purchasing single-name public securities in their self-directed personal securities brokerage accounts. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisors have a Code of Ethics, and are intended to assist Blackstone with identifying and mitigating actual or potential conflicts of interest with Blackstone's 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.

You may request a copy of the Code by contacting Julie Constable – Chief Compliance Officer; 617-949-2205; [Julie.Constable@blackstone.com](mailto:Julie.Constable@blackstone.com).

The Clarus Adviser does not participate in principal trading generally; however, the Clarus Adviser would be permitted to if the Clarus Adviser obtained appropriate Fund investor approvals, to the extent permitted under applicable Organizational Documents. The Clarus Adviser addresses attendant conflicts as described in the applicable Organizational Documents.



## **Item 12 – Brokerage Practices**

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

## Item 13 – Review of Accounts

### REVIEW OF ACCOUNTS

Currently, the only accounts under the supervision of the Clarus Adviser are the relevant Funds' accounts. The Funds' accounts and investment positions are monitored by the Clarus Adviser's personnel on a regular and current basis. The Clarus Adviser's Investment Committees meet as necessary to review general portfolio composition, investment opportunities, market conditions, potential conflicts, and recent trading activities. The Clarus Adviser's Investment Committees consist of a minimum of 4 persons, some of whom are Senior Managing Directors of the Blackstone Life Sciences business. The Clarus Adviser might periodically review on an expedited basis the assets of the Funds following a unique occurrence in the financial industry or market generally. The Investment Committees may also draw on regional experts within Blackstone as appropriate given the specific profile of each investment opportunity.

### REPORTS TO INVESTORS

Investors in the Funds generally will receive written quarterly reports which will include capital balance and Fund performance statistics. Investors also will receive written annual audited financial statements for the Fund in which they are invested. The Clarus Adviser makes use of Blackstone's online portal, BX Access, available at [www.bxaccess.com](http://www.bxaccess.com) for the distribution of reports and other information to investors in Clarus IV-A, L.P., Clarus IV-B, L.P., Clarus IV-C, L.P., and Clarus IV-D, L.P. and to any parallel or alternative investment vehicle formed in connection therewith (together, "Clarus IV"). The Clarus Adviser makes use of [extranet.clarusfunds.com](http://extranet.clarusfunds.com) for the distribution of reports and other information to investors in Clarus Lifesciences I, L.P.; Clarus Lifesciences II, L.P.; Clarus Lifesciences III, L.P.; Clarus Defined Exit I, L.P.; Clarus Defined Exit II, L.P.

Certain investors in the Funds may request additional information relating to the Funds and/or Portfolio Entities, to the extent such information is readily available or may be obtained without unreasonable effort or expense, the Clarus Adviser generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Funds that may not be known to other investors. As a result, certain investors can be expected to be able to take actions on the basis of such information which, in the absence of such information, other investors do not take. Furthermore, at certain times the Clarus Adviser may be restricted from disclosing to investors material non-public information regarding any assets in which a Fund invests, particularly those investments in which an Other Blackstone Client or Portfolio Entity that is publicly registered co-invests with a Fund.

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

The Funds are no longer being actively marketed and there are no remaining placement arrangements in place with affiliated and non-affiliated third party solicitors pursuant to which on-going payments may still be due and owing.

## **Item 15 – Custody**

Rule 206(4)-2, as amended (the “Custody Rule”), of the Advisers Act defines custody as holding client securities or funds or having any authority to obtain possession of them. The Funds have a Clarus Adviser affiliate acting as general partner and, as such, the Clarus Adviser is generally deemed to have custody of the Funds’ securities and cash. The Clarus Adviser generally complies with the Custody Rule by, among other things, providing all investors in the Funds with audited financial statements on an annual basis.

## **Item 16 – Investment Discretion**

The Clarus Adviser maintains the authority to manage or advise the relevant Funds on a discretionary basis, subject to the overall supervision of the applicable General Partner, in accordance with the investment guidelines, objectives, limitations, other provisions and terms set forth in the Funds' Organizational Documents.

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

### Proxy Policy

Rule 206(4)-6 under the Advisers Act (the “Proxy Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because the Clarus Adviser will generally be deemed to have authority to vote proxies relating to the companies in which its clients invest, the Clarus Adviser has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that the Clarus Adviser exercises or is deemed to be exercising voting authority over its clients’ securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of the Funds, as determined by the Clarus Adviser in its sole discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, the Clarus Adviser may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, the Clarus Adviser will vote proxies in favor of management’s recommendations, including, but not limited to, the following matters: (i) the election of the board of directors; (ii) the approval of financial statements as presented by management; and (iii) will generally vote in favor of the selection of independent auditors even if the proposed auditor is currently the auditor of Blackstone. In certain cases where an investment is made with Blackstone-affiliated or unaffiliated sponsors, proxy voting may be delegated to such other sponsors (each such sponsor a “Voting Sponsor”) provided that Blackstone reasonably believes that such Voting Sponsor’s policies regarding proxy voting are consistent with the Policy.

From time to time, conflicts can be expected to arise between the interests of the investor, on the one hand, and the interests of the Clarus Adviser or its affiliates, on the other hand. If the Clarus Adviser determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Clarus Adviser will address matters involving such conflicts of interest on a case-by-case basis by consulting with the Chief Compliance Officer or her designee, subject to legal, regulatory, contractual or other applicable considerations. The analysis will be documented. The Clarus Adviser in its sole discretion, may elect not to vote certain routine proxies if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Proxy Rule by contacting Julie Constable – Chief Compliance Officer; 617-949-2205; [Julie.Constable@blackstone.com](mailto:Julie.Constable@blackstone.com).

## **Item 18 – Financial Information**

The Clarus Adviser has never been the subject of a bankruptcy petition 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 Clarus Adviser is not registered in any state.