DISCLOSURE UPDATES, AS OF 11 JANUARY 2021

CONFLICTS OF INTEREST

Blackstone Loan Financing Limited (the "**Fund**") invests in Blackstone Corporate Funding DAC ("**BGCF**") through Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. ("**LuxCo**"), its wholly owned subsidiary, who holds profit participating notes issued by BGCF (the "**PPNs**"). BGCF (the "**Issuer**") receives portfolio support services from the Blackstone Ireland Limited ("**BIL**" or the "**Services Support Provider**"), who is responsible for providing the Issuer with the necessary human resources, credit and other service support resources to perform the functions necessary to the business of the Issuer. Additionally, BIL or Blackstone Liquid Credit Strategies LLC ("**DFM**")(or one of their affiliates) acts as CLO manager in respect of collateral loan obligation transactions (a "**CLO**" and each company which issues CLO securities, an "**Underlying Company CLO**") (BIL or DFM acting in such capacity, the "**Collateral Manager**"). The Issuer invests in CLOs and / or special purpose vehicles incorporated for the purposes of warehousing senior secured loans and/or bonds ("**Loan Warehouses**") issued by or involving the Underlying Company CLOs. The Collateral Manager is (or will be) acting in a number of capacities in connection with the CLOs and / or loan warehouses, which may give rise to certain conflicts of interest. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Certain Conflicts of Interest Involving or Relating to the Collateral Manager, the Issuer and their Affiliates

The following briefly summarises various potential and actual conflicts of interest that may arise from the overall advisory, investment, capital markets, lending and other activities of BIL in its capacity as the collateral manager, the Issuer in its capacity as holder of the most subordinated tranche of debt issued under a CLO representing at least 5% of the credit risk relating to the assets collateralising the CLO (the "**CLO Retention Income Notes**" or "**CLO Retention Securities**" (the Issuer in such capacity, the "**Retention Holder**")), each of their respective affiliates and their respective clients and employees, but is not intended to be an exhaustive list of all such conflicts. Accordingly, not all potential, apparent and actual conflicts of interest are included herein, and additional conflicts of interest could arise as a result of new activities, transactions or relationships commenced in the future. References in this conflicts discussion to the Collateral Manager and the Issuer include their respective affiliates unless otherwise specified or the context otherwise requires.

The Firm's Policies and Procedures. Because The Blackstone Group, Inc. has many different asset management and other businesses, 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. Certain policies and procedures implemented by the Collateral Manager and its affiliates (being (i) with respect to a person, any other person who, directly or indirectly ,is in control of, or controlled by, or is under common control with, such person, (ii) any account, fund, client or portfolio established and controlled by such person or an affiliate thereof or for which such person or an affiliate thereof acts as the investment adviser or with respect to which such person or an affiliate thereof exercises discretionary control thereover, and (iii) any other person who is a director, officer, or employee of (a) such person, (b) any subsidiary or parent company of such person, or (c) any person described in (a) or (b), such persons being "**Affiliates**") such to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will from time to time reduce the synergies across the various businesses of The Blackstone Group Inc. (including the Collateral Manager and its Affiliates that operate under the credit business of The Blackstone Group Inc. (collectively, "**Blackstone Credit Affiliates**") and together with its other affiliates, as the context requires, "**The Blackstone Group**") that the Underlying Company CLOs expect to draw on for purposes of pursuing attractive investment opportunities. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, The Blackstone Group has implemented certain policies and procedures (e.g. information walls) that reduce the positive synergies that the Underlying Company CLOs expect the Collateral Manager to utilise for purposes of managing the Issuer's investments. Finally, The Blackstone Group has in the past entered, and will enter, into one or more strategic relationships in certain regions or with respect to certain types of investments that, although possibly intended to provide greater opportunities for the Issuer, may require the Issuer to share such opportunities or otherwise limit the amount of an opportunity the Issuer can otherwise take.

Other Blackstone and BIL Clients; Allocation of Investment Opportunities. Certain inherent conflicts of interest arise from the fact that the Blackstone Credit Affiliates provide investment management and sub-advisory services and other capital markets, investment banking and advisory services both to the Underlying Company CLOs and other clients or vehicles, including other collateralised debt obligation vehicles, investment funds, and other investment or warehouse vehicles that the Blackstone Credit Affiliates may establish from time to time (the "**Other Blackstone Credit Funds**"), as well as client accounts (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities)) and proprietary accounts managed by the Blackstone Credit Affiliates in which neither the Underlying Company CLOs nor the Issuer will have an interest (such other clients, funds and accounts, together with the Other Blackstone Credit Funds, collectively the "**Other Blackstone Credit Accounts**"). In addition, The Blackstone Group provides investment management and sub-advisory services to other clients or vehicles, including other investment funds, and other investment or warehouse vehicles that The Blackstone Group may establish from time to time (such funds, other than the Other Blackstone Credit Funds, the "**Other Blackstone Funds**"), client accounts, and proprietary accounts in which neither the Underlying Company CLOs nor Issuer will have an interest (such other clients, funds and accounts, other than the Other Blackstone Credit Accounts, but including the Other Blackstone Funds, collectively, the "**Other Blackstone Accounts**" and, together with the Other Blackstone Credit Accounts, the "**Other Accounts**"). The respective investment programs of the Underlying Company CLOs, the Issuer and the Other Accounts may or may not be substantially similar. The Blackstone Credit Affiliates and The Blackstone Group may give advice to (and recommend obligations for) Other Accounts which may differ from advice given to, or obligations recommended or bought for, the Underlying Company CLOs and / or the Issuer, even though their investment objectives may be the same as or similar to those of the Underlying Company CLOs or the Issuer. Blackstone Credit is limited in its ability to monitor and mitigate these inherent conflicts.

Whilst the Issuer is self-managed, the Issuer is provided certain service support by the Services Support Provider. Given that the Underlying Company CLOs are managed by a Blackstone Credit Affiliate and the Issuer is provided with certain service support by the same Blackstone Credit Affiliate, certain conflicts of interest may arise given that Blackstone Credit Affiliates will be participating on both the purchase and the sale side of transactions involving the purchase of collateral obligations or certain loans by the Underlying Company CLOs from the Issuer. In addition, a portion of the collateral obligations held by the Underlying Company CLOs are acquired from the Issuer and the Issuer may acquire certain of these assets from Other Blackstone Credit Funds.

While the Collateral Manager will seek to manage actual and potential conflicts of interest in a fair and equitable manner, the portfolio strategies employed by The Blackstone Group in managing Other Accounts could conflict with the transactions and strategies employed by the Collateral Manager in managing the Underlying Company CLOs' investment portfolio and may affect the prices and availability of the obligations and other instruments in which the Underlying Company CLOs invest. Participation in specific investment opportunities will be appropriate for both the Underlying Company CLOs and Other Accounts. In addition, certain exceptions exist that allow specified types of investment opportunities that fall within the Underlying Company CLOs' investment objectives or strategy to be allocated in whole or in part to The Blackstone Group or Blackstone Credit itself or Other Accounts, such as strategic investments made by The Blackstone Group or Blackstone Credit itself (whether in financial institutions or otherwise) and the exception for Other Accounts that have investment objectives or guidelines similar to or overlapping with those of the Underlying Company CLOs. It is the policy of the Collateral Manager to allocate investment opportunities and sale opportunities among its clients on a basis deemed by the Collateral Manager, in its sole discretion, to be fair and equitable over time.

The Collateral Manager will share appropriate investment opportunities (and sale opportunities) with Other Accounts and the Underlying Company CLOs in accordance with firm-wide allocation policies, which generally provide for sharing *pro rata* based on targeted acquisition size (generally based on available capacity) or targeted sale size (or, in some sales cases, the aggregate positions), taking into account capital commitments, available cash and the relative capital of the respective funds and accounts and such other factors as the Collateral Manager determines in good faith to be appropriate. Certain Other Accounts may receive certain priority or other allocation rights with respect to certain investments, subject to various conditions set forth in such Other Accounts' respective governing agreements. Notwithstanding the foregoing, investment opportunities may be allocated in a manner that differs from such methodologies but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation). In instances where the clients target different strategies but overlap with respect to certain investment opportunities, the Collateral Manager may determine that a particular investment most appropriately fits within the investment portfolio and strategy focus of the relevant Other Account and may allocate the investment to such Other Account. Any such allocations must be documented in accordance with the Collateral Manager's procedures and undertaken with reference to one or more of the following considerations: (a) the risk-return and target-return profile of the investment opportunity relative to the Underlying Company CLOs' and the Other Accounts' current risk profiles; (b) the Underlying Company CLOs' or the Other Accounts' investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of the respective investment portfolio's overall holdings; (c) the need to re-size risk in the Underlying Company CLOs' or Other Accounts' investment portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within the Underlying Company CLOs' and the Other Accounts' investment portfolios, as applicable) and taking into account any existing non-pro rata investment positions in such investment portfolios; (d) liquidity considerations of the Underlying Company CLOs and Other Accounts, including during a ramp-up or wind-down of the Underlying Company CLOs or Other Account, proximity to the end of the Underlying Company CLOs' or Other Accounts' specified term or investment or reinvestment period, any redemption/withdrawal requests, anticipated future contributions and available cash; (e) legal, tax, accounting, political, national security or other consequences; (f) regulatory or contractual restrictions or consequences; (g) avoiding *de minimis* or odd lot allocations; (h) availability and degree of leverage and any requirements or other terms of any existing leverage facilities; (i) the Underlying Company CLOs' or Other Accounts' investment focus on a classification attributable to an investment or obligor, including, without limitation, investment strategy, geography, industry or business sector; (j) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the Underlying Company CLO or an Other Account; (k) the management of any actual or potential conflict of interest; (l) with respect to any investments that are made available to the Collateral Manager by counterparties pursuant to negotiated trading platforms (e.g. ISDA contracts) the absence of such relationships on the part of the Underlying Company CLO and any Other Accounts; (m) available capital of the Underlying Company CLO and such Other Accounts; (n) primary and permitted investment strategies and objectives of the Issuer and the Other Accounts, including, without limitation, with respect to Other Accounts that expect to invest in or alongside other funds or across asset classes based on expected return (such as certain managed accounts with similar investment strategies and objectives); (o) sourcing of the investment; (p) the specific nature (including size, type, amount, liquidity, holding period, anticipated maturity and minimum investment criteria) of the investment; (q) expected investment return; (r) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows); (s) capital expenditure required as part of the investment; (t) portfolio diversification 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); (u) 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) and (v) any other considerations deemed relevant and in good faith by the Collateral Manager, the Issuer or the applicable member of The Blackstone Group. Because of these and other factors, certain Other Accounts may effectively have priority in investment allocation over the Issuer and/or the Underlying Company CLOs, notwithstanding BIL's and BGCF's policy of *pro rata* distribution. This priority in investment allocation could negatively impact the return generated by the Underlying Company CLOs, which in turn could impact the return received by the Issuer, and ultimately the Fund through its investment in the PPNs.

No member of The Blackstone Group will have any obligation to present any investment opportunity (or portion of any investment opportunity) to the Issuer and / or the Underlying Company CLOs if it determines in good faith that such opportunity (or portion thereof) should not be presented to the Issuer and / or the Underlying Company CLOs for any one or a combination of the reasons specified above, or if such member of The Blackstone Group is otherwise restricted from presenting such investment opportunity to the Issuer and / or the Underlying Company CLOs. Moreover, with respect to The Blackstone Group's ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Issuer and / or the Underlying Company CLOs (which allocations are to be made on a basis that the relevant member of The Blackstone Group believes in good faith to be fair and reasonable) and The Blackstone Group has established general guidelines and policies, which it may update from time to time, for determining how such allocations are to be made, which, among other things, set forth principles regarding what constitutes "debt" or "debt-like" investments, criteria for defining "control-oriented" or infrastructure investments, guidance regarding allocation for certain types of investments (e.g. distressed investments) and other matters. In addition, certain Other Accounts may receive certain priority or other allocation rights with respect to certain investments, subject to various conditions set forth in such Other Account's respective governing agreements. The application of those guidelines and conditions may result in the Issuer / the Underlying Company CLOs or an Other Account not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines and conditions and based only on the circumstances of those particular investments. Additionally, investment opportunities sourced by The Blackstone Group will be allocated in accordance with the allocation policies of The Blackstone Group and BIL, which may provide that investment opportunities will be allocated in whole or in part to other business units of The Blackstone Group on a basis that The Blackstone Group and BIL believe in good faith to be fair and reasonable, based on various factors, including the involvement of the respective teams from The Blackstone Group and such other business units. It should also be noted that investment opportunities sourced by business units of The Blackstone Group other than BIL will be allocated in accordance with such business units' allocation policies.

No member of The Blackstone Group is under any obligation to offer investment opportunities of which it becomes aware to the Underlying Company CLOs or to share with the Underlying Company CLOs or to inform the Underlying Company CLOs of any such transaction or any benefit received by it from any such transaction or to inform the Underlying Company CLOs of any investments before offering any investments to Other Accounts. Furthermore, any member of The Blackstone Group may make an investment on its own behalf or on behalf of Other Accounts without offering the opportunity to add such investment, or adding such investment, to the Underlying Company CLOs' investment portfolio. Affirmative obligations may exist or may arise in the future, whereby The Blackstone Group may be obligated to offer certain investments to Other Accounts before or without the Collateral Manager offering those investments to the Underlying Company CLOs. Any member of The Blackstone Group may make investments that it or any other member of The Blackstone Group has declined to invest in for its own account, the account of any other member of The Blackstone Group or the account of any Other Blackstone Credit Account.

The Blackstone Group may from time to time incur expenses jointly on behalf of the Underlying Company CLOs or Other Accounts and one or more subsequent entities established or advised by The Blackstone Group. Although The Blackstone Group will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will, in all cases, be allocated appropriately among such parties.

Orders may be combined for the Underlying Company CLOs and all other participating Other Accounts, and if any order is not filled at the same price, it may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, obligations may be allocated among different accounts on a basis that Blackstone Credit Affiliates consider equitable. The Collateral Manager, is required to use commercially reasonable efforts to obtain the best prices and execution for all investment orders placed for the Underlying Company CLOs, considering all circumstances that are relevant in its reasonable determination. Subject to the objective of obtaining best prices and execution, the Collateral Manager may take into consideration research and other brokerage services furnished to it or other Blackstone Credit Affiliates by brokers and dealers that are not Blackstone Credit Affiliates. Such services may be used by The Blackstone Group and Other Accounts in connection with other advisory activities or investment operations. The Collateral Manager, may aggregate sales and purchase orders of investments made for the Underlying Company CLOs with similar orders being made simultaneously for Other Accounts if in the Collateral Manager's reasonable judgment such aggregation will result in an overall economic benefit to the Underlying Company CLOs, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses.

All the different bases for effecting allocations as described above may result in the Underlying Company CLO failing to achieve the return from its portfolio that it would have achieved had a particular asset or assets been allocated to it and this may have a material adverse effect on the general performance of the Underlying Company CLO, which in turn could impact the return received by the Issuer, and ultimately the Fund through its investment in the PPNs.

BIL may invest in or, in its capacity as Collateral Manager, provide advice in respect of, assets on behalf of the Underlying Company CLO or the Issuer (as applicable) that it or any of its clients has declined to invest in for its own account, the account of any of its affiliates or the account of its other clients.

Bankruptcy, Restructuring, Workouts.

Members of The Blackstone Group will from time to time have the opportunity to participate in creditors' committees with respect to the bankruptcy, restructuring or workout of issuers of Collateral Obligations. In such circumstances, such members of The Blackstone Group can take positions that are adverse to the interests of the Underlying Company CLOs in the relevant collateral obligations.

In addition, due to certain restructuring provisions contained in certain of the Underlying Company CLOs' transaction documents, the Collateral Manager retains limited discretion, in respect of certain restructured assets ("**Restructuring New Money Assets**"), to offer such assets to third party investors, excluding the Underlying Company CLOs, in specific circumstances. In such circumstances, the Underlying Company CLOs will not benefit from the performance of the Restructuring New Money Assets. As a result, the Collateral Manager may be subject to certain conflicts of interest, including but not limited to the incentive to allocate such opportunities to invest in such Restructuring New Money Assets to Other Accounts as opposed to persons that are not Other Accounts.

Insurance. One or more members of The Blackstone Group will cause the Underlying Company CLOs to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Underlying Company CLOs, BIL, The Blackstone Group and/or their respective directors, officers, employees, agents, representatives and other indemnified parties, against liability in connection with the activities of the Underlying Company CLOs. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by The Blackstone Group that cover the Underlying Company CLOs and one or more Other Accounts, BIL and/or The Blackstone Group (including their respective directors, officers, employees, agents, representatives and other indemnified parties). One or more members of The Blackstone Group will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among Underlying Company CLOs and one or more Other Accounts, BIL and/or The Blackstone Group 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. In respect of such insurance arrangements, The Blackstone Group may make corrective allocations from time to time should it determine subsequently that such adjustments are necessary or advisable. There can be no assurance that different allocations or arrangements than those implemented by The Blackstone Group as provided above would not result in Underlying Company CLOs bearing less (or more) premiums, deductibles, fees, costs and expenses for insurance policies, which in turn could impact the return received by the Issuer, and ultimately the Fund through its investment in the PPNs.

Other Firm Business, Activities and Relationships. The Blackstone Group engages in a broad spectrum of activities. In the ordinary course of its business activities, The Blackstone Group may engage in activities where the interests of certain divisions of The Blackstone Group or the interests of their clients may conflict with the interests of the holders. Other present and future activities of The Blackstone Group may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the Collateral Manager will attempt to resolve such conflicts in a fair and equitable manner. The Collateral Manager will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the Underlying Company CLOs. Investors should be aware that conflicts will not necessarily be resolved in favour of the Underlying Company CLOs' interests. As part of its regular business, The Blackstone Group provides a broad range of services other than those provided by the Collateral Manager, including investment banking, underwriting, capital markets syndication and advisory (including underwriting), placement, financial advisory, restructuring and advisory, consulting, asset/property management, mortgage servicing, insurance (including title insurance), monitoring, commitment, syndication, origination, servicing, management consulting and other similar operational and finance matters, healthcare consulting/brokerage, group purchasing, organisational, operational, loan servicing, financing, divestment and other services. In addition, from time to time The Blackstone Group will provide services in the future beyond those currently provided. The Underlying Company CLOs and the investors will not receive a benefit from any fees or profits relating to such services.

In the regular course of its capital markets, investment banking, real estate, advisory and other businesses, The Blackstone Group represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to other transactions that are suitable for the Underlying Company CLOs. In such a case, an Other Blackstone Account would typically require The Blackstone Group to act exclusively on its behalf. Such advisory client requests may preclude the Underlying Company CLOs and the Issuer and all of the Other Accounts from participating in related transactions that would otherwise be suitable. The Blackstone Group will be under no obligation to decline any such engagements in order to make an investment opportunity available to the Underlying Company CLOs and the Issuer. In connection with its capital markets, investment banking, advisory, real estate, advisory and other businesses, The Blackstone Group comes into possession of information that limits its ability to engage in potential transactions. The Underlying Company CLOs and Issuer's activities are expected to be constrained as a result of the inability of the personnel of The Blackstone Group to use such information. For example, employees of The Blackstone Group from time to time are prohibited by law or contract from sharing information with members of the Collateral Manager's investment team. Additionally, there are expected to be circumstances in which one or more individuals associated with The Blackstone Group (including clients) will be precluded from providing services related to the Underlying Company CLOs' activities because of certain confidential information available to those individuals or to other parts of The Blackstone Group (e.g. trading may be restricted). Where The Blackstone Group affiliates are engaged to find buyers or financing sources for potential sellers of assets, the seller may permit the Underlying Company CLOs or the Issuer to act as a participant in such transactions (as a buyer or financing partner), which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price). Also, The Blackstone Group will come into possession of material non-public information with respect to companies, including companies in which the Underlying Company CLOs or the Issuer has investments or is considering investing. The information, which could be of benefit to the Underlying Company CLOs or the Issuer, is likely to be restricted to those other businesses and otherwise be unavailable to the Underlying Company CLOs or the Issuer. It is also possible that the Underlying Company CLOs or the Issuer could be restricted from trading despite the fact that the Underlying Company CLOs or the Issuer did not receive such information. Additionally, The Blackstone Group may restrict or otherwise limit the Underlying Company CLOs or the Issuer or obligors on investments held by the Underlying Company CLOs or the Issuer from entering into agreements with or related to companies that either are advisory clients of The Blackstone Group or in which any advisory client of The Blackstone Group has invested or has considered making an investment. The Blackstone Group will from time to time restrict or otherwise limit the ability of the Underlying Company CLOs or the Issuer and/or obligors on investments held by the Underlying Company CLOs or the Issuer to make investments in or otherwise engage in businesses or activities competitive with companies of other advisory clients of The Blackstone Group, either as a result of contractual restrictions or otherwise. Furthermore, there will be circumstances in which affiliates of The Blackstone Group (including Other Accounts) may refrain from taking certain confidential information in order to avoid trading restrictions.

The Blackstone Group has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular obligation on behalf of the Underlying Company CLOs or the Issuer, the Collateral Manager will consider those relationships, and may decline to participate in a transaction as a result of one or more of such relationships (*e.g.* investments in a competitor of a client or another person with whom the Blackstone Group has a relationship). The Blackstone Group is under no obligation to decline any engagements or investments in order to make an investment opportunity available to the Underlying Company CLOs or the Issuer. The Underlying Company CLOs or the Issuer may also co-invest with clients of The Blackstone Group or other persons with whom The Blackstone Group has a relationship, in particular investment opportunities, and other aspects of these relationships of The Blackstone Group could influence the decisions made by the Collateral Manager with respect to such investments and otherwise result in a conflict. The Underlying Company CLOs or the Issuer may be forced to sell or hold existing investments as a result of various relationships that The Blackstone Group may have or transactions or investments The Blackstone Group and its affiliates may make or have made. The inability to transact in any security, derivative or loan held by the Issuer could result in significant losses to the Underlying Company CLOs, which in turn could impact the return received by the Issuer, and ultimately the Fund through its investment in the PPNs.

The Underlying Company CLOs or the Issuer may invest in obligations of the same issuers as Other Accounts or other investment vehicles, accounts and clients of the Collateral Manager. The Collateral

Manager owes a fiduciary duty to these Other Accounts or other investment vehicles, accounts and clients, as well as to the Underlying Company CLOs, and will encounter conflicts in the exercise of these duties. From time to time, the Underlying Company CLOs, the Issuer and the Other Accounts may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's obligations. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities or obligations that may be held by such entities. To the extent that the Underlying Company CLOs or the Issuer holds obligations that are different (including with respect to their relative seniority) than those held by such Other Account, the Collateral Manager may be presented with decisions involving circumstances where the interests of such Other Accounts are in conflict with those of the Underlying Company CLOs or the Issuer. Furthermore, it is possible that the Underlying Company CLOs and the Issuer's interest may be subordinated or otherwise adversely affected by virtue of such Other Accounts' involvement and actions relating to its investment.

Under certain circumstances, the Collateral Manager may determine to sell or not to purchase certain obligations for the Underlying Company CLOs, including without limitation, as a result of business, reputational or other reasons applicable to the Underlying Company CLOs or the Issuer, or any obligors of investments held by the Underlying Company CLOs, the Issuer, Other Accounts or their portfolio companies, or The Blackstone Group. In addition, the Collateral Manager may determine that the Underlying Company CLOs or the Issuer should sell or not purchase a certain obligation, including, by way of example, and without limitation, because the Underlying Company CLOs or the Issuer has purchased sufficient obligations in the sector, industry, geographic region or markets in question, as determined by the Collateral Manager in its good faith discretion, or the obligation is not appropriate for the Underlying Company CLOs or the Issuer for other reasons as determined by the Collateral Manager in its good faith discretion. In any such case, The Blackstone Group or the Collateral Manager could, thereafter, offer such obligation to other parties, including Other Accounts or portfolio companies or limited partners of Other Accounts, joint venture partners, related parties or third parties. Any such Other Accounts may be advised by a different business group of The Blackstone Group or the Collateral Manager with a different investment committee, which could determine that purchasing the obligation is more attractive than the Collateral Manager believes to be the case. In any event, there can be no assurance that the Collateral Manager's assessment will prove correct or that the performance of any obligations actually purchased by the Underlying Company CLOs or the Issuer will be comparable to any other obligations not purchased by the Underlying Company CLOs or the Issuer. The Blackstone Group and the Collateral Manager, including their personnel, may receive compensation from any such party that purchases the obligation, including an allocation of carried interest or referral fees, and any such compensation could be greater than amounts paid by the Underlying Company CLOs or the Issuer to the Collateral Manager. In some cases, The Blackstone Group or the Collateral Manager earns greater fees when Other Accounts purchase the obligation instead of the Underlying Company CLOs or the Issuer.

The Blackstone Group will from time to time participate in underwriting or lending syndicates with respect to actual or potential issuers, or may otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, such issuers, or otherwise in arranging financing (including loans) for such issuers or advise on such transactions. Such underwritings or engagements may be on a firm commitment basis or may be on an uncommitted "best efforts" basis and the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. The Blackstone Group may also provide placement or other similar services to purchasers or sellers of securities or loans, including securities or loans issued by obligors of investments held by the Underlying Company CLOs or the Issuer. There may also be circumstances in which the Underlying Company CLOs or the Issuer commits to purchase any portion of such issuance from the issuer that a broker-dealer of The Blackstone Group intends to syndicate to third parties and, in connection therewith and as a result thereof, The Blackstone Group may receive commissions or other compensation. In certain cases, a broker-dealer of The Blackstone Group will from time to time act as the managing underwriter or a member of the underwriting syndicate and purchase securities from such issuers or advise on such transactions. The Blackstone Group will also from time to time, on behalf of the Underlying Company CLOs, the Issuer, or other parties to a transaction involving the Underlying Company CLOs or the Issuer, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to The Blackstone Group by the Underlying Company CLOs, the Issuer, or obligors on investments held by the Underlying Company CLOs, the Issuer 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, The Blackstone Group will also from time to time, on behalf of the Underlying Company CLOs, the Issuer, or other parties to a transaction involving the Underlying Company CLOs, the Issuer, or Other Accounts, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to The Blackstone Group by the Underlying Company CLOs, the Issuer, Other Accounts, or obligors on investments held by the Underlying Company CLOs, the Issuer, Other Accounts, 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, The Blackstone Group will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, capital markets advisory fees, lending arrangement fees, asset/property management fees, insurance (including title insurance) fees and consulting fees, monitoring fees, commitment fees, syndication fees, origination fees, organizational fees, operational fees, loan servicing fees, financing, divestment, lending arrangement and syndication 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 The Blackstone Group or an Other Account or its portfolio companies are purchasing debt) or other compensation with respect to the foregoing activities, none of which are required to be shared with the Underlying Company CLOs or the Issuer. In addition, any fee owing to the Collateral Management Fee by the Underlying Company CLOs will not be reduced by such amounts. Therefore, The Blackstone Group will from time to time have a potential conflict of interest regarding the Underlying Company CLOs or the Issuer and the other parties to those transactions to the extent it receives commissions, discounts or other compensation from such other parties. In addition, purchases or sales of obligations for the Underlying Company CLOs or the Issuer (particularly marketable obligations) will be bunched or aggregated with orders for Other Accounts, including other issuers. It is frequently not possible to receive the same price or execution on the entire volume of obligations sold, and the various prices may be averaged, which may be disadvantageous to the Underlying Company CLOs or the Issuer, which in turn could adversely impact the return received Fund in respect of its investment in the PPNs.

Where The Blackstone Group serves as underwriter with respect to an issuer's securities, the Underlying Company CLO or the Issuer will from time to time be subject to a "lock-up" period following the offering under applicable regulations during which time the Underlying Company CLOs or the Issuer would be unable to sell any securities subject to the "lock-up". This may prejudice the Underlying Company CLOs or the Issuer's ability to dispose of such obligations at an opportune time, which in turn could adversely impact the return received Fund in respect of its investment in the PPNs.

In addition, the Investment Company Act may limit the Underlying Company CLOs or the Issuer's ability to undertake certain transactions with its affiliates that are registered under the Investment Company Act or regulated as business development companies under the Investment Company Act. As a result of these restrictions, the Underlying Company CLOs or the Issuer may be prohibited from executing "joint" transactions with such affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to the Underlying Company CLOs or the Issuer.

Blackstone Credit has received an exemptive order from the SEC that permits certain funds, among other things, to co-invest with certain other persons, including certain affiliates of Blackstone Credit, and certain funds managed and controlled by Blackstone Credit and its affiliates subject to certain terms and conditions.

The obligations purchased by the Underlying Company CLOs or the Issuer may include obligations issued by entities in which The Blackstone Group or Other Accounts have made investments, obligations that The Blackstone Group has assisted in structuring but in which they have or have not chosen to invest and obligations in respect of which The Blackstone Group or Other Accounts (x) participated in the original lending group and/or acted or act as an agent or (y) were otherwise involved as an underwriter, a syndication or placement agent or in some other capacity. In addition, such obligations may include obligations previously held by The Blackstone Group or Other Accounts, and the Underlying Company CLOs or the Issuer may purchase such obligations from, or sell such obligations to, The Blackstone Group or one or more Other Accounts subject to the applicable procedures detailed in the Underlying Company CLOs' transaction documents. Although any such purchase or sale must comply with certain criteria set forth in the Underlying Company CLOs transaction documents (including the collateral management agreement entered into by the Collateral Manager with each respective Underlying Company CLO (such agreement, the "**Collateral Management and Administration Agreement**")) the Collateral Manager may take into consideration the interests of the Other Accounts when making decisions regarding the purchase and sale of such obligations on behalf of the Underlying Company CLOs under the Collateral Management and Administration Agreement. In addition, The Blackstone Group may receive fees or other compensation (whether in cash or in kind) in connection with any such transaction that will not be shared with the Underlying Company CLOs or otherwise offset any fees payable to the Collateral Manager by the Underlying Company CLOs.

Firm employees, including employees of BIL, are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of the Underlying Company CLOs or the Issuer. The Underlying Company CLOs or the Issuer will not receive any benefit from any such investments.

Allocation of Portfolios. The Collateral Manager may have an opportunity to acquire a portfolio or pool of assets, securities and instruments that it determines should be divided and allocated among the Underlying Company CLOs and Other Accounts. Such allocations generally would be based on the Collateral Manager's assessment of the expected returns and risk profile of each of the assets. For example, some of the assets in a pool may have an opportunistic return profile, while others may have a lower return profile not appropriate for the Underlying Company CLOs. Also, a pool may contain debt instruments that the Collateral Manager 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 Underlying Company CLOs and Other Accounts acquiring any of the assets, securities and instruments. Similarly, there will likely be circumstances in which the Underlying Company CLOs and Other Accounts 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 the Collateral Manager could determine such allocation of value is not accurate and should not be relied upon. The Collateral Manager 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, the Collateral Manager will have conflicting duties to the Underlying Company CLOs and Other Accounts when they buy or sell assets together in a portfolio, including as a result of different financial incentives the Collateral Manager 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 Underlying Company CLOs 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 Accounts. This could negatively impact the return generated by the Underlying Company CLOs, which in turn could impact the return received by the Issuer and ultimately the Fund through its investment in the PPNs.

Service Providers and Counterparties; Family Members. Certain advisers and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) to the Underlying Company CLOs, the Issuer, BIL, The Blackstone Group and/or obligors or issuers of investments held by the Underlying Company CLOs or the Issuer also provide goods or services to, or have business, personal, financial or other relationships with BIL, The Blackstone Group and its portfolio companies. Such advisers and service providers may be investors in The Blackstone Group, sources of investment opportunities or co-investors or commercial counterparties or entities in which BIL, The Blackstone Group and/or Other Accounts have an investment, and payments by the Underlying Company CLOs or the Issuer may indirectly benefit BIL The Blackstone Group and/or such Other Accounts.

The Issuer's service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in Other Accounts and/or may be sources of investment opportunities or counterparties to any of the foregoing or have other relationships with The Blackstone Group Inc. and its Affiliates (the "**Blackstone Affiliates**"). In particular, the Issuer is provided certain service support by the Services Support Provider (the entity that also acts as Collateral Manager). This may influence the Collateral Manager or any of its affiliates in deciding whether to select such a service provider. In situations where the Collateral Manager or its affiliates were influenced to not use a particular service provider as a result of the above and it was considered that the refused service provider would have performed in a manner considered to be relatively better than the service provider actually chosen, this may be perceived to have an adverse relative effect on the performance of the Underlying Company CLOs, thus the performance of the CLO Retention Income Notes or CLO Retention Securities, which in turn may adversely impact the return on the PPNs held by the Fund. Notwithstanding the foregoing, investment transactions for the Underlying Company CLOs that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that the Collateral Manager or its affiliates believe to be of benefit for the Underlying Company CLOs). The allocation is not guaranteed, however, and if an allocation was not able to be made on the basis of best execution, this could result in an adverse relative effect on the performance of the Underlying Company CLOs and thus the performance of the CLO Retention Income Notes or CLO Retention Securities, which in turn may adversely impact the return on the PPNs held by the Fund. Advisers and their service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by clients (such as the Underlying Company CLOs) as compared to other members of The Blackstone Group and the terms of such services, other members of The Blackstone Group may benefit to a greater degree from such vendor arrangements than the clients (such as the Underlying Company CLOs).

Additionally, certain employees and other professionals of The Blackstone Group may have family members or relatives employed by such advisors and service providers (or their affiliates) or otherwise actively involved in industries and sectors in which the Underlying Company CLOs invests, or have business, financial, personal or other relationships with companies in such industries and sectors (including the advisors and service providers described above) or other industries, which might give rise to potential or actual conflicts of interest. For example, such family members or relatives might be employees, officers, directors or owners of companies the obligations or securities of which are actual or potential investments of the Underlying Company CLOs or of other counterparties of the Underlying Company CLOs. Moreover, in certain instances, such companies may issue loans to or acquire securities from, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. These relationships may influence The Blackstone Group and the Collateral Manager in deciding whether to select or recommend such service providers to perform services for the Underlying Company CLOs or certain obligors held by the Underlying Company CLOs (the cost of which will generally be borne directly or indirectly by the Issuer as Administrative Expenses or such obligors, as applicable). Notwithstanding the foregoing, transactions relating to the Underlying Company CLOs that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the Collateral Manager believes to be of benefit to the Underlying Company CLOs. To the extent that Collateral Manager determines appropriate, conflict mitigation strategies may be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by the Firm.

Because The Blackstone Group has many different businesses, including the Blackstone Capital Markets Group, which The Blackstone Group investment teams and portfolio companies may engage to provide underwriting and capital market advisory services, 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 be subject if it had just one line of business. Service providers affiliated with The Blackstone Group, which are generally expected to receive competitive market rate fees with respect to certain investments, include, without limitation:

- *COE*. The Blackstone Center of Excellence, located in Gurgaon, India (the "**COE**") is a captive centre of resources administered by an entity within The Blackstone Group and ThoughtFocus Technologies LLC ("**ThoughtFocus**"), an independent firm in which The Blackstone Group holds a minority position and participates as a member of the board. The COE is expected to perform services for certain funds that may have historically been performed by personnel in The Blackstone Group, such as funds' administrative services, data collection and management services, and technology implementation and support services, which may be paid for by the funds that receive such services on a similar basis as a third party providing such services. An entity within The Blackstone Group, through its interest in ThoughtFocus, receives an indirect benefit resulting from the funds' payments for such services. These fees do not offset Collateral Management Fees.

- *Equity Healthcare*. Equity Healthcare LLC ("**Equity Healthcare**") is an entity within The Blackstone Group that negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, which include unaffiliated third parties, Equity Healthcare is able to negotiate pricing terms from providers that are believed to be more favourable than those that its clients, which may include obligors of Collateral Obligations held by the Issuer, could obtain on an individual basis.

- *Optiv*. Optiv is a portfolio company held by certain Other Blackstone Funds that provides a full slate of information security services and solutions and may provide goods and services for the Issuer and for obligors of Collateral Obligations held by the Issuer and Other Accounts.

- *PSAV*. PSAV, Inc. is a portfolio company held by certain Other Blackstone Funds that provides outsourced audio-visual services and event production and may provide goods and services for the Issuer and for obligors of Collateral Obligations held by the Issuer.

- *BTIG*. In December 2016, certain Other Blackstone Funds made a strategic minority investment in BTIG, LLC ("**BTIG**"). BTIG is a global financial services firm in which certain members of The Blackstone Group own a strategic minority investment. BTIG provides institutional trading, investment banking, research and related brokerage services and may provide goods and services for the Issuer and for obligors of Collateral Obligations held by the Issuer or Other Accounts.

- *Refinitiv*. On 1 October 2018, a consortium led by The Blackstone Group announced that private equity funds managed by The Blackstone Group had completed an acquisition of Thomson Reuters' Financial & Risk business ("**Refinitiv**"). Refinitiv operates a pricing service that provides valuation services and may provide goods and services to the Issuer and for obligors of Collateral Obligations held by the Issuer.

The Blackstone Group through one or more of its funds has committed to a minority investment in Kryalos, an operating partner in certain investments made by Other Accounts, and expects that Kryalos will perform services after the investment has closed for the Issuer and Other Accounts and receive compensation as described below.

Advisers and service providers, or their affiliates, often charge different rates, including below-market or no fee, or have different arrangements for different types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by the Underlying Company CLOs or the Issuer differ from those used by The Blackstone Group and Other Accounts, the Underlying Company CLOs or the Issuer may pay different amounts or rates than those paid by those entities. However, The Blackstone Group has a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates (or no fee) or discounts than those available to other clients or members of The Blackstone Group for the same services. Furthermore, advisors and service providers may provide services exclusively to The Blackstone Group, the Underlying Company CLOs, the Issuer, Other Accounts and to obligors or issuers of investments held by any of them, or to portfolio companies within The Blackstone Group, although such advisors and service providers would not be considered employees of The Blackstone Group. Similarly, The Blackstone Group, the Underlying Company CLOs, the Issuer, the Other Accounts or issuers of investments held by any of them and/or their portfolio companies may enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with The Blackstone Group) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation, volume of transactions entered into with such counterparty by The Blackstone Group, the Underlying Company CLOs, the Issuer, the Other Accounts or issuers of investments held by any of them, and their portfolio companies in the aggregate.

In addition, as a consequence of Blackstone ultimately being the parent of the Collateral Manager and Blackstone's status as a public company, the officers, directors, members, managers and employees of the Collateral Manager will take into account certain additional considerations and other factors in connection with the management of the business and affairs of the Issuer that would not necessarily be taken into account if Blackstone were not a public company.

Other clients and their respective portfolio companies, or any affiliates, personnel or family members of personnel of the foregoing. Although the Collateral Manager 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 the Firm), the relationship of service providers and vendors to the Collateral Manager as described above will influence the Collateral Manager in deciding whether to select, recommend or form such an advisor or service provider to perform services for the Underlying Company CLOs, the cost of which will generally be borne directly or indirectly by the Collateral Manager and can be expected to incentivise the Collateral Manager to engage such service provider over a third party, utilise 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; the Collateral Manager can be expected to also have an incentive to invest in or create service providers and vendors to realise on these opportunities.

In addition, as a consequence of Blackstone's status as a public company, the officers, directors, members, managers and personnel of the Collateral Manager may take into account certain considerations and other factors in connection with the management of the business and affairs of the Issuer 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 Underlying Company CLOs or the Issuer. Finally, although Blackstone and the Collateral Manager believes their positive reputation in the marketplace provides benefit to the Underlying Company CLOs, the Collateral Manager could decline to undertake investment activity or transact with a counterparty on behalf of the Issuer for reputational reasons, and this decision could result in the Underlying Company CLOs foregoing a profit or suffering a loss, which in turn may ultimately adversely impact the return on the PPNs held by the Fund.

The Blackstone Group may, from time to time, encourage service providers to the Underlying Company CLOs or the Issuer to use, at market rates and/or on arm's length terms, affiliated service providers of The Blackstone Group in connection with the business of the Underlying Company CLOs or the Issuer. This practice provides an indirect benefit to The Blackstone Group in the form of added business for its affiliated service providers.

The Underlying Company CLOs may bear the cost of certain in-house legal, tax planning and other related services provided by The Blackstone Group personnel. Such charges can be based on any of the following methodologies: (i) requiring personnel to periodically record or allocate their historical time with respect to the Underlying Company CLOs, (ii) Blackstone Credit and/or Blackstone approximating the proportion of certain personnel's time spent on the Underlying Company CLOs, (iii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone Credit and/or Blackstone believes represents a fair recoupment of expenses and market rate for such services or (iv) any other similar methodology determined by Blackstone Credit and/or Blackstone to be appropriate under the circumstances. Any such methodology (including the choice thereof) involves inherent conflicts and may not result in perfect or consistent attribution and allocation of expenses. These expenses will be borne by the Underlying Company CLOs and will not result in any offset to any management fees payable to the Collateral Manager.

Other Affiliate Transactions and Investments in Different Levels of Capital Structure. It is possible the Underlying Company CLOs' interest may be subordinated or otherwise adversely affected by virtue of an Other Account's involvement and actions relating to its investment. For example, conflicts could arise where an Underlying Company CLOs lends funds to an issuer while an Other Account invests in equity securities of such issuer. In this circumstance, for example, if such issuer goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of investments as to what actions the issuer should take. Further conflicts could arise after the Underlying Company CLOs, the Other Accounts and The Blackstone Group have made their respective initial investments. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Issuer to provide such additional financing. If the other affiliates were to lose their respective investments as a result of such difficulties, the ability of the Collateral Manager to recommend actions in the best interests of the Underlying Company CLOs might be impaired. The Collateral Manager may in its discretion take steps to reduce the potential for adversity between the Underlying Company CLOs and the Other Accounts, including causing the Underlying Company CLOs and/or such Other Accounts to take certain actions that, in the absence of such conflict, it or they would not take. In addition, there may be circumstances where the Collateral Manager agrees to implement certain procedures to ameliorate conflicts of interest that may involve a forbearance of rights relating to the Issuer or Other Accounts, such as where the Collateral Manager may cause Other Accounts to decline to exercise certain control- and/or foreclosure-related rights with respect to a portfolio company.

In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that any conflict will be resolved in favour of the Underlying Company CLOs and in some cases, a decision by Blackstone Credit Affiliates to take any particular action could have the effect of benefiting an Other Account (and, incidentally, may also have the effect of benefiting Blackstone Credit Affiliates) and therefore may not have been in the best interests of, and may be adverse to, the Underlying Company CLOs and which could negatively impact the return generated by the Underlying Company CLOs; this in turn may impact the return received by the Issuer, and ultimately the Fund through its investment in the PPNs. There can be no assurance that the return on the Underlying Company CLOs' investment will be equivalent to or better than the returns obtained by the Other Accounts participating in the transaction. The Underlying Company CLOs will not receive any benefit from fees paid to any Blackstone Credit Affiliate from an issuer in which an Other Account also has an interest.

Investments in Issuers Alongside Other Clients. The Underlying Company CLOs and the Issuer will co-invest with Other Accounts (including co-investment or other vehicles in which the firm or its personnel invest and that co-invest with such Other Accounts) in investments that are suitable for the Underlying Company CLOs, the Issuer, and one or more of such Other Accounts. Even if the Underlying Company CLOs, the Issuer, and any such Other Accounts and/or co-investment or other vehicles invest in the same obligations, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting, political, national security or other considerations, the terms of such investment (and divestment thereof) (including with respect to price and timing) for the Underlying Company CLOs, the Issuer, and such Other Accounts may not be the same. Additionally, the Underlying Company CLOs, the Issuer, and such Other Accounts and/or vehicles will generally have different investment periods and/or investment objectives (including return profiles) and the Collateral Manager, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities.

Debt Financings in connection with Acquisitions and Dispositions. The Underlying Company CLOs and the Issuer may from time to time provide financing (1) as part of a third party purchaser's bid for, or acquisition of, a portfolio entity or the underlying assets thereof owned by one or more Other Accounts and/or (2) in connection with a proposed acquisition or investment by one or more Other Accounts or affiliates of an issuer and/or its underlying assets. This generally would include the circumstance where the Underlying Company CLOs or the Issuer are making commitments to provide financing at or prior to the time such third-party purchaser commits to purchase such investments or assets from one or more Other Accounts. The Underlying Company CLOs and the Issuer may also make investments and provide debt financing with respect to issuers in which Other Accounts and/or affiliates hold or propose to acquire an interest, including when such investments or debt financing would result in (x) facilitating the acquisition by one or more Other Accounts of all or a portion of the economic ownership interests and voting rights in an issuer or (y) the repayment of an Other Account's existing investment. While the terms and conditions of any such arrangements will generally be at arms' length terms negotiated on a case by case basis, the involvement of the Underlying Company CLOs, the Issuer and/or such Other Accounts or affiliates may affect the terms of such transactions or arrangements and/or may otherwise influence the

Collateral Manager's decisions with respect to the management of the Underlying Company CLOs, the Issuer and/or such Other Accounts or the relevant issuer, which may give rise to potential or actual conflicts of interest and which could adversely impact the Issuer.

The Underlying Company CLOs and the Issuer may from time to time dispose of all or a portion of a collateral obligation of an issuer which is receiving financing from The Blackstone Group or an Other Account to repay debt issued to the Underlying Company CLOs and/or the Issuer. Such involvement may give rise to potential or actual conflicts of interest.

Further conflicts could arise once the Underlying Company CLOs, the Issuer, The Blackstone Group and Other Accounts have made their respective investments. For example, if additional financing is required by an issuer as a result of financial or other difficulties, it may not be in the best interests of the Underlying Company CLOs and/or the Issuer to provide such additional financing. If The Blackstone Group or the Other Accounts were to lose their respective investments as a result of such difficulties, the Collateral Manager may recommend actions that may not be in the best interests of the Underlying Company CLOs and/or the Issuer.

Cross and Principal Transactions. Situations will arise where certain assets held by the Issuer will be transferred to Other Accounts and *vice versa*. A portion (which may be significant) of the Collateral Obligations will be loans or other securities purchased from Other Accounts, including, without limitation, collateralised loan obligation vehicles for which the Collateral Manager or an affiliate thereof acted as collateral manager in connection with the redemption of such vehicles. Such transactions will be conducted in accordance with, and subject to the Collateral Manager's policies and procedures. A portion (which may be significant) of the Collateral Obligations will be loans or other securities in respect of which The Blackstone Group or Other Accounts participated in the original lending group or that were structured or originated by The Blackstone Group or Other Accounts (an "**Affiliate Structured Loan**"). In the case of any transaction between BGCF and the Issuer (provided no Blackstone Affiliate or Blackstone Credit Affiliate has an ownership interest of 25.0 per cent. or more in BGCF at the time of such transaction), the Collateral Manager may seek consent to such transactions from the Issuer, or its board. If the Issuer or its board (as applicable) do not consent to one of more of such transactions, the Collateral Manager shall consult with the Issuer or its board on the appropriate course of action that should be taken with respect to the related Collateral Obligation(s). In all other circumstances, the Issuer will be required to seek the prior consent to the terms of such a purchase or sale of an Affiliate Structured Loan from an Independent Client Representative selected from the list of entities set forth in the definition herein of "**Independent Client Representative**" that has been appointed by the Issuer as its agent to comply with the requirements of Section 206(3) of the Investment Advisers Act. The Independent Client Representative will be authorised by the Issuer to consent or decline to consent, on the Issuer's behalf, to the terms of any transaction or other matter that the Collateral Manager has determined should be presented to the Issuer for consent or approval where a potential conflict of interest will arise by reason of the involvement of The Blackstone Group or the Other Accounts such as a purchase or sale of a Collateral Obligation from The Blackstone Group or Other Accounts, including an Affiliate Structured Loan. The Issuer may appoint an Independent Client Representative pursuant to an agreement entered into by and among the Issuer, the Collateral Manager and an Independent Client Representative (an "**Independent Client Representative Agreement**"), and the fees and expenses of the Independent Client Representative payable thereunder will constitute Administrative Expenses. A successor Independent Client Representative may be appointed if proposed by the Collateral Manager and either (i) included in the list of entities set forth in the definition of "Independent Client Representative" or (ii) approved by a Majority of the Subordinated Notes. Each holder will be deemed, by purchasing Notes, to have consented to the procedures described herein with respect to the Independent Client Representative and the board consent process for transactions between BGCF and the Issuer.

The Issuer, has purchased and will purchase Collateral Obligations from BGCF and may purchase Loss Mitigation Loans from BGCF from time to time. Such Collateral Obligations or Loss Mitigation Loans may include assets purchased by BGCF from third parties and/or one or more collateralised loan obligation vehicles for which the Collateral Manager or an affiliate acted as collateral manager in connection with the redemption or refinancing of such vehicles (including the Issuer). The price for each such Collateral Obligation or Loss Mitigation Loan purchased from any such collateralised loan obligation vehicle was determined in accordance with the Collateral Manager's internal policies and procedures for trades of assets between affiliates.

The Collateral Manager may arrange for the Issuer to acquire Collateral Obligations or Loss Mitigation Loans from, and sell Collateral Obligations or Loss Mitigation Loans to, Blackstone Affiliates, BGCF or Other Accounts from time to time subject to the Collateral Manager's internal policies and procedures.

Conflicts Involving Holders. In addition, The Blackstone Group or Other Accounts may from time to time purchase any of the Notes. The Blackstone Group and Other Accounts (other than BGCF in relation to the Retention Notes) will not be required to retain all or any part of the Notes acquired by them. If The Blackstone Group or Other Accounts were to purchase any Notes, BIL may face a conflict of interest in the performance of its duties as the Collateral Manager because of the conflicting interests of the other holders of Notes. In particular, BIL, in its capacity as the Collateral Manager, may have an incentive to manage the Issuer's investments in a manner that seeks to maximise the yield on the Collateral Obligations or Loss Mitigation Loans so as to maximise the yield on the Subordinated Notes but which may result in an increase of defaults or volatility that adversely affects the return on one or more Classes of Rated Notes. Furthermore, the Collateral Manager, acting in its sole discretion on behalf of the Issuer, will be entitled to designate amounts that would otherwise be treated as Interest Proceeds to be treated as Principal Proceeds and vice versa in certain limited circumstances set forth in the definitions of "Interest Proceeds" and "Principal Proceeds." There can be no assurance that the Collateral Manager will not make such designations in a manner that seeks to maximise the yield on the Notes held by it or one or more other members of The Blackstone Group while increasing the probability of reductions or delays in payments on the more senior Notes.

At any given time, the Notes held by The Blackstone Group or Other Accounts will be disregarded and deemed not to be outstanding with respect to a vote to remove the Collateral Manager. However, at any given time The Blackstone Group and Other Accounts will be entitled to vote Notes held by them or over which they have discretionary voting authority with respect to all other matters. If The Blackstone Group or Other Accounts hold or otherwise have discretionary voting authority over the requisite percentage of the outstanding principal amount of the Subordinated Notes, such entities will control certain matters under the Trust Deed and the Collateral Management and Administration Agreement that may affect the performance of the Collateral and the return on one or more Classes of Notes, including, without limitation, an Optional Redemption at the direction of the Subordinated Noteholders. Such entities may also control matters related to any Refinancing or the sale of Collateral Obligations following an Optional Redemption. The Collateral Manager or any of its affiliates may be appointed as a successor collateral manager in connection with such Refinancing or such sale of Collateral Obligations to a newly formed collateralised loan obligation vehicle. Such appointment may benefit the Collateral Manager or its affiliate (as applicable) to the extent that it may continue to: (i) invest or re-invest the Collateral Obligations in the Issuer's investment portfolio that may otherwise have been liquidated and (ii) receive a fee for managing the Issuer's investment portfolio for a longer period of time than had those obligations been liquidated. A portion of the Collateral Obligations in the Portfolio may be sold to such newly formed collateralised obligation vehicle for which the Collateral Manager will act as collateral manager. The price for each such Collateral Obligation sold will be determined in accordance with the Collateral Manager's internal policies and procedures for trades of assets between affiliates.

In addition, the Collateral Manager may enter into agreements or arrangements with one or more holders of the Notes (which may include BGCF) including Other Accounts, pursuant to which it may agree or arrange, subject to its obligations under the Collateral Management and Administration Agreement and applicable law, to take actions with respect to such holder or holders that it will not take with respect to all of the holders. No other beneficial owner or holder of Notes will have the right to review or to receive the benefits of such agreements or arrangements to which it is not a party. Such agreements or arrangements may provide that such holders will be entitled to receive a portion, or an offset of such holders' *pro rata* portion, of the Collateral Management Fees payable on each Payment Date during the term of the transaction. On or around the Issue Date and in order to induce the Retention Holder to purchase and retain the Retention Notes, as long as required by, and in compliance with the EU Retention Requirements, the Collateral Manager entered into an arrangement with the Retention Holder pursuant to which the Retention Holder will receive a portion of the Collateral Management Fees payable on each Payment Date during the term of the transaction. The Collateral Manager may also enter into similar fee-sharing arrangements with any other holders or any other third parties from time to time on or after the Issue Date. The performance and incentives of the Collateral Manager may be negatively impacted by any such fee rebate, sharing or off-set arrangements.

Investors should note that on the Issue Date BGCF holds a proportion of the Subordinated Notes which represents a controlling stake in such Class, giving it the ability to control (amongst other things) the passing of any Ordinary Resolutions to effect certain Optional Redemptions pursuant to Condition 7(b) (*Optional Redemption*).

The Incentive Collateral Management Fee May Create Different Incentives for the Collateral Manager. The Collateral Manager is entitled to receive a Senior Management Fee, a Subordinated Management Fee and an Incentive Collateral Management Fee from the Issuer out of proceeds received by the Issuer from the Collateral Obligations, payable in accordance with the Priorities of Payments or, in respect of the Incentive Collateral Management Fee only, pursuant to Condition 3(k)(vi) (*Supplemental Reserve Account*). The payment of the Incentive Collateral Management Fee is dependent to some degree on the yield earned on the Collateral Obligations. The manner in which the Incentive Collateral Management Fee is determined could create a further incentive for the Collateral Manager to make more speculative investments in the Collateral Obligations than the Issuer would otherwise make in order to manage the Issuer's investments in a manner as to seek to maximise the yield on the Collateral Obligations relative to investments of higher creditworthiness. Managing the portfolio of Collateral Obligations with the objective of increasing the yield on such Collateral Obligations, even though the Collateral Manager is constrained by the various investment restrictions could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of the Collateral Obligations.

Allocation of Personnel. BIL and its members, partners, officers, managers and employees will devote as much of their time to the activities of the Issuer or BGCF (as or if applicable) as BIL deems necessary and appropriate, in accordance with the Collateral Management and Administration Agreement and the portfolio service support agreement between BIL and BGCF (the "**Portfolio Service Support Agreement**") (as applicable) and reasonable commercial standards. Subject to the terms of the applicable offering and/or governing documents, The Blackstone Group is not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Issuer and/or may involve substantial time and resources of BIL or BGCF (as applicable). These activities could be viewed as creating a conflict of interest in that the time and effort of the members of BIL and their officers, managers, members and employees will not be devoted exclusively to the business of the Issuer or BGCF (as or if applicable) but will be allocated between the business of the Issuer and the management of the monies of other advisees of BIL and other activities of BGCF (as applicable). Furthermore, BIL's personnel derive financial benefit from these other activities, including fees and performance-based compensation. These and other factors create conflicts of interest in the allocation of time by BIL's personnel. The BIL's determination of the amount of time necessary to conduct BGCF's or the Issuer's activities will be conclusive.

Material, Non-Public Information. Blackstone Credit Affiliates may come into possession of material non-public information with respect to an issuer. Should this occur, the Collateral Manager would likely be restricted from buying, originating or selling securities, loans of, or derivatives with respect to, the issuer on behalf of the Underlying Company CLOs or the Issuer until such time as the information becomes public or is no longer deemed material such that it would preclude the Underlying Company CLOs or Issuer from participating in an investment. Disclosure of such information to the Collateral Manager's personnel responsible for the affairs of the Underlying Company CLOs or Issuer will be on a need-to-know basis only, and the Underlying Company CLOs or Issuer may not be free to act upon any such information. Therefore, the Underlying Company CLOs or Issuer may not have access to material non-public information in the possession of the Blackstone Credit Affiliates that might be relevant to an investment decision to be made by the Underlying Company CLOs or Issuer. In addition, the Blackstone Credit Affiliates, in an effort to avoid buying or selling restrictions on behalf of the Underlying Company CLOs, the Issuer, or Other Accounts, may choose to forego an opportunity to receive (or elect not to receive) information that other market participants or counterparties, including those with the same positions in the issuer as the Underlying Company CLOs or the Issuer, are eligible to receive or have received, even if possession of such information would be advantageous to the Underlying Company CLOs or the Issuer.

In addition, The Blackstone Group may come into possession of material non-public information with respect to an issuer. Should this occur, the Blackstone Credit Affiliates may be restricted from buying, originating or selling securities, loans of, or derivatives with respect to, the issuer on behalf of the Underlying Company CLOs or the Issuer if the firm deemed such restriction appropriate. Disclosure of such information to the Collateral Manager's personnel responsible for the affairs of the Underlying Company CLOs or the Issuer will be on a need-to-know basis only, and the Underlying Company CLOs or the Issuer may not be free to act upon any such information. Therefore, the Underlying Company CLOs or the Issuer may not have access to material non-public information in the possession of the firm that might be relevant to an investment decision to be made by the Underlying Company CLOs or the Issuer. Accordingly, the Underlying Company CLOs or the Issuer may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

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

Restrictions Arising under the Securities Laws. The Collateral Manager's activities (including, without limitation, the holding of investment positions or having one or more of its employees on the board of directors of an Obligor) could result in securities law restrictions on transactions in investments held by the Underlying Company CLOs or the Issuer, affect the prices of such investments or the ability of such entities to purchase, retain or dispose of such investments, or otherwise create conflicts of interest, any of which could have an adverse impact on the performance of the Underlying Company CLOs, which in turn could impact the return received by the Issuer and ultimately the Fund through its investment in the PPNs.

Additional Potential Conflicts. The officers, directors, members, managers, and employees of The Blackstone Group may trade in loans or securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or the policies of The Blackstone Group, or otherwise determined from time to time by The Blackstone Group, as applicable.

In addition, the Investment Company Act may limit the Issuer's ability to undertake certain transactions with its affiliates that are registered under the Investment Company Act. Certain Other Accounts may be subject to the Investment Company Act or other regulations which, due to the role of BIL as Collateral Manager, could restrict the ability of the Issuer to buy Collateral Obligations from, to sell Collateral Obligations to, or to invest in the same investments as, such Other Accounts. As a result of these restrictions, the Issuer may be prohibited from executing "joint" transactions with such affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to the Issuer.

From time to time employees of The Blackstone Group may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services and subject to applicable law, The Blackstone Group receives directors' fees or other similar compensation. Such amounts may, but are not expected to be, material, and will not be passed through to the Issuer.

Transaction Attorney Expenses

The Fund will, bear, directly or indirectly, its *pro rata* share of the Issuer's expenses. The Issuer's expenses include: (i) fees payable to the Services Support Provider and reasonable third party costs and expenses incurred by the Services Support Provider pursuant to a portfolio service support agreement, (ii) fees payable to the Issuer's corporate administrator pursuant to the terms of a corporate services agreement, (iii) fees payable to the Issuer's administrator who provides certain valuation, financial reporting and fund accounting services, (iv) fees payable in respect of the accounts held by the Issuer pursuant to an account bank agreement entered into by the Issuer, and (v) fees payable in respect of certain custody accounts held by the Issuer pursuant to a custody agreement entered into by the Issuer.

Ongoing Fund Expenses. The Fund will pay all expenses attributable to the activities of the Fund, as well as all reasonable out of pocket expenses incurred by BIL in connection with activities taken on behalf of the Fund, and will indirectly bear certain expenses of the Issuer and/or in connection with the Issuer's investment in each CLO or Loan Warehouse, which will include, without limitation legal expenses (including with respect to litigation and threatened litigation, if any) as well as costs, expenses and fees for hours spent by in-house attorneys and tax advisors that provide transactional legal advice and/or services to , any CLO Issuer or in connection with any CLO or Loan Warehouse invested in by the Issuer, and on matters related to potential or actual investments and transactions and the ongoing operations of the Fund.