

Blackstone Holdings Finance Co. L.L.C.

Financial Statements as of and for the Year Ended

December 31, 2023

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
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INDEPENDENT AUDITOR'S REPORT

To Blackstone Holdings Finance Co. L.L.C.:

Opinion

We have audited the financial statements of Blackstone Holdings Finance Co. L.L.C. (the "Company"), (a wholly owned subsidiary of Blackstone Inc.), which comprise the statement of financial condition as of December 31, 2023, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

February 23, 2024

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Statement of Financial Condition
As of December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Cash and Cash Equivalents	\$ 1,053,506
Investments	48,596
Loans, at Fair Value	49,771
Interest and Other Receivables	63,826
Due from Affiliates	17,121,308
Other Assets	252,249
Total Assets	<u>\$ 18,589,256</u>
 Liabilities and Member's Equity	
Loans Payable	\$ 10,576,988
Due to Affiliates	6,502,827
Accounts Payable, Accrued Expenses and Other Liabilities	999,829
Total Liabilities	<u>\$ 18,079,644</u>
 Member's Equity	
Total Member's Equity	509,612
Total Liabilities and Member's Equity	<u>\$ 18,589,256</u>

See notes to financial statements

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.

Statement of Operations

Year Ended December 31, 2023

(All Dollars are in Thousands, Except Where Noted)

Revenues	
Investment Income (Loss)	
Net Realized Loss	\$ (86)
Net Unrealized Income	<u>15,965</u>
Total Investment Income	\$ <u>15,879</u>
Interest Income	980,572
Other Income	<u>10,503</u>
Total Revenues	<u>\$ 1,006,954</u>
Expenses	
Interest	659,471
General, Administrative and Other	<u>5,708</u>
Total Expenses	<u>\$ 665,179</u>
Net Income	<u>\$ 341,775</u>

See notes to financial statements

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Statement of Changes in Member's Equity
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

	Member's Equity
Balance at December 31, 2022	\$ 107,837
Net Income	341,775
Contributions	60,000
Balance at December 31, 2023	<u>\$ 509,612</u>

See notes to financial statements

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Statement of Cash Flows
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Operating Activities

Net Income	\$	341,775
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:		
Net Unrealized Gain on Investments		(4,026)
Net Realized Gain on Investments		(7,618)
Net Unrealized Gain on Loans		(11,939)
Net Realized Loss on Loans		7,704
Amortization and Accretion of Discount and Fees on Borrowings		12,068
Net Foreign Exchange Revaluation		60,542
Other Amounts Included in Net Income		(54,303)

Cash Flows Due to Changes in Operating Assets and Liabilities:

Investments:

Purchase of Investments		(2,895,084)
Cash Proceeds from Sale of Investments		3,384,325
Paydowns / Maturities of Investments		(35)

Loans, at Fair Value:

Purchase of Loans		(250,512)
Cash Proceeds from Sale of Loans		541,050
Issuance of Loans		(68,450)
Settlement of Loans		41,372
Repurchase Agreements		(89,944)
Interest and Other Receivables		(14,944)
Due from Affiliates		(2,794,098)
Other Assets		169,303
Due to Affiliates		822,009
Accounts Payable, Accrued Expenses and Other Liabilities		95,481

Net Cash Used in Operating Activities	\$	(715,324)
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Financing Activities

Contributions from Parent	\$	60,000
Repayment of Long Term Borrowings		(400,000)
Net Cash Used in Financing Activities	\$	(340,000)

Net Decrease in Cash and Cash Equivalents	\$	(1,055,324)
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Cash and Cash Equivalents, Beginning of Period		2,108,830
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Cash and Cash Equivalents, End of Period	\$	1,053,506
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Supplemental Disclosure of Cash Flows Information

Payments for Interest	\$	(430,070)
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See notes to financial statements

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

1. ORGANIZATION

Blackstone Holdings Finance Co. L.L.C. (the “Company”), a Delaware limited liability company, was formed on April 28, 2009. The Company is wholly owned by Blackstone Holdings I L.P. (“Holdings I” or “Parent”). Blackstone Inc. (the “Corporation”), through wholly owned subsidiaries, is the sole general partner of Holdings I. Holdings I, together with its sister companies Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., and Blackstone Holdings IV L.P. (collectively, “Holdings”) act as guarantors for loans payable of and the long-term bonds issued by the Company, and the Corporation also acts as guarantor for the long-term bonds issued by the Company.

The Company, along with other companies within the Corporation, were formed to perform certain treasury-related activities for the Corporation, such as acting as borrower under certain short-term credit facilities and long-term senior notes, paying certain expenses on behalf of other entities within the Corporation, centrally managing and investing the Corporation’s operating cash and liquid assets, and serving as the transacting party on certain hedging transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Interbank Offered Rates Transition

Certain jurisdictions are currently reforming or phasing out their benchmark interest rates, most notably the London Interbank Offered Rates (“LIBOR”) across multiple currencies. Most such reforms and phase outs, including all tenors of US dollar LIBOR, became effective on or prior to June 30, 2023, though some rates may persist on a synthetic basis through September 2024. Management has taken steps to prepare for and mitigate the impact of changing base rates and continues to manage transition efforts and evaluate the impact of prospective changes on existing transactions and contractual arrangements. Interest rates on outstanding financial instruments might be subject to change based on regulatory developments, which could adversely affect revenue, expenses and the value of those financial instruments.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Management believes that estimates utilized in the preparation of the financial statements are prudent and reasonable. Such estimates include those used in the valuation of investments, loans at fair value, and financial instruments. Actual results could differ from those estimates, and such differences could be material.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Affiliates

The Company considers the Corporation and its co-founder Stephen A. Schwarzman, senior managing directors, employees, the funds which the Corporation manages, and the Corporation's majority-owned and controlled investments to be affiliates.

Cash and Cash Equivalents

Cash and Cash Equivalents represent cash on hand, cash held in banks, money market funds, and liquid investments with original maturities of three months or less. At times, cash and cash equivalents may exceed U.S. federally insured limits and expose the Company to credit risk. Interest income from cash and cash equivalents is recorded in Interest Income in the Statement of Operations.

Investments and Loans, at Fair Value

The Company's principal investments are presented at fair value with the change in the unrealized appreciation or depreciation and realized gains and losses recognized within Investment Income (Loss) in the Statement of Operations.

For certain instruments, the Company has elected the fair value option. Such election is irrevocable and is applied on an investment-by-investment basis at initial recognition. The Company has applied the fair value option for certain loans, equity securities, and unfunded loan commitments that otherwise would not have been carried at fair value with gains and losses recorded in the Statement of Operations. Fair valuing these items is consistent with how the Company accounts for its other principal investments. Loans extended to third parties are recorded within Loans, at Fair Value, equity securities are recorded within Investments, and unfunded loan commitments are recorded within Accounts Payable, Accrued Expenses and Other Liabilities in the Statement of Financial Condition. Changes in the fair value of such instruments are recognized in Investment Income (Loss) in the Statement of Operations. Interest income on interest bearing loans on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of purchase discounts, where applicable. This interest income is recorded within Interest Income in the Statement of Operations. Further disclosure on instruments for which the fair value option has been elected is presented in Note 4 "Fair Value Option" to the financial statements.

Securities and loan transactions are recorded on a trade date basis.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I — Quoted prices are available in active markets for identical financial instruments as of the reporting date. The type of financial instruments in Level I generally include listed equities, listed derivatives, US Government securities, and mutual funds with quoted prices. The Company does not adjust the quoted price for these investments.

Level II — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Financial instruments which are generally included in this category include corporate bonds and loans, foreign government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

Level III — Pricing inputs are unobservable for the financial instruments and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are included in this category generally include credit-oriented loans, non-investment grade residual interests in securitizations, unfunded loan commitments, and other debt and equity instruments where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise derivative instruments, inclusive of foreign currency forwards and foreign currency swaps, and corporate bonds.

The valuation techniques utilize contractual cash flows and observable inputs comprising yield curves, foreign currency rates and credit spreads to value these instruments.

Level III Valuation Techniques

In the absence of observable market prices, the Company values certain investments using valuation methodologies applied on a consistent basis. For some investments, little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
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(All Dollars are in Thousands, Except Where Noted)

The valuation techniques include the discounted cash flow method or use of reputable dealers or pricing services. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms, and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly traded debt instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.

Derivative Instruments

The Company recognizes all derivatives as assets or liabilities on its Statement of Financial Condition at fair value. On the date the Company enters into a derivative contract, it designates and documents each derivative contract as one of the following: (a) a hedge of a recognized asset or liability (“fair value hedge”), (b) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”), (c) a hedge of a net investment in a foreign operation (“net investment hedge”), or (d) a derivative instrument not designated as a hedging instrument (“freestanding derivative”).

The Company formally documents at inception its hedge relationships, including identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and the Company’s evaluation of hedge effectiveness. Effectiveness is assessed at least on a quarterly basis to measure that the changes in the hedging instrument have been, and are expected to continue to be, highly effective in offsetting the changes in the risk being hedged in the hedged item. If it is determined that the hedge is not highly effective, hedge accounting may be discontinued. The Company may also, at any time, elect to remove a hedge designation. The Company manages its exposure to market and counterparty risk by only entering into contracts with counterparties with investment grade ratings and requiring counterparties, in certain cases, to post collateral under bilateral collateral agreements.

For certain freestanding derivative contracts, the Company presents changes in fair value in Other Income. Freestanding derivative assets are reported within Other Assets and freestanding derivative liabilities within Accounts Payable, Accrued Expenses and Other Liabilities in the Statement of Financial Condition.

The Company has elected to not offset derivative assets and liabilities or financial assets, with external counterparties, in its Statement of Financial Condition, including cash, that may be received or paid as part of collateral arrangements, even when an enforceable master netting agreement is in place that provides the Company, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty’s rights and obligations.

The Company’s other disclosures regarding derivative financial instruments are discussed in Note 5, “Derivative Financial Instruments”.

The Company’s disclosures regarding offsetting are discussed in Note 9, “Offsetting of Assets and Liabilities”.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Repurchase Agreements

Financial instruments sold under agreements to repurchase (“repurchase agreements”) comprised primarily of corporate debt, represent collateralized financing transactions. Such transactions are recorded in the Statement of Financial Condition at their contractual amounts. The carrying value of repurchase agreements approximates fair value. The Company’s disclosures regarding repurchase agreements are discussed in Note 7, “Repurchase Agreements”.

Notional Pooling Arrangements

The Company participates in notional cash pooling arrangements with financial institutions for cash management purposes of the Corporation. These arrangements allow for cash withdrawals based upon aggregate cash balances on deposit of Blackstone’s participating entities at the same financial institution. Aggregate cash withdrawals cannot exceed aggregate cash balances on deposit. The net balance of cash on deposit and overdrafts within each arrangement is used as a basis for calculating net interest expense or income for the Corporation. The financial institutions have the right to decline requests for withdrawals of the Company’s deposit balance to the extent that such withdrawals will cause the aggregate net balance to become an overdraft position. The Company’s deposit or withdrawal amounts under the notional pooling arrangements are recorded in Other Assets or Accounts Payable, Accrued Expenses and Other Liabilities in the Statement of Financial Condition. See Note 11, “Related Party Transactions,” to the financial statements for further disclosure on the cash pooling arrangements.

Revenue Recognition

Revenues primarily consist of investment income (loss) and interest income and other.

Investment Income (Loss) — Investment income (loss) represents the unrealized and realized gains and losses on the Company’s principal investments. Investment income (loss) is realized when the Company redeems all or a portion of its investment. Unrealized investment income (loss) results from changes in the fair value of the underlying investment as well as the reversal of unrealized gain (loss) at the time an investment is realized.

Interest Income and Other Income — Interest income is primarily comprised of interest and dividend income earned on investments held, certain intercompany balances, and loans owned by the Company. Other income is primarily comprised of fees earned on loans extended to third parties, foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars, cross currency swap activity, and changes in the fair value of freestanding derivatives. Fees on loans extended to third parties are recorded when earned. The following table presents the components of Other Income for the year ended December 31, 2023:

	Other Income Gain/(Loss)
Unrealized Internal Cross Currency Swap Gain	\$ 67,719
Euro-denominated Bond Revaluation Loss	(66,619)
Unrealized External Derivative Positions Loss	(27,540)
Realized External Derivative Positions Gain	14,124
Other, Net	22,819
Total	\$ 10,503

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

Income Taxes

The Company is a limited liability company treated as a disregarded entity for U.S. federal income tax purposes and as such, is not subject to U.S. federal, state, and local income taxes. Such taxes are the responsibility of Holdings I. Therefore, no provision for income taxes has been made in the accompanying financial statements.

3. INVESTMENTS

Investments consist primarily of credit-oriented positions.

The following table presents the realized and net change in unrealized gains (losses) on investments held by the Company for the year ended December 31, 2023:

	<u>Realized Gains (Losses)</u>	<u>Net Change in Unrealized Gains (Losses)</u>
Corporate Bonds	\$ 2,898	\$ (321)
Government Securities	8,628	13
Equity Securities	(3,908)	4,334
	<u>\$ 7,618</u>	<u>\$ 4,026</u>

4. FAIR VALUE OPTION

The following table summarizes the financial instruments for which the fair value option has been elected for the year ended December 31, 2023:

	<u>Fair Value</u>	<u>Excess (Deficiency) of Fair Value Over Principal</u>	<u>Realized Gain (Loss)</u>	<u>Net Change in Unrealized Gain (Loss)</u>
Assets				
Loans, at Fair Value	\$ 49,771	\$ 516	\$ (7,704)	\$ 5,059
Equity Securities	7,344	-	(3,908)	4,334
	<u>\$ 57,115</u>	<u>\$ 516</u>	<u>\$ (11,612)</u>	<u>\$ 9,393</u>
Liabilities				
Unfunded Loan Commitments	\$ 1,264	\$ -	\$ -	\$ 6,880
	<u>\$ 1,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,880</u>

As of December 31, 2023, there were no loans on which the fair value option was elected that were past due or in non-accrual status.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative contracts in the normal course of business, with both external and consolidated affiliates of the Corporation, to achieve certain risk management objectives. Foreign exchange risk resulting from investments and fees denominated in non-U.S. dollar currencies are hedged primarily by foreign currency spot and forward contracts, to mitigate foreign currency risk exposure against exchange rate fluctuations. Foreign exchange risk resulting from the issuance of non-U.S. dollar notes is hedged using cross currency swaps with certain consolidated affiliates — including the euro currency exposure resulting from the €300 million, €600 million, €600 million, and €500 million notes issued in May 2015, October 2016, April 2019, and June 2022. Additionally, interest rate and cross currency swaps were entered into in connection with the October 2017 \$300 million 10 year and \$300 million 30 year notes to synthetically convert the 10 year and 30 year U.S. dollar fixed rate liabilities to 10 year pound sterling fixed and 30 year euro fixed respectively. As a result of the use of derivative contracts, the Company is exposed to the risk that counterparties will fail to fulfill their contractual obligations. To mitigate such counterparty risk for contracts outside of the Corporation and its affiliates, the Company enters into contracts with certain major financial institutions with investment grade credit ratings. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

Credit risk with respect to derivative instruments arises from the failure of a counterparty to perform according to the terms of the contract. The Company's exposure to credit risk at any point of time is represented by the fair value of the derivative contracts reported as assets. To manage such exposure, in certain cases, the Company has established bilateral collateral agreements with its major derivative counterparties that provide for exchange of marketable securities or cash to collateralize either party's future payment of obligations pursuant to derivative contracts.

Freestanding Derivatives

Freestanding derivatives are instruments that the Company has entered into as part of its overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include foreign exchange contracts, equity swaps, options, futures, and other derivative contracts.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

The table below summarizes the aggregate notional amount and fair value of the derivative financial instruments for the year ended December 31, 2023:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Notional</u>	<u>Fair Value</u>	<u>Notional</u>	<u>Fair Value</u>
Freestanding Derivatives				
Interest Rate Contracts	\$ 1,390,469	\$ 234,550	\$ 2,668,776	\$ 301,146
Foreign Exchange Contracts	8,068	197	48,430	1,142
Total Return Swaps	63,158	13,171	-	-
Total	<u>\$ 1,461,695</u>	<u>\$ 247,918</u>	<u>\$ 2,717,206</u>	<u>\$ 302,288</u>

The table below summarizes the impact to the Statement of Operations from derivative financial instruments for the year ended December 31, 2023:

Freestanding Derivatives	<u>Other Income</u>
Realized Gains (Losses)	
Foreign Exchange Contracts	\$ (1,651)
Total Return Swaps	15,775
Total	<u>\$ 14,124</u>
Net Change in Unrealized Gain (Loss)	
Interest Rate Contracts	\$ 33,691
Foreign Exchange Contracts	106
Total Return Swaps	6,381
Total	<u>\$ 40,178</u>

As of December 31, 2023, the Company had not designated any derivatives as cash flow, fair value or net investment hedges.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

6. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table summarizes the valuation of the Company's financial assets and liabilities measured at fair value by the fair value hierarchy as of December 31, 2023:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Money Market Funds	\$ 168,849	\$ -	\$ -	\$ 168,849
High Grade Liquid Debt Strategies				
U.S. Government Securities	41,252	-	-	41,252
Loans, at Fair Value	-	-	49,771	49,771
Equity Securities	2,813	-	4,531	7,344
Freestanding Derivatives				
Interest Rate Contracts	-	234,550	-	234,550
Foreign Exchange Contracts	-	197	-	197
Total Return Swaps	-	-	13,171	13,171
Total Assets	<u>\$ 212,914</u>	<u>\$ 234,747</u>	<u>\$ 67,473</u>	<u>\$ 515,134</u>
Liabilities				
Freestanding Derivatives				
Interest Rate Contracts	\$ -	\$ 301,146	\$ -	\$ 301,146
Foreign Exchange Contracts	-	1,142	-	1,142
Unfunded Loan Commitments	-	-	1,264	1,264
Total Liabilities	<u>\$ -</u>	<u>\$ 302,288</u>	<u>\$ 1,264</u>	<u>\$ 303,552</u>

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for financial instruments classified in Level III of the fair value hierarchy as of December 31, 2023.

	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>	<u>Ranges</u>	<u>Weighted Average (a)</u>
Financial Assets					
Loans, at Fair Value	\$ 19,292	Discounted Cash Flows	Discount Rate	8.8% - 14.9%	10.3%
Loans, at Fair Value	30,479	3rd Party Pricing	Broker Quotes	N/A	N/A
Freestanding Derivatives	13,171	Discounted Cash Flows	Discount Rate	8.8% - 11.8%	10.5%
Equity Securities	4,531	Other	Other	N/A	N/A
Financial Liabilities					
Unfunded Loan Commitments	\$ 1,264	3rd Party Pricing	Broker Quotes	N/A	N/A

(a) Unobservable inputs were weighted based on the fair value of the investments included in the range.

As of December 31, 2023, the significant unobservable inputs used in the fair value measurement of loans and receivables are discount rates, and third-party pricing. Increases (decreases) in discount rates in isolation can result in a lower (higher) fair value measurement.

Since December 31, 2022, there have been no changes in valuation techniques within Level II and Level III that have had a material impact on the valuation of financial instruments.

BLACKSTONE HOLDINGS FINANCE CO. L.L.C.
Notes to Financial Statements
Year Ended December 31, 2023
(All Dollars are in Thousands, Except Where Noted)

The following table summarizes the changes in financial instruments measured at fair value for which the Company has used Level III inputs to determine fair value and does not include gains or losses that were reported in Level III in prior years or for instruments that were transferred out of Level III prior to the end of the current reporting period. Total realized and unrealized gains and losses recorded for Level III investments are reported in Investment Income (Loss) and Other Income in the Statement of Operations.

	Loans, at Fair Value	Unfunded Loan Commitments	Equity Securities	Freestanding Derivatives	Total
Balance, Beginning of Period	\$ 315,039	\$ (8,144)	\$ 2,726	\$ 6,210	\$ 315,831
Transfer Out of Level III	-	-	(2,726)	-	(2,726)
Purchases	250,512	-	6,114	-	256,626
Sales	(541,050)	-	(1,583)	-	(542,633)
Issuances	68,450	-	-	-	68,450
Settlements	(62,214)	-	-	(8,252)	(70,466)
Changes in Gains (Loss) Included in Earnings	19,034	6,880	-	15,213	41,127
Balance, End of Period	<u>\$ 49,771</u>	<u>\$ (1,264)</u>	<u>\$ 4,531</u>	<u>\$ 13,171</u>	<u>\$ 66,209</u>
Changes in Unrealized Gains (Losses) Included in Earnings Related to Investments Still Held at the Reporting Date	\$ 5,059	\$ 6,880	\$ -	\$ 9,872	\$ 21,811

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7. REPURCHASE AGREEMENTS

As of December 31, 2023, the Company had no outstanding repurchase agreements.

8. BORROWINGS

The Company enters into credit agreements and long-term borrowings for its general operating and investment purposes. The Company's credit agreements and total borrowings as of December 31, 2023 consisted of the following:

	Credit Extended	Borrowing Outstanding	Effective Interest Rate
Credit Facility (a)	\$ 4,325,000	\$ -	-
Company Issued Senior Notes (b)			
2.000%, Due 5/19/2025 (c).....	331,170	331,170	2.16%
1.000%, Due 10/5/2026 (c).....	662,340	662,340	1.16%
3.150%, Due 10/2/2027.....	300,000	300,000	3.30%
5.900%, Due 11/3/2027.....	600,000	600,000	6.13%
1.625%, Due 8/5/2028.....	650,000	650,000	1.79%
1.500%, Due 4/10/2029 (c).....	662,340	662,340	1.60%
2.500%, Due 1/10/2030.....	500,000	500,000	2.73%
1.600%, Due 3/30/2031.....	500,000	500,000	1.71%
2.000%, Due 1/30/2032.....	800,000	800,000	2.18%
2.550%, Due 3/30/2032	500,000	500,000	2.67%
6.200%, Due 4/22/2033.....	900,000	900,000	6.33%
3.500%, Due 6/1/2034 (c).....	551,950	551,950	3.90%
6.250%, Due 8/15/2042.....	250,000	250,000	6.65%
5.000%, Due 6/15/2044.....	500,000	500,000	5.16%
4.450%, Due 7/15/2045.....	350,000	350,000	4.56%
4.000%, Due 10/2/2047.....	300,000	300,000	4.20%
3.500%, Due 9/10/2049.....	400,000	400,000	3.61%
2.800%, Due 9/30/2050.....	400,000	400,000	2.88%
2.850%, Due 8/5/2051.....	550,000	550,000	2.91%
3.200%, Due 1/30/2052.....	1,000,000	1,000,000	3.27%
Total	<u>\$ 15,032,800</u>	<u>\$ 10,707,800</u>	

- (a) As of December 31, 2023, the Company has a credit facility (the "Credit Facility") with Citibank, N.A., as Administrative Agent in the amount of \$4.3 billion with a maturity date of December 15, 2028. Interest on the borrowings is based on an adjusted Secured Overnight Finance Rate ("SOFR") rate or alternate base rate, in each case plus a margin, and undrawn commitments bear a commitment fee of 0.06%. The margin above adjusted SOFR used to calculate interest on

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borrowings was 0.75% plus an additional credit spread adjustment of 0.10% to account for the difference between LIBOR and SOFR. The margin is subject to change based on the Corporation's credit rating. Borrowings may also be made in U.K. sterling, euros, Swiss francs, Japanese yen or Canadian dollars, in each case subject to certain sub-limits. The Credit Facility contains customary representations, covenants and events of default. Financial covenants consist of a maximum net leverage ratio and a requirement to keep a minimum amount of fee-earning assets under management, each tested quarterly. Certain transaction costs have been capitalized and are being amortized over the life of the Credit Facility. As of December 31, 2023, the unamortized transaction costs were \$4.2 million.

- (b) Represents long term borrowings in the form of senior notes (the "Notes") issued by the Company. The Notes are unsecured and unsubordinated obligations of the Company. The Notes are fully and unconditionally guaranteed, jointly and severally, by the Corporation, and Holdings (the "Guarantors"). The guarantees are unsecured and unsubordinated obligations of the Guarantors. The indentures include covenants, including limitations on the Company's and the Guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The indentures also provide for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Notes may declare the Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the Notes and any accrued and unpaid interest on the Notes automatically becomes due and payable. All or a portion of the Notes may be redeemed at the Company's option in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the Notes. If a change of control repurchase event occurs, the holders of the Notes may require the Company to repurchase the Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including the date of repurchase. Accrued interest and interest expense on the Notes were \$108.9 million and \$345.4 million, respectively, for the period ended December 31, 2023. Transaction costs related to the issuance of the Notes have been capitalized and are being amortized over the life of the Notes. As of December 31, 2023, the unamortized transaction costs were \$72.4 million.
- (c) The Company has recognized \$66.6 million of foreign exchange loss on Euro-denominated borrowings (inclusive of discounts and fees) in Other Income for the year ended December 31, 2023 as a result of the €300 million, €600 million, €600 million, and €500 million notes payable issued on May 19, 2015, October 3, 2016, April 10, 2019 and June 3, 2022 respectively.

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The following table presents each of our Notes, as well as their carrying value and fair value. The Credit Facility and Notes are included in Loans Payable within the Statement of Financial Condition. All of the notes were issued at a discount. All of the Notes accrue interest from the Issue Date and all pay interest in arrears on a semi-annual basis or annual basis as indicated by the Interest Payment Dates.

<u>Senior Notes</u>	<u>Issue Date</u>	<u>Interest Payment Dates</u>	<u>First Interest Payment Dates</u>	<u>December 31, 2023</u>	
				<u>Carrying Value</u>	<u>Fair Value (a)</u>
2.000%, Due 5/19/2025.....	5/19/2015	5/19	5/19/2016	336,005	324,778
1.000%, Due 10/5/2026.....	10/5/2016	10/5	10/5/2017	664,085	620,864
3.150%, Due 10/2/2027.....	10/2/2017	4/2, 10/2	4/2/2018	298,476	283,059
5.900% Due 11/3/2027.....	11/3/2022	5/3, 11/3	5/3/2023	595,411	625,158
1.625%, Due 8/5/2028.....	8/5/2021	2/5, 8/5	2/5/2022	645,406	566,508
1.500%, Due 4/10/2029.....	4/10/2019	4/10	4/10/2020	666,655	601,272
2.500%, Due 1/10/2030.....	9/10/2019	1/10, 7/10	1/10/2020	493,573	431,005
1.600%, Due 3/30/2031.....	9/29/2020	3/30, 9/30	3/30/2020	496,447	391,955
2.000%, Due 1/30/2032.....	8/5/2021	1/30, 7/30	1/30/2022	789,282	633,152
2.550%, Due 3/30/2032.....	1/10/2022	3/30, 9/30	3/30/2022	495,670	410,755
6.200% Due 4/22/2033.....	11/3/2022	4/22, 10/22	4/22/2023	891,899	962,037
3.500%, Due 6/1/2034.....	6/1/2022	3/30	3/30/2023	521,549	536,319
6.250%, Due 8/15/2042.....	8/17/2012	2/15, 8/15	2/15/2013	239,457	263,270
5.000%, Due 6/15/2044.....	4/7/2014	6/15, 12/15	12/15/2014	489,975	464,560
4.450%, Due 7/15/2045.....	4/27/2015	1/15, 7/15	1/15/2016	344,691	297,486
4.000%, Due 10/2/2047.....	10/2/2017	4/2, 10/2	4/2/2018	291,149	233,685
3.500%, Due 9/10/2049.....	9/10/2019	3/10, 9/10	3/10/2020	392,436	294,608
2.800%, Due 9/30/2050.....	9/29/2020	3/30, 9/30	3/30/2021	394,103	252,008
2.850%, Due 8/5/2051.....	8/5/2021	2/5, 8/5	2/5/2022	543,317	352,457
3.200%, Due 1/30/2052.....	1/10/2022	1/30, 7/30	7/30/2022	987,402	696,740
Total				<u>\$10,576,988</u>	<u>\$9,241,676</u>

(a) Fair Value is determined by broker quote, and these Notes would be classified as Level II within the fair value hierarchy.

As part of the Company's long-term borrowing arrangements, the Company and Holdings are subject to certain financial and operating covenants. Both the Company and Holdings were in compliance with all of its covenants as of December 31, 2023.

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Schedule principal payments for borrowings at December 31, 2023 were as follows:

		Operating Borrowings
2025	\$	331,170
2026		662,340
2027		900,000
2028		650,000
Thereafter		8,164,290
Total	\$	10,707,800

9. OFFSETTING OF ASSETS AND LIABILITIES

The following table represents the offsetting of assets and liabilities as of December 31, 2023.

	Gross and Net Amounts of Assets/Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
		Financial Instruments	Cash Collateral Received	Net Amount
Assets				
Freestanding Derivatives	\$ 247,918	\$ 176,222	\$ 49,502	\$ 22,194
Liabilities				
Freestanding Derivatives	\$ 302,288	\$ 176,222	\$ -	\$ 126,066

10. COMMITMENTS AND CONTINGENCIES

The Company had \$377.8 million of investment commitments and \$84.7 million of loan commitments as of December 31, 2023 representing principal investment and loan commitments.

At December 31, 2023, the Company maintained \$40.3 million as security for outstanding letters of credit for Blackstone affiliates.

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11. RELATED-PARTY TRANSACTIONS

The Company provides treasury management services to the Corporation and many of its subsidiaries. The Company sweeps excess cash from these entities and invests cash in various investment strategies to optimize investment returns. This arrangement generates amounts Due to Affiliates. The Company also acts as the central expense paying agent generating Due from Affiliates. The Company may extend loans to certain Affiliates and may also sell loans extended to third parties to Affiliate funds. Amounts Due to and from Affiliates also include receivables and payables to consolidated subsidiaries of the Corporation and unconsolidated Affiliate funds of the Corporation transacted in the normal course of business. These amounts are reported net by respective entity as the Company has the right to offset receivable and payable positions with the same entity. The Company evaluates amounts due from Affiliates for collectability on a quarterly basis and based on liquidity needs requests settlement on a net basis.

For treasury management services and for certain arrangements with the Corporation, the Company recognizes interest income and expense on intercompany balances based on SOFR rates plus a margin. Interest income and expense is presented on the Statement of Operations within Interest Income and Interest, respectively. The Company recognized interest income and interest expense of \$909.3 million and \$266.8 million, respectively, in connection with related party transactions.

The following table presents the components of Due from Affiliates and Due to Affiliates for the year ended December 31, 2023:

	<u>Due From Affiliates</u>	<u>Due to Affiliates</u>
Amounts related to Consolidated subsidiaries of the Corporation	\$ 16,465,505	\$ 6,501,786
Amounts related to Non-Consolidated subsidiaries of the Corporation	655,803	1,041
	<u>\$ 17,121,308</u>	<u>\$ 6,502,827</u>

The Company entered into cross currency swaps with certain consolidated Affiliates of the Corporation, to manage the currency risk related to its issued foreign currency borrowings. During the year ended December 31, 2023 the Company recognized \$67.7 million of gain related to intercompany swaps. Further, disclosure on cross currency swaps with affiliates is presented in Note 5 “Derivative Financial Instruments” to the financial statements. The Company maintains irrevocable standby letters of credit for certain Affiliates. The Company’s disclosures regarding standby letters of credit are discussed in Note 10, “Commitments and Contingencies”. As of December 31, 2023, the overdraft balance in Accounts Payable, Accrued Expenses and Other Liabilities and the deposit balance in Other Assets relating to the cash pooling arrangements was \$531.0 million and \$0 respectively. See Note 2, “Summary of Significant Accounting Policies” to the financial statements for further disclosure on the cash pooling arrangements.

During the period ended December 31, 2023 the Company sold Loans, at fair value of \$544.0 million, to certain affiliated funds.

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The Company, together with Holdings, has entered into certain deed of covenants in which it acts as principal covenantor to affiliated entities' rental obligations under certain operating lease agreements. In the event of the affiliate entities default on the rental obligations, the Company and Holdings are required to assume those obligations. The maximum potential amount of future payments that the Company and Holdings could be required to make under the guarantees as of December 31, 2023 is \$132.2 million, which is through the life of the operating leases.

12. SUBSEQUENT EVENTS

As of February 23, 2024, the date on which these financial statements were available to be issued, there have been no additional events since December 31, 2023 that require recognition or disclosure in the financial statements.