

BLACKSTONE ALTERNATIVE INVESTMENT FUNDS PLC

Luxembourg country supplement dated 22 January 2020 to the Prospectus dated 19 December 2019 and Supplement dated 19 December 2019

This Luxembourg country supplement is supplemental to, forms part of and should be read in conjunction with the English language prospectus dated 19 December 2019 and the supplement to the prospectus dated 19 December 2019 (together the “Prospectus”) of BLACKSTONE ALTERNATIVE INVESTMENT FUNDS PLC (the “Company”).

Capitalised terms used but not defined herein have the meanings assigned to them in the Prospectus.

Public Distribution of the Shares of the Company in Luxembourg

The Shares of the following sub-fund of the Company (the “Sub-Fund”) have been notified for public distribution in Luxembourg, all to be issued as provided for in the Prospectus:

Blackstone Diversified Multi-Strategy Fund – Class I EUR Accumulating
Blackstone Diversified Multi-Strategy Fund – Class I EUR Distributing
Blackstone Diversified Multi-Strategy Fund – Class A EUR Accumulating
Blackstone Diversified Multi-Strategy Fund – Class A EUR Distributing
Blackstone Diversified Multi-Strategy Fund – Class I USD Accumulating
Blackstone Diversified Multi-Strategy Fund – Class I USD Distributing
Blackstone Diversified Multi-Strategy Fund – Class A USD Accumulating
Blackstone Diversified Multi-Strategy Fund – Class A USD Distributing
Blackstone Diversified Multi-Strategy Fund – Class I CHF Accumulating
Blackstone Diversified Multi-Strategy Fund – Class I CHF Distributing
Blackstone Diversified Multi-Strategy Fund – Class A CHF Accumulating
Blackstone Diversified Multi-Strategy Fund – Class A CHF Distributing
Blackstone Diversified Multi-Strategy Fund – Class I GBP Accumulating
Blackstone Diversified Multi-Strategy Fund – Class I GBP Distributing
Blackstone Diversified Multi-Strategy Fund – Class A GBP Accumulating
Blackstone Diversified Multi-Strategy Fund – Class A GBP Distributing
Blackstone Diversified Multi-Strategy Fund - Class C (USD) Accumulating
Blackstone Diversified Multi-Strategy Fund - Class C (USD) Distributing
Blackstone Diversified Multi-Strategy Fund - Class C (EUR) Accumulating
Blackstone Diversified Multi-Strategy Fund - Class C (EUR) Distributing
Blackstone Diversified Multi-Strategy Fund - Class C (CHF) Accumulating
Blackstone Diversified Multi-Strategy Fund - Class C (CHF) Distributing

SOCIETE GENERALE BANK & TRUST, with registered office at 11, Avenue Emile Reuter, L- 2420 Luxembourg has been appointed as paying agent (the “Paying Agent”) in respect of the shares of the Sub-Fund of the Company (the “Shares”). Accordingly, SOCIETE GENERALE BANK & TRUST is acting as agent of the Company for the payment of distributions (if any) and the payment in relation to repurchases and exchanges of the Shares in Luxembourg to shareholders in the Sub-Fund (the

“Shareholders”). Investors may also present applications, repurchases and exchanges requests of Shares to SOCIETE GENERALE BANK & TRUST.

Copies of all documents referred to in the section “Supply and Inspection of Documents” on page 110 of the Prospectus, the constitution of the Company and the latest financial reports are available for inspection at the offices of SOCIETE GENERALE BANK & TRUST. Copies of the Prospectus of the Company may be obtained at the offices of SOCIETE GENERALE BANK & TRUST.

The net asset value of the Shares as well as the applications and repurchases prices of the Shares can be obtained on a daily basis from the offices of SOCIETE GENERALE BANK & TRUST during normal business hours, on the website www.blackstone.com/bxdms, and at such other sources as the directors of the Company may deem appropriate.

Any notice to the Shareholders will be duly notified to their registered address in accordance with the notice requirements specified in the Prospectus (generally, by electronic mail, any other means of electronic communication or by post).

Sale of the Shares in Luxembourg will take place through banks and distributors

Luxembourg taxation

The following information is of a general nature only and is based on the Company’s understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this country supplement. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Shares and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to Shareholders. This summary is based on the laws in force in Luxembourg on the date of this country supplement and is subject to any change in law that may take effect after such date. Prospective Shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l’emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, net worth tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Luxembourg Taxation of Shareholders

Luxembourg tax residency of the Shareholders

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg, by reason only of the holding of the Shares, or the execution, performance, delivery and / or enforcement of the Shares.

Income Tax

A Luxembourg resident Shareholder is not liable to any Luxembourg income tax on reimbursement of share capital previously contributed to the Company.

Luxembourg Resident Individuals

Dividends and other payments derived from the Shares by a resident individual Shareholder, who acts in the course of the management of either his/her private wealth or his/her professional/business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realized upon the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of within six (6) months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual Shareholder holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five (5) years preceding the disposal, more than ten percent (10%) of the share capital of the company whose Shares are being disposed of. A Shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six (6) months after the acquisition thereof are taxed according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Luxembourg Resident Companies

A Luxembourg resident company (*société de capitaux*) must include any profits derived, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable profits for Luxembourg income tax assessment purposes.

Luxembourg Residents Benefiting From a Special Tax Regime

Shareholders which are Luxembourg resident companies benefiting from a special tax regime, such as (i) undertakings for collective investment subject to the amended law of 17 December 2010, (ii) specialised investment funds subject to the amended law of 13 February 2007 relating to specialised investment funds (iii) family wealth management companies governed by the amended law of 11 May 2007 and (iv) reserved alternative investment funds treated as specialised investment funds for Luxembourg tax purposes and subject to the amended law of 23 July 2016, are income tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg income tax.

Luxembourg Non-Resident Shareholders

A non-resident Shareholder, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, is generally not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

A non-resident Shareholder which has a permanent establishment or a permanent representative in Luxembourg to which or to whom the Shares are attributable, must include any income received, as well as any gain realized on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. The same inclusion applies to an individual, acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg, to which or whom the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Withholding Tax

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the Company to its Shareholders in relation to the distributing Shares.

Net Wealth Tax

Luxembourg resident Shareholders and non-resident Shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, except if the Shareholder is (i) an individual, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010, (iii), a securitisation company governed by the amended law of 22 March 2004, (iv) a company governed by the amended law of 15 June 2004, on venture capital vehicles, (v) a specialised investment fund governed by the amended law of 13 February 2007, (vi) a family wealth management company governed by the amended law of 11 May 2007, (vii) a professional pension institution governed by the amended law of 13 July 2005 or, (viii) a reserved alternative investment fund vehicle governed by the amended law of 23 July 2016.

However, (i) a Luxembourg resident securitisation company governed by the amended law of 22 March 2004 on securitisation, (ii) a professional pension institution governed by the amended law of 13 July 2005, (iii) a reserved alternative investment fund vehicle (opting for the treatment as a venture capital vehicle for Luxembourg tax purposes) governed by the amended law of 23 July 2016, and (iv) a Luxembourg resident company governed by the amended law of 15 June 2004 on venture capital vehicles shall be subject to the minimum net wealth tax ("MNWT") charge according to the amended law of 16 October 1934 on net wealth tax.

As from 1 January 2016, MNWT is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total balance sheet and EUR 350,000, the MNWT is set at EUR 4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the EUR 4,815 MNWT, the MNWT ranges from EUR 535 to EUR 32,100, depending on their total balance sheet.

Other Taxes

There is no Luxembourg registration tax, stamp duty or other similar tax or duty payable by the Shareholders in Luxembourg by reason only of the issuance or transfer of Shares.

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Shares are included in his or her taxable base for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the Shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Shareholders and interested persons are recommended to consult their tax advisers regarding their specific tax situation resulting from the purchase and holding of Shares as well as the disposition of their holding and disposition of their Shares.

The directors of the Company whose names appear under the heading "MANAGEMENT AND ADMINISTRATION" in the Prospectus are responsible for the contents of the Prospectus and this country supplement.

DATED: 22nd January 2020