

**Item 1 – Cover Page**

**Blackstone Real Estate Advisors L.P.**

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as of March 23, 2015

Form ADV, Part 2; the “Disclosure Brochure” or “Brochure” provides information about the qualifications and business practices of Blackstone Real Estate Advisors L.P., a Delaware limited partnership (“BREA”).

If you have any questions about the contents of this brochure, please contact Judy Turchin, Chief Compliance Officer for BREA, at (212) 583-5748; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. BREA is registered with the SEC as an investment adviser. BREA’s registration as an investment adviser does not imply any level of skill or training.

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

BREA is registered with the SEC as an investment adviser. BREA’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to evaluate BREA and should be considered in your decision whether to invest in a Fund advised by BREA.



## **Item 2 – Material Changes**

There has not been any material change to this Brochure since its last annual update on March 31, 2014 other than to reflect the provision of investment advisory services to Blackstone Real Estate Partners VIII L.P. and Blackstone Property Partners L.P. and the global “core+” business.

BREA, at any time, may update this Brochure and either you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC website as indicated above, or you may contact BREA’s Chief Compliance Officer, Judy Turchin, at (212) 583-5748; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

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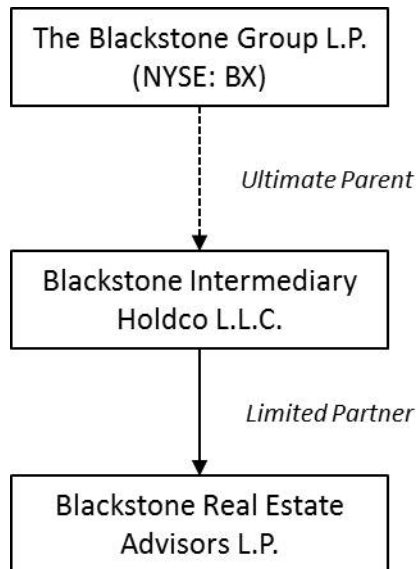
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## Item 4 – Advisory Business

### Overview of the Firm:

BREA, a Delaware limited partnership, provides investment advisory services to (i) Blackstone Real Estate Partners VI L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP VI”), (ii) Blackstone Real Estate Partners VII L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP VII”), (iii) Blackstone Real Estate Partners VIII L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP VIII”) and (iv) Blackstone Real Estate Partners Asia L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP Asia”, and, together with BREP VI, BREP VII and BREP VIII, the “BREP Funds”). The BREP Funds are each investment funds that focus on control-oriented “opportunistic” investments in real estate assets or real estate companies. In addition, Blackstone Property Advisors L.P., a Delaware limited partnership (“BPA”), an affiliate of BREA, provides investment advisory services to Blackstone Property Partners L.P. and its parallel funds and alternative investment vehicles (“BPP”) and certain other managed accounts that focus on investments in real estate and real estate related assets within the “Core+” investment space (“Core+ Investments”). BPP is an open-ended, commingled investment fund that focuses on Core+ Investments in the United States and Canada. BREA also provides investment advisory services to single investor and pooled vehicles that invest in real estate related investments that Blackstone determines are not appropriate for the BREP Funds (the “Other Real Estate Investments”, and, together with the BREP Funds and BPP, the “Funds”). An affiliate of BREA serves as the general partner (the “General Partner”) of the Funds. BREA was formed in December 2006. BREA also provides sub-advisory investment services with respect to the MB Asia Real Estate Fund (“MB Asia”), which Blackstone has sponsored since 2010.

The ultimate parent of BREA is The Blackstone Group L.P., which is a publicly held company listed on the New York Stock Exchange which trades under the ticker symbol “BX”. Please see the structure chart below. The Blackstone Group L.P. (together with its affiliates, “Blackstone”) is one of the leading alternative investment managers in the world with investment programs concentrating in the private equity, real estate, corporate advisory and debt/credit areas, as well as the hedge fund solutions business. BPA is not separately registering itself. References to BREA herein may include, where the context so requires, references to BPA. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for more information.



BREA's regulatory assets under management ("RAUM") were \$49.42 billion as of December 31, 2014. Please note that this figure is an unaudited estimate.

### **Description of Advisory Services:**

BREA serves as investment advisor to the Funds pursuant to the terms of the investment advisory agreements (the "Advisory Agreements") between BREA and each of the Funds. As investment advisor to the Funds, BREA:

1. Identifies investment opportunities for the Funds;
2. Makes recommendations to the General Partner of each Fund regarding the purchase and/or sale of investments; and
3. Participates in the monitoring and evaluation of the Funds' investments.

The individual needs of the investors in the Funds are not the basis of investment decisions by BREA. Investment advice is provided directly to the Funds by BREA and not individually to the Funds' respective investors.

BREA also serves as an investment sub-advisor to MB Asia, pursuant to the terms of the investment sub-advisory agreement between BREA and Blackstone Singapore Pte. Ltd., the investment advisor of MB Asia.

## **Item 5 – Fees and Compensation**

### **Management Fees and Performance Fees**

Pursuant to the Advisory Agreements with each of the Funds, BRE A is entitled to compensation for its services in the form of an annual management fee (the “Management Fee”), payable quarterly in arrears, in respect of each Fund. In general, the Management Fee with respect to the Funds varies based on the amount of each investor’s capital commitment to the Fund. During the investment period, Management Fees are charged based on capital commitments, and thereafter based on invested capital. The Management Fee payable by a BREP VI investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$300 million and (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$300 million. The Management Fee payable by a BREP VII investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$300 million, (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$300 million but less than \$500 million, (C) 1.15% per annum if such investor has aggregate capital commitments equal to or greater than \$500 million but less than \$800 million and (D) 1.10% per annum if such investor has aggregate capital commitments equal to or greater than \$800 million. The Management Fee payable by a BREP VIII investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$300 million, (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$300 million but less than \$500 million and (C) 1.15% per annum if such investor has aggregate capital commitments equal to or greater than \$500 million. The Management Fee payable by a BREP Asia investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$200 million, (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$200 million but less than \$500 million and (C) 1.00% per annum if such investor has aggregate capital commitments equal to or greater than \$500 million. For BREP VII and BREP Asia, the Management Fee payable by an investor that participated in the initial closing of the Fund was waived for the four-month period following such Fund’s effective date. For BREP VIII, the Management Fee payable by an investor that participates in the initial closing of the Fund will be waived for the four-month period following BREP VIII’s effective date. The Management Fee payable by a BPP investor is: (A) 1.0% per annum multiplied by such investor’s proportionate share of the net asset value of the Fund if such investor has aggregate capital commitments of less than \$300 million and (B) 0.85% per annum multiplied by such investor’s proportionate share of the net asset value of the Fund if such investor has aggregate capital commitments of at least \$300 million. For BPP, the Management Fee payable by an investor that participates in the initial closing of the Fund will be reduced by 25% for the two year period immediately following the initial closing of the Fund. The Management Fee payable by an Investor in an Other Real Estate Investment varies by Other Real Estate Investment.

As set forth in Item 6 below, the General Partners of the Funds are each also eligible to receive performance-based allocations or “carried interest” allocations in respect of realized investments. In addition, the General Partner of BPP may receive performance-based allocations in respect of unrealized appreciation of the Fund’s investment portfolio. The Private Placement Memorandum (“PPM”, as supplemented from time to time) and the Limited Partnership Agreement and Advisory Agreement of each Fund includes further details on fees, compensation and related matters.

In addition, pursuant to the sub-advisory agreement relating to MB Asia, BREa is entitled to compensation from Blackstone Singapore Pte Ltd. BREa receives fees up to 110% of its costs in providing such investment sub-advisory services.

Management Fees and performance-based allocations are either deducted from an investor’s assets invested with BREa at the payment date, withheld from distributions or invoiced pursuant to a payment notice (in the case of Management Fees).

Certain investors in the Funds, which are generally current and/or former senior advisors and employees of Blackstone, chief executive officers of Blackstone portfolio companies, Blackstone Total Alternative Solutions (“BTAS”) and/or charitable programs, endowment funds and related entities established by or associated with any of the foregoing (“Blackstone Investors”), will not pay management fees and/or performance based allocations in connection with their investment in the Funds. Notwithstanding the foregoing, such investors will either directly pay for their pro rata share of certain Fund expenses (as described below), or the pro rata amount of such expenses will be allocated to the General Partner, or its affiliates.

It can be expected that Blackstone will enter into agreements with investors involving one or more strategies in addition to the Fund’s strategy with terms and conditions applicable to such investor and its investment in multiple Blackstone strategies that would not apply to a Limited Partner’s investment in the Funds. Such an agreement would typically involve an investor agreeing to make a capital commitment to multiple Blackstone funds, one or more of which may include the Funds. Investors will not receive a copy of the agreement memorializing such a multi-strategy investment program and will be unable to elect any rights or benefits granted to such multi-strategy investor. Specific examples of such additional rights and benefits include discounts on fees or carried interest applied to some or all of the relevant investment program and/or investment vehicles, as well as targeted amounts for co-investments alongside Blackstone funds, which may include investments made by the Funds. To the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to investors.

### **Other Fees Payable to BREa and its Affiliates**

In addition to BREa's Management Fee and performance-based allocations (see Item 6 below), BREa and its affiliates receive (i) an acquisition fee with respect to any investment, (ii) fees relating to investments for any management, construction, leasing, development and other property management services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, loan servicing, property, title and/or other types of insurance, management consulting and other similar operational matters and (iii) fees for advisory services (including investment banking) provided to companies in which the Funds, directly or indirectly, has an interest, on arm's length terms and at competitive market rates.

Blackstone expects to establish an 80/20 joint venture with an existing leading national title agency to create a new title company. It is anticipated that the new title company would act as an agent for one or more of large underwriters in issuing title policies for investments by the Funds and Other Blackstone Funds as well as non-Blackstone investments. This title agent would place title insurance for property owned by the Funds and/or portfolio companies of the Funds and/or Other Blackstone Funds, and, as a result, Blackstone would, through its interest in such entity, receive fees and compensation resulting from the Funds and their investments, and there would be no related offset to the Management Fee. As a result, while Blackstone believes the affiliated title agent when engaged would generally provide services at or better than those provided by third parties (even in jurisdictions where insurances rates are statutorily determined), there is an inherent conflict of interest that would incentive Blackstone to engage its affiliated service provider over a third party.

The Management Fee paid by investors in the Funds to BREa is reduced by (A) for investors in BREP VI, (i) 80% of such investor's pro rata share of any additional fees and (ii) 50% of such investor's pro rata share of any acquisition fees; (B) for investors in BREP VII, (i) 80% of such investor's pro rata share of any additional fees and (ii) 70% of such investor's pro rata share of any acquisition fees; (C) for investors in BREP VIII (i) 80% of such investor's pro rata share of any additional fees and (ii) 70% of such investor's pro rata share of any acquisition fees; (D) for investors in BREP Asia, (i) 80% of such investor's pro rata share of any additional fees and (ii) 100% of such investor's pro rata share of any acquisition fees; and (E) for investors in the Other Real Estate Investments, a portion that varies among the Other Real Estate Investments; provided, however, that such fees will be allocated between the relevant Fund (and parallel funds) and any other investment fund sponsored by BREa and its affiliates having an interest in such fees on a pro rata basis in applying the foregoing.

In the case of acquisition fees, oftentimes these will be calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of invested capital and debt assumed or financed by the Funds and/or the portfolio company and its subsidiaries and affiliates.



BREP VII, BREP VIII and BPP bear the cost of fund administration services provided by Blackstone employees (including the allocation of their compensation otherwise payable by Blackstone), and such amounts will not offset the Management Fee. Such allocations require judgments as to methodology that Blackstone will make in good faith. Such methodologies can include (i) requiring personnel to periodically record or allocate their historical time according to Fund, (ii) Blackstone approximating the proportion of certain personnel's time spent on particular funds, (iii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and market rate for such services or (iv) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Any such methodology (including the choice thereof) involves inherent conflicts and may not result in perfect attribution and allocation of expenses. These expenses will be borne by the Fund and will not result in any offset to the Management Fee.

Any "break-up" or other similar fees received by BREX and its affiliates in connection with any unconsummated or terminated transaction are treated like additional fees. In addition, BREX will engage and retain on behalf of the Funds and/or their portfolio companies senior advisors, consultants, and other similar professionals who are not employees or affiliates of BREX and who may, from time to time, receive payments from, or performance allocations with respect to, portfolio companies, and such amounts will not offset the Management Fee paid by the Funds.

### **Expenses**

The following is a list of expenses that are typically borne by the Funds (and indirectly by the limited partners of the Funds) and paid directly to third parties. This list is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the applicable Fund's offering materials and organizational documents for a more extensive description of the expenses associated with an investment in such Fund.

- Legal fees
- Regulatory filing fees of the Funds, including but not limited to compliance with the EU Alternative Investment Fund Managers Directive
- Expenses related to BREX's compliance matters and reporting obligations to the extent they relate to the Funds' activities (e.g., Form PF, CFTC filings)
- Administrative fees, including overhead related thereto
- Fees paid to third-party administrators for services provided to BPP
- Consultant and senior advisor expenses
- Technology expenses (which includes internally allocated charges)
- Accounting fees
- Taxes
- Audit and accounting fees
- Brokerage commissions

- Transaction fees
- Custodial fees
- Travel and entertainment expenses in connection with the Partnership's investment activities (including first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including closing dinners, social and entertainment events with portfolio company management, customers and service providers)
- Research-related expenses, including news and quotation equipment and services
- Broken-deal expenses
- Expenses associated with the preparation of the Funds' periodic reports and related financial and other statements
- Expenses of investor meetings
- Expenses of litigation involving the Funds or entities in which the Funds have investments and the amount of any judgments or settlements paid in connection therewith
- Expenses incurred in connection with complying with provisions in investor side letter agreements, including "Most-Favored Nations" provisions

Investors in a Fund are allocated their pro rata share of such additional fees and expenses. From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or the General Partner and BREX, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and Blackstone's other investment funds and collective investment vehicles (including vehicles in existence as of the date hereof and those that may be formed in the future, collectively, "Other Blackstone Funds"), on the other. Certain expenses may be suitable for only a particular fund or parallel fund and borne only by such fund, or, as is more often the case, expenses may be allocated *pro rata* among the fund and all parallel funds even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partner will make such judgments in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable.

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

In addition to the Management Fees and other fees described in Item 5 that are received by BREa, the General Partner of each Fund receives a portion of the profits of current disposition proceeds from each Fund with respect to each investor (other than those that are affiliates of BREa), which is equal to, in the case of the BREP Funds, 20% of the amounts otherwise distributable to such investor, and in the case of the Other Real Estate Investments, a percentage of the amounts otherwise distributable to such investor that varies depending on the particular Other Real Estate Investment. Such allocation of profits is only allocated to the General Partners when specific conditions are met, including the return to each of the investors of an aggregate amount equal to all capital contributed to the Funds by such investors for realized investments, writedowns on unrealized investments, fees and expenses allocable to such investments and the receipt of a preferred return on such amounts.

The Funds distribute current income from an investment generally in the manner described above relating to the distribution, except that distributions are made on an investment by investment basis and do not take account of a return of capital and any writedowns, but will take into account actual unrecouped losses from prior dispositions.

The fact that BREa's affiliate is in part compensated based on the performance of the Funds may create an incentive for BREa to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, the commitment by Blackstone to invest in the Funds, clawback provisions, where applicable, and the fact that the preferred return is calculated on an aggregate basis should tend to reduce this incentive. In connection therewith, the General Partner's clawback obligation, where applicable, may create an incentive for the General Partner to defer disposition of one or more investments if such disposition would result in a realized loss, a return on investment that was less than the preferred return and/or the finalization of dissolution and liquidation of a Fund where a clawback obligation would be owed.

BREa has adopted policies and procedures to ensure that all clients are treated fairly and equally and to prevent any potential conflict of interest.

As described in Item 5, Blackstone Investors are not subject to management fees or carried interest allocations.

## **Item 7 – Types of Clients**

BREA manages the Funds. A Fund's investors may consist of some or all of the following:

- Banks and other financial institutions;
- Insurance companies;
- Investment companies;
- Public and private retirement and pension plans;
- Public and private profit sharing plans;
- Trusts and estates;
- Charitable organizations and foundations, including endowment funds thereof;
- State and municipal government agencies;
- Sovereign wealth funds;
- Private investment funds;
- Corporations;
- Business entities other than those listed above; and
- Certain high net worth individuals.

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

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

### **Analysis**

BREA identifies and evaluates the investments in which the Funds invest. BREA's analysis is based on certain criteria, which include, but are not limited to, liquidity and investment performance.

### **Investment Strategies**

BREA will offer advice to the Funds generally to invest in equity, equity-related real estate securities (including (i) preferred stock, debt and other securities relating to common equity investments and (ii) preferred stock, debt and other securities that are expected to produce equity-like returns), single real estate assets, portfolios of real estate assets, real estate operating companies, and other real estate and real estate-related assets in conjunction with privately negotiated transactions. These investments are generally made in connection with acquisitions, dispositions, restructurings, workouts, management acquisitions and other similar situations and generally involve some degree of leverage.

BREA's investment analysis methods will include fundamental, technical and cyclical research. BREA's investment team is responsible for evaluating real estate, securities and other products for investment, making asset allocation and investment selection for the Funds. BREA's investment professionals with the advice and assistance of legal counsel also review all portfolios for adherence to the applicable investment objectives of each portfolio and the applicable Fund's stated investment strategies.

BREA conducts primarily four types of due diligence on prospective investments:

- A preliminary review of each opportunity is conducted to screen the attractiveness of each deal followed by an initial projection based on macro- and micro-economic analyses. Projection assumptions are generally developed from analysis of historical operating performance, discussions with local real estate contacts, and review of published sources.
- BREA reviews relevant books and records (such as comparing rent roll to leases for office buildings), confirms cash flow information provided by the seller, and conducts similar types of analysis, in most instances using outside consultants.
- Physical due diligence primarily involves an analysis of environmental and engineering matters through third-party consultants. Conclusions from environmental/engineering reports are incorporated into the financial projection analysis. Additionally, each potential

investment and comparable properties are investigated to assess relative market position, functionality and obsolescence.

- BREa works closely with outside counsel to review, diligence and negotiate all applicable legal and property-specific documents pertaining to an investment (e.g., loan documents, leases, management agreements, purchase contracts, etc.).

The Blackstone Real Estate Group generally meets each week to discuss potential and pending transactions in the group. At that meeting every transaction being pursued by the group is discussed (unless there are no new developments or activities to report). If the group's consideration of a transaction has advanced to the stage where the transaction team proposes to place a definitive bid to acquire or invest in the subject assets, the transaction team will prepare a detailed memorandum on the transaction for the Real Estate Investment Committee (the "Investment Committee"), which in practice meets on Monday each week to review investment opportunities, market conditions and potential conflicts. The Investment Committee consists of approximately 20+ persons, all of whom are Senior Managing Directors or Founding Members of our real estate business, plus the Chairman and CEO of Blackstone and the President of Blackstone. The Investment Committee will discuss the transaction in depth with the transaction team and decide whether to authorize such a definitive bid and what the bid should be. In addition to an in-depth discussion of the subject investment and the investment thesis, deal tactics and potential exit strategies will usually be discussed by the Investment Committee and the transaction team. The Investment Committee will often conduct multiple meetings on a particular deal.

### **Risk of Loss**

An investment in the Funds entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks:

1. No established market for potential investments exists
2. Illiquidity of investments by the Funds
3. Changes in legal, fiscal, and regulatory regimes
4. Nature of equity or equity-related investments
5. Non-U.S. Investments, including currency fluctuation and political factors
6. Dependence on BREa's key personnel
7. Portfolio concentration
8. Investment environment and market risk
9. Market volatility risks
10. Risk of loss of entire investment
11. Deterioration of property values

- 12. Policy risks in emerging markets
- 13. Currency fluctuations
- 14. Increase in supply / decrease in demand

**Prospective investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds.**

Stock markets, bond markets and real estate markets fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets which BREa manages that is out of BREa's control. BREa cannot guarantee any level of performance or that investors in the Funds will not experience a substantial or complete loss of their account assets. There is no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of the Funds. The expenses of the Funds may exceed their income, and an investor in a Fund could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of the Funds cannot be taken to guarantee future results of the Funds or any investment in the Funds.

## **Item 9 – Disciplinary Information**

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

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



## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Other Financial Industry Activities**

From time to time, various potential and actual conflicts of interest arise from the overall investment activities of BREA and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to Blackstone and BREA in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that BREA determines in its good faith judgment constitutes an actual conflict of interest, BREA will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions BREA will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions include, by way of example and without limitation, (i) presenting a conflict of interest to the L.P. Advisory Committee of the respective Fund as provided for in the respective Limited Partnership Agreement, (ii) disposing of the security giving rise to the conflict of interest; (iii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (iv) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the respective L.P. Advisory Committee regarding the conflict of interest and either obtaining a waiver from the respective L.P. Advisory Committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the respective L.P. Advisory Committee with respect to such conflict of interest. There can be no assurance that Blackstone will identify or resolve all conflicts of interest in a manner that is favorable to each Fund. By acquiring an interest in a Fund, each Limited Partner will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

***Blackstone Policies and Procedures.*** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the advantages across Blackstone's various businesses that the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management, advisory and other businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and subject to more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In connection with its investment banking, advisory and other businesses, Blackstone may come into possession of information that limits its and its affiliates' ability to engage in potential transactions. The Funds' activities may be constrained as a result of the inability of Blackstone personnel to use such information. For example, employees of

Blackstone may be prohibited by law or contract from sharing information with members of the Funds' investment teams. Additionally, there may be circumstances in which one or more of certain individuals associated with Blackstone will be precluded from providing services related to the Funds' activities because of certain confidential information available to those individuals or to other parts of Blackstone. In certain sell-side and fundraising assignments, the seller may permit a Fund to act as a participant in such transactions, which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price). In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that may reduce the positive firm-wide synergies the Funds could otherwise expect to utilize for purposes of identifying and managing attractive investments.

***Investment Banking, Advisory and Other Relationships.*** As part of its regular business, Blackstone provides a broad range of investment banking, advisory, underwriting, placement agent services and other services. In addition, Blackstone may provide services in the future beyond those currently provided. Funds will not receive a benefit from such fees. In the regular course of its investment banking and advisory businesses, Blackstone represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to transactions that are suitable for a Fund. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Fund from participating in such transactions. Blackstone will be under no obligation to decline any such engagements in order to make an investment opportunity available to a Fund.

Blackstone has long-term relationships with a significant number of corporations and their senior management. BREa will consider those relationships when evaluating an investment opportunity, which may result in BREa choosing not to make such an investment due to such relationships (e.g., investments in a competitor of a client). Certain Funds or investors in funds may also co-invest with clients of Blackstone in particular investment opportunities, and the relationship with such clients could influence the decisions made by BREa with respect to such investments.

Blackstone will from time to time participate in underwriting or lending syndicates with respect to portfolio companies of a Fund, or otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, a Fund's portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies or advise on such transactions. Such underwritings will be on either a firm commitment basis or an uncommitted "best efforts" basis. In certain cases, a Blackstone broker-dealer will act as the managing underwriter or a member of the underwriting syndicate and purchase securities from a Fund or such portfolio companies. Blackstone will also, on behalf of a Fund or other parties to a transaction involving a Fund, effect transactions, including transactions in the secondary markets where it nonetheless has a potential conflict of interest

regarding a Fund and the other parties to those transactions to the extent it receives commissions or other compensation from a Fund and such other parties. Subject to applicable law, Blackstone will generally receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone or an Other Blackstone Fund or account is purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with the Funds or BREa. In addition, the Management Fee paid by the Funds generally will not be reduced by such amounts. Blackstone may nonetheless have a potential conflict of interest regarding Funds and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. BREa will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Fund, or as dealer, broker or advisor, on the other side of a transaction with a Fund only where BREa believes in good faith that such transactions are appropriate for a Fund. From time to time, sales of securities for the account of the Funds will be bunched or aggregated with orders for other accounts of Blackstone including Other Blackstone Funds. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged which may be disadvantageous to the Funds.

Where Blackstone serves as underwriter with respect to a portfolio company's securities, Funds will generally be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Funds' ability to dispose of such securities at an opportune time.

***Allocation of Personnel.*** BREa and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, Blackstone personnel will work on other projects, and, therefore, conflicts may arise in the allocation of personnel. In this regard, however, a core group of Blackstone real estate professionals will devote substantially all of their business time to the business related to the Funds and related entities.

***Advisors and Operating Partners.*** Blackstone engages and retains strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of Blackstone and who, from time to time, receive payments from, or allocations with respect to, portfolio companies (as well as from Blackstone or the Funds). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or the Funds will not result in the offset of any Management Fees otherwise due. These consultants and/or other professionals sometimes have the right or may be offered the ability to co-invest alongside the Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company, and such co-investment and/or participation (which generally would reduce the amount invested by the Funds in any

investment) generally would not be considered as part of Blackstone's side-by-side co-investment rights. Notwithstanding the foregoing, these senior advisors, consultants and/or other professionals, as well as current and former chief executive officers of Blackstone portfolio companies may be permitted to participate in Blackstone's side-by-side co-investment rights. Additionally, Other Blackstone Funds will be (or have the preferred right to be) permitted to participate in Blackstone's side-by-side co-investment rights. In particular BTAS, a Blackstone sponsored vehicle co-investing with multiple Blackstone funds, is expected to participate in investments alongside the Partnership pursuant to Blackstone's side-by-side investments rights. In both such cases Blackstone would be eligible to receive fees and carried interest. The nature of the relationship with each of the consultants and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide the General Partner and/or BREAs with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Blackstone has formal arrangements with these consultants and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement) from Blackstone, one or more Funds and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. In certain cases, they have certain attributes of Blackstone "employees" (e.g., they may have dedicated offices at Blackstone, participate in general meetings and events for Blackstone personnel or work on Blackstone matters as their primary or sole business) even though they are not considered Blackstone employees, affiliates or personnel for purposes of the Partnership Agreements, Advisory Agreements and related Management Fee offset provisions of each Fund. There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Funds and/or any portfolio companies throughout the term of the Funds.

***Portfolio Company Relationships.*** Certain portfolio companies enter into an employer health program arrangement or similar arrangements with Equity Healthcare LLC ("Equity Healthcare"), a Blackstone affiliate which 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. The payments made to Equity Healthcare will not offset Management Fees payable by Fund investors. Additionally, Blackstone will from time to time hold equity or other investments in companies or businesses (even if they are not "affiliates" of Blackstone) that provide services to or otherwise contract with portfolio companies. Blackstone has entered (and can be expected in the future to enter) into relationships with companies in the information technology and related industries whereby Blackstone acquires an equity or similar interest in such company. In connection with such relationships,

Blackstone may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefiting Blackstone that are tied or related to participation by portfolio companies). The Funds and the investors will not share in any fees or economic accruing to Blackstone as a result of these relationships and/or participation by portfolio companies.

Blackstone Property Management (“BPM”) is a Blackstone affiliate that provides property advisory, leasing oversight and development management services to certain of the Funds’ investment properties primarily located in the United Kingdom and continental Europe and will receive fees for such services at competitive market rates as confirmed by the General Partner from time to time. In 2014, BPM received revenues reduced by expenses resulting in a net profit from the Funds’ investment properties.

In addition, certain of the Funds’ portfolio companies are or will be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other investment funds managed by BREa or other Blackstone affiliates or certain third-party service providers that, although Blackstone determines to be consistent with the requirements of such funds’ governing agreements, would not have otherwise been entered into but for the affiliation or relationship with Blackstone and which involve fees, commissions, servicing payments and/or discounts to Blackstone, a Blackstone affiliate or a portfolio company which are not subject to the management fee offset provisions described herein. For example, certain portfolio companies enter into agreements regarding group procurement (such as the Group Purchasing Organization), benefits management, purchase of insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other operational, administrative or management related matters with a third party or a Blackstone affiliate that result in fees, commissions, servicing payments and/or discounts, including related to a portion of the savings achieved by the portfolio company being paid to Blackstone, a Blackstone affiliate or a portfolio company. In addition, a Fund will from time to time engage a portfolio company of a Fund to manage an asset held by such Fund on prevailing market terms, and the amounts paid to such a portfolio company shall not reduce the Management Fee payable by the Fund. For example, it is often the case that platforms or management teams from one portfolio company of a Fund will provide services for compensation to an investment held by a different Fund. BREa is authorized to enter into such arrangements without the approval of the investors so long as BREa determines the engagement is on market terms. Under these arrangements, the portfolio company that is providing the service will benefit, and, in addition, a particular portfolio company may benefit to a greater degree than the other participants, and the Fund(s) and/or Other Blackstone Funds that own an interest in such portfolio company will receive a benefit or a greater relative benefit from the arrangement than the other Funds and Other Blackstone Funds.

***Conflicting Fiduciary Duties to Debt Funds.*** Blackstone may structure an investment as a result of which one or more structured vehicles or other collective investment vehicles primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities and

other similar debt instruments (collectively, “Debt Funds”) are offered the opportunity to participate in the debt tranche of an investment allocated to the Funds. As investment advisor to both the Funds and the Debt Funds, Blackstone would owe a fiduciary duty to the Debt Funds as well as to the Fund. If the Debt Funds were to purchase high yield securities or other debt instruments of a portfolio company of the Funds, Blackstone may, in certain instances, face a conflict of interest in respect of decisions made with regard to Debt Funds and the Fund (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

***Other Blackstone Funds; Allocation of Investment Opportunities.*** Through Other Blackstone Funds, Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States, Europe, Asia, Latin America and elsewhere. Although the Funds will generally serve as Blackstone’s primary global control-oriented real estate vehicles, in certain circumstances, not all of the opportunities suitable for the Funds will be presented to the Funds. Each Fund’s organizational documents set forth certain exceptions that allow specified types of investment opportunities that might otherwise fall within a Fund’s investment objectives or strategy to be allocated to Other Blackstone Funds. Some of these exceptions are subject to reasonable interpretation and require BREA to exercise its good faith judgment in determining whether an investment opportunity should be allocated to one of the Funds or an Other Blackstone Fund.

To the extent any Other Blackstone Funds have investment objectives or guidelines that overlap with those Funds advised by BREA, in whole or in part, investment opportunities that fall within such common objectives or guidelines shall generally be allocated among the Funds and such Other Blackstone Funds on a basis that the General Partner determines is fair and reasonable in its sole discretion, subject to (i) any applicable contractual provisions relating to the Funds and such Other Blackstone Funds, (ii) the Funds and such Other Blackstone Funds having available capital with respect thereto, (iii) legal, tax, regulatory and other considerations and (iv) such other factors deemed relevant by the General Partner. It is expected that some of the factors that are taken into account when making allocation decisions, such as the sourcing of the transaction, the nature of the investment focus of the Other Blackstone Funds, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the Funds and such Other Blackstone Funds and other considerations deemed relevant by the General Partner in good faith will result in investments that fit within the primary investment mandate of the Funds being wholly or partially allocated to Other Blackstone Funds. With respect to the General Partner’s ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Funds and Other Blackstone Funds (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable), Blackstone has established general guidelines for determining how such allocations are to be made, which, among other things, sets forth priorities and presumptions regarding what constitutes “debt” investments, ranges of rates of returns for defining “core” or “core+”

investments, presumptions regarding allocation for certain types of investments (e.g., distressed investments) and other matters. The application of those guidelines may result in the Funds not participating (and/or not participating to the same extent) in certain investment opportunities that it would have otherwise participated in had the related allocations been determined without regard to such guidelines and/or based only on the circumstances of those particular investment.

Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provides for referral or sharing of investment opportunities. While it is possible that the Funds will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by the Funds would instead be referred (in whole or in part) to such third party.

The Funds' organizational documents specify that Blackstone (which includes participation by Blackstone professionals and employees and Other Blackstone Funds or entities and other key advisors/relationships of Blackstone) will be permitted to make investments alongside the Funds up to a maximum specified percentage of the total investment amount. Such side-by-side investments do not bear fees and generally result in the Funds being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side investment rights, although Blackstone may receive additional income in fees and performance allocations from Other Blackstone Funds in connection with such investments.

There are circumstances where an amount that would have otherwise been invested by a Fund is instead allocated to co-investors, and there is no guarantee for any Fund investor that it will be offered any co-investment opportunities. As a general matter, the allocation of co-investment opportunities is entirely discretionary and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. The General Partner will take into account various facts and circumstances deemed relevant by the General Partner in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone, the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of the Fund's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Fund), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, the Funds, or other co-investments and/or Other Blackstone Funds, and such other factors that Blackstone deems relevant under the circumstances.

In the event break-up or topping fees are paid to BREA in connection with a transaction that is not ultimately consummated, co-investment vehicles that invest alongside the Funds will

generally not be allocated any share of such break-up or topping fees; similarly, such co-investment vehicles generally do not bear their share of broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions.

***Service Providers.*** Certain of the Funds' service providers (including lenders, brokers, attorneys, and investment banking firms) or their affiliates will be investors in the Funds and/or sources of investment opportunities and counterparties therein. Additionally, certain employees of BREa may have family members or relatives employed by such service providers. This may influence the General Partner in deciding whether to select such a service provider or have other relationships with Blackstone. Notwithstanding the foregoing, investment transactions for the Funds 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 services and/or payments of the costs of investment-related research that the General Partner believes to be of benefit to the Funds). In certain circumstances, advisors and service providers, or their affiliates, charge different rates or have different arrangements for services provided to Blackstone, the General Partner, BREa or their affiliates as compared to services provided to the Funds and portfolio companies, which in certain circumstances results in more favorable rates or arrangements than those payable by the Funds or such portfolio companies.

***Representing Creditors and Debtors.*** From time to time, Blackstone will represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings or will serve as advisor to creditor or equity committees. This involvement, for which Blackstone may be compensated, may limit or preclude the flexibility that the Fund would otherwise have to participate in restructurings.

***Side Letters.*** BREa has entered into and will continue to enter into "side letters" with investors in the Funds, which "side letters" allow for certain additional rights, including, without limitation, (i) excuse rights applicable to particular Investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such Investments), (ii) the General Partner's agreement to extend certain information rights or additional reporting to such Investor, including, without limitation, to accommodate special regulatory or other circumstances of such Investor, (iii) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the General Partner for the benefit of lenders or other persons extending credit to or arranging financing for the Funds, (iv) consent of the General Partner to certain transfers by such Investor or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Investor, (v) restrictions on, or special rights of such Investor with respect to the activities of the General Partner, (vi) withdrawal rights (subject to consent of the General Partner) due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (vii) other rights or terms necessary in light of



particular legal, regulatory or public policy characteristics of an Investor, (viii) economic arrangements, (ix) matters regarding such Investor's right to participate in co-investment opportunities and (x) additional obligations, and restrictions of the Funds with respect to the structuring of any investment (including with respect to alternative investment vehicles). Side letters generally will not provide for reduction in Management Fees or performance allocations.

***Indemnification.*** The Funds will be required to indemnify the General Partner, BREa, their affiliates, and each of their respective members, officers, directors, employees, agents, partners, and certain other persons who serve at the request of the General Partner or BREa on behalf of the Funds for liabilities incurred in connection with the affairs of the Funds. Members of the L.P. Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the respective Partnership Agreement of each Fund. Such liabilities may be material and have an adverse effect on the returns of the Investors. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of the General Partner may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unpaid capital commitments of the Investors. If the assets of the Funds are insufficient, the General Partner may recall distributions previously made to the Investors, subject to certain limitations set forth in the respective Partnership Agreement of each Fund. It should be noted that the General Partner may cause the Funds to purchase insurance for the Funds, the General Partner, BREa and their employees, agents and representatives. In addition, because the General Partner may cause the Funds to advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification), there may be periods where the Funds are advancing expenses to an individual or entity with whom the Funds are not aligned or are otherwise an adverse party in a dispute. Moreover, in its capacity as General Partner of the Funds, the General Partner will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification of exculpation so long as the General Partner (and/or its legal counsel) have determined that such disqualifying conduct did not occur.

***Diverse Investor Group.*** Investors in the Funds may have conflicting investment, tax and other interests with respect to their investments in such Funds and with respect to the interests of investors in Other Blackstone Funds that may participate in the same investments. As a consequence, conflicts of interest may arise in connection with decisions made by BREa, including with respect to the nature or structuring of investments, which may be more beneficial for one investors than for another investor. In addition, the Funds may make investments that may have a negative impact on related investments made by the investors in separate transactions. In addition, certain investors in a Fund may also be investors in Other Blackstone

Funds, including co-investment vehicles that may invest alongside one or more of the Funds in one or more investments. Investors may also include affiliates of Blackstone, such as Other Blackstone Funds, charities or foundations associated with Blackstone personnel and/or Blackstone employees and any such affiliates, funds or persons may also invest through the vehicles established in connection with Blackstone's side-by-side co-investment rights. It is also possible that a Fund or a Fund's portfolio entities may be counterparties (such counterparties dealt with on an arm's-length basis) or participants in agreements, transactions or other arrangements with an investor in a Fund or an affiliate of such an Investor. Any such investor may therefore have different information about Blackstone and the Funds than investors not similarly positioned. In addition, conflicts of interest may arise in dealing with any such investors, and the General Partner and its affiliates may not be motivated to act solely in accordance with its interests relating to the Fund.

***Regulatory Risk.*** Blackstone is subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which it operates around the world. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are also empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of a broker-dealer or investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against Blackstone or its personnel. Moreover, the SEC has specifically focused on private equity. In that connection, the SEC's list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. Blackstone is regularly subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which Blackstone routinely cooperates and, in the current environment, even historical practices that have been previously examined are being revisited. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against Blackstone or its personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm Blackstone and the Funds.

### **Other Financial Industry Affiliations**

BREA is an affiliate of the following entities:

<b>Broker/Dealers</b>	
Blackstone Advisory Partners L.P. (“BAP”)	Provides a variety of investment banking services
Park Hill Group LLC (“Park Hill”)	Places alternative investment products in private offerings to mostly institutional investors
<b>Blackstone Real Estate Investment Advisors</b>	
Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors III L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds

Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
BXMT Advisors L.L.C.	Provides investment advisory services to a REIT and other investment vehicles
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third party insurance company
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Large Loan Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT OPI Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
<b>Other Blackstone Investment Advisors</b>	
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors LLC	Provides investment advisory services to open end mutual funds

Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Senfina Advisors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Total Alternative Solutions Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone’s private equity, real asset, credit and opportunistic alternative asset management strategies

Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt focused private investment funds
BSCA Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Strategic Partners Fund Solutions Advisors L.P.	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
<b>Other Investment Advisors</b>	

Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
<b>Foreign Sub-Advisors</b>	
Blackstone (Shanghai) Equity Investments Management Co. Ltd.	Provides investment advisory services to a foreign private investment fund with solely non-US investors
The Blackstone Group Spain SLU	Spain investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone Singapore Pte Ltd	Singapore investment advisory firm, which serves as a sub-advisor to the registrant
Blackstone Advisors India Private Limited	India investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group Japan K.K.	Japanese investment advisory firm, which serves as a sub-advisor to the registrant
<b>Commodity Trading Advisors and Commodity Pool Operators</b>	
Blackstone Alternative Asset Management L.P.	Manages a series of private funds engaged in multi-manager investment programs (i.e., funds of hedge funds)
Blackstone Alternative Investment Advisors LLC	Provides investment advisory services to open end mutual funds

Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Senfina Advisors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
<b>Commodity Pool Operator</b>	
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Commodity Trading Advisor</b>	
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors

Note: BREA manages a number of private investment vehicles, which are listed in ADV Part 1, Schedule D, Section 7.B(1).

Various management personnel are registered with our broker-dealer, BAP, which serves as placement agent to the Funds but is not compensated for such services. In addition, a registered broker-dealer affiliate of BREA, Park Hill, serves as a placement agent or advisor to certain of the Funds. We do not believe these registrations, in and of themselves, create conflicts for our investors.

Blackstone has announced a plan to spin off its financial and strategic advisory business and restructuring and reorganization advisory business, both of which fall within BAP. The spin off also will include Park Hill. All of these businesses will be combined with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman. Blackstone expects the transaction to close in 2015. While the new combined entity will operate independently from Blackstone and will not be a controlled affiliate thereof, conflicts may arise in connection with



transactions between or involving Blackstone or BREa, on the one hand, and the spun-off firm on the other. Specifically, the pre-existing relationship between Blackstone and its former personnel involved in the spun off businesses, the significant overlapping ownership, sharing of revenues and other continuing arrangements may influence Blackstone or BREa in deciding to select or recommend the new entity to perform services for the Funds.

**A more detailed description of applicable conflicts of interest is set forth in the Private Placement Memorandum of each Fund.**

## Item 11 – Code of Ethics

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

BREA is governed by the Blackstone Code of Ethics (the “Code of Ethics”). The Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to the investors in the Funds it manages. The Code of Ethics is designed to ensure that BREA meets its fiduciary obligation to BREA’s clients (or prospective clients) and to instill a culture of compliance within BREA. An additional benefit of the Code of Ethics is to detect and prevent violations of securities laws.

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

The Code of Ethics includes, among other items, the following:

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

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

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for a list of investment related potential conflicts, including, in particular, “Other Blackstone Funds; Allocation of Investment Opportunities” describing conflicts related to allocation of investment opportunities among investment funds sponsored by Blackstone and co-investors. BREA has adopted policies and procedures to address such potential conflicts of interest.

BREA's related persons will from time to time have bought or sold, or will subsequently buy or sell, for their personal accounts, securities which are also purchased or sold for the account of our clients. BREA and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes (including by having minimum holding periods) and that all such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. These guidelines are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. Blackstone's Code of Ethics is available for review upon request.

You may request a copy of Blackstone's Code of Ethics by contacting BREA's Chief Compliance Officer, Judy Turchin; (212) 583-5748; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

## **Item 12 – Brokerage Practices**

BREA does not generally trade in public securities; however, in the event BREA executes a brokerage transaction for the Funds (e.g., trades in public securities as part of or following an IPO of a portfolio company or enters into hedging transactions), BREA will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

## **Item 13 – Review of Accounts**

### ***Review of Accounts***

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

### ***Reports to Clients***

Investors in the Funds generally will receive quarterly reports which will include capital balance and Fund performance statistics. Investors also will receive annual audited financial statements for the Fund in which they are invested. BREa makes use of a website, BXAccess, available at [www.bxaccess.com](http://www.bxaccess.com), for the distribution of reports and other information to investors in the Funds.

Certain investors in the Funds may request information relating to the Funds and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, BREa generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Funds that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

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

BREA has distribution and/or placement agent arrangements with a number of unaffiliated third parties. In a typical distribution or placement agent arrangement, BREA agrees to pay a third-party solicitor for referring investors into a BREA fund. Typically, third-party solicitors will receive a portion of the management fee and/or performance fee paid to BREA (although other payment arrangements could exist). A prospective investor solicited by a third-party solicitor will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be ultimately borne by BREA (through a corresponding reduction in the management fee or otherwise), and none of the investors in the Funds will be subject to any increased or additional fees or charges. Third-party solicitors in the U.S. may be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Park Hill, an affiliate of BREA, has entered into placement or advisory arrangements with certain of the Funds. BAP, an affiliate of BREA, serves as a placement agent for the Funds but is not compensated for such services. Blackstone has announced a plan to spin off its financial and strategic advisory services (including BAP) and Park Hill in a transaction expected to close in 2015. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for more information.

## **Item 15 – Custody**

Rule 206(4)-2, as amended (the “Custody Rule”), of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), defines custody as holding client securities or assets or having any authority to obtain possession of them. The Funds generally have a BREA affiliate acting as general partner and, as such, BREA is deemed to have custody of the Funds’ assets. BREA generally complies with the Advisers Act custody rules by providing all investors in a Fund with audited financial statements within 180 days of the Fund’s fiscal year end.

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, each Fund asset is held in custody by a “qualified custodian” (as defined by the Custody Rule), an unaffiliated broker/dealer or bank, in the name of the applicable Fund.

## **Item 16 – Investment Discretion**

BREA maintains the authority to manage the Funds on a discretionary basis, subject to the overall supervision of the applicable General Partner, in accordance with the investment guidelines, objectives, limitations, other provisions and terms set forth in the Partnership Agreements.



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

### Proxy Policy

Rule 206(4)-6 under the Advisers Act (the “Proxy Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because BREa will generally be deemed to have authority to vote proxies relating to the companies in which its clients invest, BREa has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that BREa exercises or is deemed to be exercising voting authority over its clients’ securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of its clients, as determined by BREa in its sole discretion.

From time to time, conflicts may arise between the interests of the investor, on the one hand, and the interests of BREa or its affiliates, on the other hand. If BREa determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BREa will address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. BREa, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Proxy Rule by contacting BREa’s Chief Compliance Officer, Judy Turchin; (212) 583-5748; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

## **Item 18 – Financial Information**

BREA has never filed for bankruptcy as of the date of this ADV Part 2A and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its investors.

## **Item 19 – Requirements for State Registered Advisers**

Not applicable as BREa is not registered in any state.