

Item 1 – Cover Page

**Blackstone Real Estate Special Situations
Advisors L.L.C.**

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as of March 31, 2015

Form ADV, Part 2; the “Disclosure Brochure” or “Brochure” provides information about the qualifications and business practices of Blackstone Real Estate Special Situations Advisors L.L.C., a Delaware limited liability company (“BRE SSA”).

If you have any questions about the contents of this Brochure, please contact Judy Turchin, Chief Compliance Officer for BRE SSA, at (212) 583-5748; 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.

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

BRE SSA is registered with the SEC as an investment adviser. BRE SSA’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 BRE SSA and should be considered in your decision whether to invest in a Fund advised by BRE SSA.

Item 2 – Material Changes

There has not been any material change to this Brochure since its last annual update dated March 31, 2014 other than to reflect the provision of investment advisory services to Blackstone Real Estate Debt Strategies II – AC L.P.

BRESSA, at any time, may update this Brochure and either send 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's website as indicated above, or you may contact BRESSA's Chief Compliance Officer, Judy Turchin, at (212) 583-5748; judy.turchin@blackstone.com.

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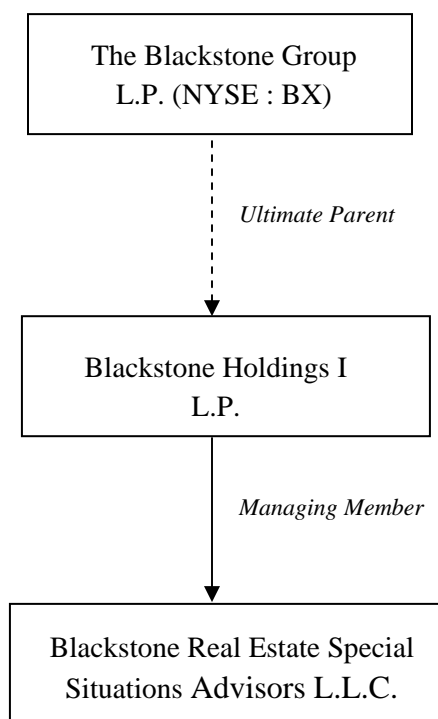
Item 4 – Advisory Business

Overview of the Firm

Blackstone Real Estate Special Situations Advisors L.L.C. (“BRE SSA”) is a Delaware limited liability company. BRE SSA, directly and indirectly through the BRE SSA Relying Advisors (as defined below), provides investment advisory and asset management services to numerous private investment funds, some styled as hedge funds but a majority styled as private equity / drawdown funds and managed accounts (collectively, with their related alternative investment vehicles and parallel funds, the “Funds” and singly, a “Fund”) and other real estate vehicles. These Funds and other real estate vehicles are intended to provide investors with attractive risk-adjusted returns through various real estate market cycles by primarily investing, directly or indirectly, in public and/or private debt and, to a lesser extent, in non-controlling equity and other interests, in each case, in or relating to real estate-related investments. A wholly-owned subsidiary of BRE SSA, BXMT Advisors L.L.C., a Delaware limited liability company (“BXMT Advisors”), manages Blackstone Mortgage Trust, Inc., a publicly traded “real estate investment trust,” which is listed on the New York Stock Exchange and trades under the ticker symbol “BXMT”, and its subsidiaries (together, “BXMT”). BXMT is a real estate finance company that originates and purchases senior loans collateralized by properties in North America and Europe.

Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C. (“BRE SSA Isobel” and together with BXMT Advisors, the “BRE SSA Relying Advisors”), a wholly-owned subsidiary of BRE SSA, manages an investment vehicle (“Isobel”) that owns a portfolio of loans. BRE SSA was formed in December 2007.

The ultimate parent of BRE SSA is The Blackstone Group L.P. which is a publicly held limited partnership listed on the New York Stock Exchange which trades under the ticker symbol “BX”. Please see 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. The BRE SSA Relying Advisors are wholly-owned subsidiaries of BRE SSA. The BRE SSA Relying Advisors are not separately registering themselves. References to BRE SSA herein may include, where the context so requires, references to such BRE SSA Relying Advisors. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for more information.



BRESSA's regulatory assets under management ("RAUM") were \$11.579 billion as of December 31, 2014. Please note that this figure is an unaudited estimate.

Description of Advisory Services

BRESSA serves as investment advisor to certain Funds pursuant to the investment advisory agreements (or other similar investment management agreements) between BRESSA and such Funds and/or other real estate vehicles (the "Advisory Agreements"). As investment advisor to these Funds and such real estate vehicles, BRESSA, among other things:

1. Identifies investment opportunities;
2. Participates in the monitoring and evaluation of investments; and
3. Makes recommendations to BXMT and the general partner of each Fund (each, a "General Partner") regarding the purchase and/or sale of investments.

The individual needs of the investors in the Funds and such real estate vehicles are not the basis of investment decisions by BRESSA. Investment advice is provided directly to the Funds and such real estate vehicles by BRESSA and not individually to the investors therein.

Item 5 – Fees and Compensation

Management Fees

Per BRESSA's Advisory Agreements with each of the Funds, BRESSA is entitled to compensation for its services in the form of an annual management fee (the "Management Fee"), payable quarterly in advance, at a rate up to one and one half percent (1.5%) per annum (0.375% per calendar quarter) of the Fund's (i) net asset value, in the case of the funds that are structured as "hedge funds", or (ii) total invested capital, in the case of the Funds that are structured as "private equity funds", determined and payable as of the first business day of each calendar quarter. Prorated refunds would be provided for partial quarters, if any, and the Management Fee with respect to investors may be reduced in certain circumstances (as more fully described below). The Management Fee varies by Fund and is based on either invested capital or net asset value. In certain cases, the Management Fee in respect of third party investors in a Fund will be reduced for investments made by an investor in a Fund (or Funds) above a specified dollar amount, and by certain additional fees received by BRESSA. The Private Placement Memorandum (as supplemented from time to time, "PPM") and the Limited Partnership Agreement and Advisory Agreement of each Fund includes further details on fees, compensation and related matters.

Per BXMT Advisors' second amended and restated management agreement (the "BXMT Management Agreement") with BXMT, BXMT Advisors is entitled to a management fee in an amount equal to the greater of (i) \$250,000 per annum (\$62,500 per quarter); and (ii) 1.50% per annum (0.375% per quarter) of "equity" (as defined in the BXMT Management Agreement) of BXMT. The BXMT Management Agreement includes further details on fees, compensation and related matters.

Per the management agreement to which BRESSA Isobel is a party, BRESSA Isobel is entitled to receive management fees in an amount equal to 0.30% per annum payable quarterly based on the aggregate outstanding principal balance of the loans held by the relevant Isobel vehicle.

Management Fees and performance-based fees and allocations are either deducted from an investor's assets invested with BRESSA at the payment date, withheld from distributions or invoiced at an appropriate time. The General Partner of certain Funds structured as "hedge funds" receives performance-based allocations in respect of unrealized appreciation, subject to certain conditions.

In addition to BRESSA's Management Fee and performance-based fees and allocations (see Item 6 below), Fund and BXMT investors will bear indirectly as partnership or company expenses

any fees and expenses charged by BRESSA or the General Partners to the Funds or BXMT (as applicable). Those fees will vary, but typically include professional fees such as legal and accounting fees, fees or charges for administrative services and other customary fees and expenses relating to the Funds.

Certain investors in the Funds, which are generally current and/or former senior advisors, employees and retired partners of Blackstone, other Blackstone funds, including 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 be subject to 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 Funds’ 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 or strategies, 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 BRESSA and its Affiliates

In addition to the Management Fee and performance-based allocations (see Item 6 below), BRESSA and its affiliates receive (i) fees from portfolio entities or other third parties as compensation for the arranging, underwriting, syndication or refinancing of an investment or other additional fees, including acquisition fees, special servicing and administrative fees, capital markets transactions and advice, investment banking, financial/advisory, real estate advisory, healthcare, consulting/brokerage, capital market/credit origination, loan services, title and/or other types of insurance, management consulting, group purchasing, asset/property management and other services, (ii) fees from, or with respect to, the Funds’ investments and/or portfolio entities and from unconsummated transactions, including net break-up and topping fees, net commitment fees, net transaction fees, net monitoring fees, directors’ fees and net organization, financing, origination, divestment and similar fees, and (iii) fees associated with capital invested by co-investors relating to investments in which the Funds participate or otherwise, in connection

with a joint venture in which the Funds participate or otherwise with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which BRESSA or its affiliates performs services.

BRESSA will receive additional fees relating to the investment activities of the Funds or other real estate vehicles. Fees received by BRESSA in connection with the deployment of capital by the Funds or other real estate vehicles, will be applied (up to a certain percentage specified in the Advisory Agreements of such Funds or other real estate vehicles) to reduce the management fees borne by investors in such Funds or other real estate vehicles (it being understood that Blackstone will receive additional fees with respect to the Funds' activities as described herein that will generally not be required to be shared with the Funds or their investors).

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 certain investments by the Funds and Other Blackstone Funds (as determined below) as well as non-Blackstone investments. This title agent would place title insurance for property owned by portfolio entities of the Other Blackstone Funds and, to the extent Funds own property as part of its investment strategy (e.g., in the event of a foreclosure), of the Funds. As a result, Blackstone would, through its interest in such entity, receive fees and compensation related thereto, 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 incentivize Blackstone to engage its affiliated service provider over a third party.

In addition, BRESSA also engages and retains on behalf of the Funds and/or their portfolio entities senior advisors, consultants, and other similar professionals who are not employees or affiliates of BRESSA. and who, from time to time, receive payments from, or allocations with respect to, portfolio entities, and such amounts will not offset the Management Fee paid by the Funds. (See "Advisors and Operating Partners" in Item 10 below).

Expenses

The following is a list of expenses that are typically borne by the Funds and other real estate vehicles (including BXMT) (and indirectly by the investors in the Funds or such other real estate vehicles) and paid directly to third parties. This list is not intended to be exhaustive; prospective and existing investors in the Funds and other real estate vehicles (including BXMT) 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 and other real estate vehicles (including BXMT).

- Legal fees

- Regulatory filing fees of the Funds and other real estate vehicles (including BXMT), including but not limited to compliance with the EU Alternative Investment Fund Managers Directive
- Expenses related to BRESSA's compliance matters and reporting obligations to the extent they relate to the Funds' and other real estate vehicles' (including BXMT's) activities (e.g., Form PF, CFTC filings, Securities Exchange Act of 1934 reports)
- Administrative fees, expenses and charges, including overhead related thereto (See "Other Fees Received by BRESSA and its Affiliates" in Item 10 below)
- Fees paid to administrators for services provided to the Funds and other real estate vehicles (including BXMT)
- Consultant, operating partners and senior advisor expenses (See "Advisors and Operating Partners" in Item 10 below)
- Technology expenses (which includes internally allocated charges)
- Accounting fees
- Taxes
- Audit fees
- Brokerage commissions
- Transaction fees
- Fees and expenses associated with borrowing
- Custodial fees
- Travel and entertainment expenses in connection with the Fund's and other real estate vehicles' (including BXMT'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 entity management, customers and service providers)
- Research-related expenses, including news and quotation equipment and services
- Broken-deal expenses (See "Other Fees Received by BRESSA and its Affiliates" in Item 10 below)
- Expenses associated with the preparation of the Funds' and other real estate vehicles' (including BXMT's) periodic reports and related financial and other statements
- Expenses of investor meetings
- Insurance expenses
- Expenses of litigation involving the Funds and other real estate vehicles (including BXMT) or entities in which the Funds and other real estate vehicles (including BXMT) 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 or BXMT are allocated (or otherwise bear) their pro rata share of such additional fees and expenses. Most staff out-of-pocket travel expenses in connection with the Funds' or BXMT's transactions are treated as fund expenses, subject to the terms of the Funds' organizational documents and of the BXMT Management Agreement. The General Partner or BXMT will be required to decide whether costs and expenses are to be borne by a Fund or BXMT, on the one hand, or the General Partner and BRESSA, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds or BXMT, on the

one hand, and Blackstone's other investment funds, collective investment vehicles and/or managed accounts (including vehicles in existence as of the date hereof and those that will be formed in the future, collectively, "Other Blackstone Funds"), on the other. Certain expenses may be suitable for only a particular fund (or, where applicable, parallel fund) and borne only by such fund, or, as is more often the case, expenses may be allocated *pro rata* among the funds participating in the relevant investment(s) even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partner will make such judgments in a manner that it determines to be fair and reasonable in good faith, notwithstanding its interest in the outcome, and will 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 - Fees and Compensation** above that are received by BRESSA, the General Partner of each Fund is entitled to performance-based allocations which are allocations based on a share of realized income/capital gains. In the case of Funds structured as hedge funds, a performance-based allocation can be up to 20% of net capital appreciation and subject to loss carryforward provisions. In the case of Funds structured as private equity / drawdown funds, incentive allocations and other performance based payments can be up to 15% of cumulative net profits, taking into account aggregate net losses on writedowns and subject to clawback. In the case of the investment vehicle managed by BRESSA Isobel, performance-based allocation is 10% of distributions after a preferred return of 8%. Per the BXMT Management Agreement, BXMT Advisors has the ability to earn a quarterly incentive fee of up to 20% of core earnings after a 7% annual hurdle rate is exceeded for previous four quarters and core earnings for the 12 prior quarters is greater than zero. Performance-based allocations and fees are only made when specific conditions are met, including, in the case of the Funds, the return of realized capital and costs and the receipt of a preferred return.

As described in Item 5, Blackstone Investors will not be subject to management fees or performance-based allocations.

The fact that BRESSA is in part compensated based on the performance of the Funds and other real estate vehicles (including BXMT) creates an incentive for BRESSA 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 and other real estate vehicles (including BXMT), 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, creates 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.

BRESSA has adopted policies and procedures to operate in a manner whereby all its clients are treated fairly and equitably and to minimize the risk of any potential conflict of interest.

BRESSA will seek to make investment allocation decisions regarding overlapping investment opportunities between or among the Funds and other real estate vehicles (including BXMT) on a

“fair and reasonable” basis in good faith and in a manner consistent with its fiduciary obligations to the Funds.

As between or among the Funds and other real estate vehicles (including BXMT) employing (i) the same (or substantially the same) investment strategy, BRESSA will generally seek to allocate investments pro rata, based on available capital, and (ii) overlapping or different investment strategies or being subject to different investment guidelines, BRESSA will allocate investments in a fair and reasonable manner as determined in good faith by BRESSA; provided that, in all cases, BRESSA will allocate investments between or among the Funds and/or the other real estate vehicles (including BXMT) based on the following general criteria that include (but are not limited to):

- Investment guidelines, limitations and strategy for a client/fund;
- Whether a client/fund already has sufficient exposure to the investments, issuer, sector, industry or markets in question;
- The different liquidity positions and requirements of a client/fund;
- Legal, tax, regulatory, accounting, tax and other similar considerations;
- The relative capitalization, available capital and “age” of capital of a client/fund;
- The relative risk profile of a client/fund (e.g., a senior-like risk profile of a private loan being more typical of a BXMT investment and a mezzanine-like risk profile of a private loan being more typical of an investment by a Fund);
- Portfolio concentration considerations;
- The nature and terms of the particular investment;
- Formal diversification requirements and other investment limitations imposed by a client’/fund’s constituent documents;
- The right and ability of a client/fund to borrow either with respect to the particular investment opportunity under consideration or its portfolio in general;
- Different historical and anticipated subscription, commitment, contribution and redemption patterns;
- Minimum investment criteria;
- Investment time horizon and anticipated holding period/maturity;
- The liquidity of the investment opportunity;

- The size and amount of the investment opportunity;
- The ability of a client/fund to employ leverage, hedging, derivatives or other similar strategies in connection with acquiring, holding or disposing of the particular investment opportunity, and any requirements or other terms of any existing leverage facilities;
- Redemption/withdrawal requests from a client/fund and anticipated future contributions into an account;
- When a *pro rata* allocation could result in *de minimis* or odd lot allocations; and/or
- Any other considerations deemed relevant by BRESSA under the circumstances.

Item 7 – Types of Clients

BRESSA manages both private equity funds and hedge funds, as well as other real estate vehicles. The investors in the Funds and other real estate vehicles consist of some or all of the following:

- Pension and Profit Sharing Plans
- Sovereign Wealth Funds
- Private Corporate Pension Plans
- State and Municipal Government Agencies
- Banks, Insurance Companies and other Financial Institutions
- High Net Worth and Other Individuals
- Trusts and Estates
- Charitable Organizations and Foundations, including Endowment Funds thereof
- Corporations
- Private Investment Funds
- Investment Companies
- Business entities other than those listed above

BXMT is listed on NYSE and investors in BXMT are not required to meet any suitability requirements. All investors in the Funds and the other real estate vehicles (excluding BXMT) are subject to applicable suitability requirements. BRESSA and the General Partners of the Funds 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 the applicable General Partner’s discretion.

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

Analysis

BRESSA identifies and evaluates the investments in which the Funds and other real estate vehicles invest. BRESSA's analysis is based on certain criteria, which include, but are not limited to, capital structure, liquidity and investment performance.

Investment Strategies

The Funds are intended to provide investors with attractive risk-adjusted returns through various real estate market cycles by primarily investing, directly or indirectly, in public and/or private debt and, to a lesser extent, in non-controlling equity and other interests, in each case, in or relating to real estate-related investments. The investment thesis emphasizes three core tenets:

- (i) Preservation of capital;
- (ii) Quarterly current income distributions (for “private equity” Funds only), and
- (iii) Attractive total returns with the use of limited leverage.

Likely investment targets include, but are not limited to:

- B-Notes and mezzanine debt
- Interim loans
- Originated or existing loans
- CMBS bonds
- Preferred equity
- Public debt securities

Certain of the Funds limit their investments primarily to pools or tranches of commercial mortgage backed securities (“CMBS”) and related securities and financial instruments.

BRESSA's investment analysis methods include fundamental, technical and cyclical research. BRESSA's investment team is responsible for evaluating securities (and other products) for investment, making asset allocation and security selection on a daily basis for the Funds. BRESSA's investment professionals also review all portfolios for adherence to the investment objectives of each portfolio and the Funds' stated investment strategies.

BRESSA pursues a disciplined investment strategy on behalf of the Funds, with a focus on fundamental research and bottoms-up valuation. In addition, BRESSA leverages the existing expertise of Blackstone's real estate group to help it focus on similar types of assets that Blackstone's other real estate funds would pursue, but do not do so because those opportunities fall outside the core investment strategy of those funds. BRESSA generally will evaluate investment decisions without regard to event driven circumstances and will pay special attention to underlying asset-by-asset valuation, downside protection, long-term supply-demand fundamentals and financial sponsorship. For a more detailed summary of certain key aspects of the investment strategy BRESSA will utilize on behalf of each Fund and/or real estate vehicles, a description of the types of investments in which the Funds and such real estate vehicles are expected to invest, and a discussion of risk management procedures, please refer to the applicable PPM thereof which is available to you by contacting BRESSA at the address or telephone number on the cover page of the Brochure.

BXMT's business is currently focused on originating senior, floating rate mortgage loans (and other instruments with similar risk characteristics) that are secured by a first priority mortgage on commercial real estate assets primarily in the office, lodging, residential, retail, industrial, and healthcare sectors in North America and Europe. These investments may be in the form of whole loans or may also include pari passu participations within mortgage loans. Although originating senior loans is BXMT's primary area of focus, as market conditions evolve over time and to capitalize on the investment opportunities that may be present at various other points of an economic cycle, BXMT also originate subordinate loans, including subordinate mortgage loans, mezzanine loans, preferred equity, real estate securities (such as commercial mortgage-backed securities, or CMBS, or collateralized loan obligations, or CLOs), and note financings.

The above is only a summary of the principal investment strategies employed by BXMT Advisors. The material risks associated with these strategies is set forth below. Please see the SEC filings of BXMT for a more complete description of each strategy.

The Blackstone Real Estate Group Investment Committee generally meets each week to discuss potential and pending transactions in the group, as well as the general political and economic environment and global real estate investing landscape. At that meeting, in addition to the transactions being pursued by other Blackstone funds in the Real Estate Group, the Real Estate Group Investment Committee discusses the strategic direction and performance of the Funds and other real estate vehicles and significant transactions of \$100 million or more net equity being pursued by the Funds and other real estate vehicles (other than BXMT).

In addition to the Real Estate Group Investment Committee meetings discussed above, the BRESSA Investment Committee generally meets each Monday in New York to discuss potential and pending transactions for the Funds and other real estate vehicles (including BXMT). The BRESSA 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 investments and the investment thesis, deal tactics and potential exit strategies will usually be discussed by the BRESSA Investment Committee and the transaction team. The BRESSA Investment Committee will often conduct multiple meetings on a particular deal.

BXMT also has an Investment Risk Management Committee, composed of three independent members of BXMT's Board of Directors, that is generally responsible for the supervision of BXMT Advisors' compliance with BXMT's investment guidelines, and must approve any proposed investment (i) of more than 25% of BXMT's Equity (as defined in BXMT's management agreement) in any individual investment or (ii) in excess of \$250 million.

Risk of Loss

An investment in the Funds and/or the other real estate vehicles (including BXMT) entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of an investment therein and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks (some of which may not apply to a particular Fund or real estate vehicle); however, prospective investors are advised to review the offering materials of the applicable Fund or real estate vehicle for a more extensive description of the risks of investing in the Funds or real estate vehicles:

1. No established market for potential investments exists
2. Illiquidity of investments by the Funds or real estate vehicles
3. Changes in legal, fiscal, and regulatory regimes
4. Nature of equity or equity-related investments
5. Nature of mezzanine and other real-estate related debt investments
6. Non-U.S. Investments, including currency fluctuation and political factors
7. Dependence on BRESSA's key personnel
8. Portfolio concentration
9. Investment environment and market risk
10. Market volatility risks
11. Highly competitive nature of real estate investment business
12. Lender liability risks, including equitable subordination
13. Due diligence may not reveal all factors affecting an investment and may not reveal weaknesses in underlying loans securing such investments in all circumstances
14. Counterparty risks due to derivative contracts
15. Leverage risk
16. Interest rate and hedging risk
17. Risk associated with subordinated debt and/or real estate investment activities generally
18. Risks specific to construction lending activities

Prospective investors are advised to review the offering materials of applicable Fund or the other real estate vehicle (including BXMT) for a more extensive description of the risks of investing in the Funds or such other real estate vehicles (including BXMT).

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 BRESSA manages that is out of its control. BRESSA cannot guarantee any level of performance or that investors in the Funds and other real estate vehicles (including BXMT) will not experience a substantial or complete loss of their account assets. There is no assurance that the Funds or other real estate vehicles 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 BRESSA. The expenses of the Funds or other real estate vehicles may exceed their income, and an investor in a Fund or other real estate vehicle could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund or other real estate vehicle if the investor can withstand a total loss of its investment. The past investment performance of the Funds or other real estate vehicles cannot be taken to guarantee future results of the Funds or other real estate vehicles or any investment in the Funds or other real estate vehicles.

Item 9 – Disciplinary Information

BRESSA does not have any legal, financial or other “disciplinary” item to report. As a registered investment adviser, BRESSA is obligated to disclose any disciplinary event that would be material to the investor when evaluating an investor/adviser relationship.

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, BRESSA does not believe that any current legal proceeding or claim to which Blackstone is a party would individually or in the aggregate materially affect BRESSA and/or the Funds’ and other real estate vehicles’ (including BXMT’s) results of operations, financial position or cashflows.

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 BRESSA and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Investors in the Funds and other real estate vehicles (including BXMT) should consult the offering documents of applicable Fund or other real estate vehicle for a more complete listing of applicable conflicts. Any references to Blackstone and BRESSA in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that BRESSA determines in its good faith judgment constitutes an actual conflict of interest, BRESSA will take such actions as it determines in good faith is necessary or appropriate to ameliorate the conflict (and upon taking such actions BRESSA 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 respective limited partner advisory committee (each, an “L.P. Advisory Committee”) or the respective representative of a limited partner (each, an “L.P. Representative”) of a Fund and, in the case of BXMT, its Board of Directors, as provided for in the respective governing documents, (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 (or L.P. Representative) and, in the case of BXMT, its Board of Directors, regarding the conflict of interest and either obtaining a waiver from the respective L.P. Advisory Committee (or L.P. Representative) and, in the case of BXMT, its Board of Directors, of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the respective L.P. Advisory Committee (or L.P. Representative) and, in the case of BXMT, its Board of Directors, 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 and other real estate vehicle. By acquiring an interest in a Fund or and other real estate vehicle, each limited partner or shareholder, as applicable, 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 and its affiliates, including BXMT Advisors and BRESSA Isobel, to mitigate potential conflicts of interest and address certain regulatory requirements and contractual

restrictions will from time to time reduce the advantages across Blackstone's and its affiliates' various businesses that BRESSA, the Funds and other real estate vehicles expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different businesses, including asset management businesses, a capital market group and a real estate advisory business, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. For example, Blackstone will from time to time come into possession of material non-public information that limits its and its affiliates' ability to engage in potential transactions. The activities by the Funds and other real estate vehicles 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' and other real estate vehicles' 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 activities by the Funds and other real estate vehicles because of certain confidential information available to those individuals or to other parts of Blackstone. In certain advisory assignments, the seller may permit a Fund or other real estate vehicle 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 and other real estate vehicles otherwise expect to utilize for purposes of identifying and managing investments. To the extent that the Blackstone real estate group is in possession of material, non-public information or otherwise is restricted from trading in certain securities, BRESSA, the Funds and other real estate vehicles, as part of the Blackstone real estate group, will as a general matter also be deemed to be in possession of such information or otherwise restricted. This will likely reduce the investment opportunities available to the Funds and other real estate vehicles.

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 and other real estate vehicles 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 and other real estate vehicle. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Fund and other real estate vehicle 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 and other real estate vehicle.

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

Blackstone will from time to time participate in underwriting or lending syndicates with respect to portfolio entities of a Fund and other real estate vehicle, or otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, portfolio entities of a Fund and other real estate vehicle, or otherwise in arranging financing (including loans) for portfolio entities 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 from time to time act as the managing underwriter or a member of the underwriting syndicate and purchase securities from a Fund (or other real estate vehicle) or such portfolio entities or advise on such transactions. Blackstone will also from time to time, on behalf of a Fund (or other real estate vehicle) or other parties to a transaction involving a Fund (or other real estate vehicle), effect transactions, including transactions in the secondary markets where it nonetheless has a potential conflict of interest regarding a Fund (or other real estate vehicle) and the other parties to those transactions to the extent it receives commissions or other compensation from a Fund (or other real estate vehicle) and such other parties. Subject to applicable law, Blackstone will from time to time 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, other real estate vehicles or BRESSA. In addition, the Management Fee paid by the Funds and other real estate vehicles generally will not be reduced by such amounts. Blackstone will from time to time have a potential conflict of interest regarding Funds (or other real estate vehicles) and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. BRESSA will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Fund (or other real estate vehicle), or as dealer, broker or advisor, on the other side of a transaction with a Fund (or other real estate vehicle) only where BRESSA believes in good faith that such transactions are appropriate for a Fund (or other real estate vehicle). From time to time, sales of securities for the account of the Funds or other real estate vehicles will be bunched or aggregated with orders for other accounts of Blackstone including Other Blackstone Funds. It may not be 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 or other real estate vehicles.

Where Blackstone serves as underwriter with respect to a portfolio entity's securities, the Funds or other real estate vehicles will from time to time be subject to a "lock-up" period following the offering under applicable regulations during which time their ability to sell any securities that they continue to hold is restricted. This may prejudice the Funds' or other real estate vehicles' ability to dispose of such securities at an opportune time.

The Funds and other real estate vehicles may invest in securities of the same issuers as other investment vehicles, accounts and clients of Blackstone and BRESSA, including Other Blackstone Funds. Such investments will generally not be subject to any L.P. Advisory Committee (or other similar, including BXMT's Board of Directors) consent. To the extent that the Funds or other real estate vehicles hold interests that are different (including with respect to their relative seniority) than those held by such other vehicles, accounts and clients, BRESSA may be presented with decisions involving circumstances where the interests of such vehicles, accounts and clients are in conflict with those of the Funds or other real estate vehicles. Furthermore, it is possible interests of the Funds or other real estate vehicles may be subordinated or otherwise adversely affected by virtue of the other vehicle's, account's or client's involvement and actions relating to its investment. To the extent that a Blackstone portfolio entity comprises a material part of the pool or tranche of CMBS in which a Fund (or other real estate vehicle) could invest, the Fund (or other real estate vehicle), as a result of such relationship, may be deemed to be in possession of material non-public information and be precluded from trading on that basis. In addition, the Funds and other real estate vehicles may from time to time buy and sell investments relating to the same or related issuers at different times and/or on different terms (including, without limitation, as a result of the need to satisfy withdrawal requests from the Funds or other real estate vehicles that are structured to afford investors periodic withdrawal rights), and may from time to time participate in loan refinancing transactions relating to portfolio issuers (or pools of loans) held by certain of the other Funds or other real estate vehicles.

Advisors and Operating Partners. Blackstone engages and retains strategic advisors, consultants, senior advisors, operating partners 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 entities (as well as from Blackstone or the Funds or other real estate vehicles). In such circumstances, such payments from, or allocations with respect to, portfolio entities and/or the Funds or other real estate vehicles will not result in the offset of any Management Fees otherwise due and may be treated as expenses for the applicable Funds or other real estate vehicles. These senior advisors, consultants, operating partners and/or other professionals sometimes have the right or may be offered the ability to co-invest alongside the Funds or other real estate vehicles, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio entity, and such co-investment and/or participation (which generally will reduce the amount invested by the Funds or other real estate vehicles in any investment) generally will not be considered as part of

Blackstone's side-by-side co-investment rights. Notwithstanding the foregoing, these senior advisors, consultants, operating partners and/or other professionals may be (or have the preferred right to be) investors in Blackstone portfolio entities and/or Other Blackstone Funds, and 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, will participate in certain investments alongside certain Funds or other real estate vehicles. In both such cases Blackstone would be eligible to receive fees and carried interest. The nature of the relationship with each of the senior advisors, consultants, operating partners 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 BRESSA 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 entities or contribute to the origination of new investment opportunities. In certain instances, Blackstone has formal arrangements with these senior advisors, consultants, operating partners 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 (or other real estate vehicles) and/or portfolio entities or otherwise uncompensated unless and until an engagement with a portfolio entity 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 activity) even though they are not considered Blackstone employees, affiliates or personnel for purposes of the governing documents, Advisory Agreements and related Management Fee offset provisions of each Fund or other real estate vehicle. There can be no assurance that any of the senior advisors, consultants, operating partners and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Funds or other real estate vehicles and/or any portfolio entities throughout the term of the Funds or other real estate vehicles.

Additionally, under the terms of the organizational documents of certain of the Funds or other real estate vehicles, members of Blackstone's Portfolio Operations group, who are Blackstone employees, are able to provide services to the Funds' or other real estate vehicles' portfolio entities, and any payments made by such portfolio entities to Blackstone for reimbursement of the internal compensation costs for time spent on such portfolio entities will, subject to certain limits, not be shared with the investors in the Funds or other real estate vehicles via a Management Fee offset or otherwise. As a result, Blackstone will generally be incentivized to cause members of the Portfolio Operations group to spend more time on such Funds' or other real estate vehicles' portfolio entities as compared to portfolio entities of Other Blackstone Funds that do not differentiate such payments for purposes of the management fee offset provisions.

On the other hand, there can be no assurance that members of the Portfolio Operations group will be able to provide their services to portfolio entities and/or that any individuals within the Portfolio Operations group will remain employed by Blackstone through the term of the Funds or other real estate vehicles.

Portfolio Entity Relationships. Certain portfolio entities of one or more Blackstone funds 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 and insurance carriers for health benefit plans, and insurance carriers and other related services for cost discounts, quality of service monitoring, data services and clinical consulting. To the extent applicable to the Funds or other real estate vehicles, the payments made to Equity Healthcare will not offset Management Fees payable by investors in the Funds or other real estate vehicles. 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 entities or issuers in which the Funds or other real estate vehicles hold an investment. Blackstone has in the past 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 entities (which may result in financial incentives (including additional equity ownership) and/or milestones benefiting Blackstone that are tied or related to participation by portfolio entities). The Funds or other real estate vehicle 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 entities.

Blackstone Property Management (“BPM”) is a Blackstone affiliate that provides property advisory, leasing oversight and development management services to certain investment properties owned by one or more Blackstone funds primarily located in the United Kingdom and continental Europe and will receive fees for such services at competitive market rates.

In addition, certain of the Funds’ and other real estate vehicles’ portfolio entities are or will be counterparties or participants in agreements, transactions or other arrangements with portfolio entities of other investment funds managed by BRESSA 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 entity which are not subject to the management fee offset provisions described herein. For example, certain portfolio entities of one or more Blackstone funds enter into agreements regarding group procurement (such as the Group Purchasing Organization), benefits management, purchase of insurance policies (which may be pooled across portfolio entities 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 entity being paid to Blackstone, a Blackstone affiliate or a portfolio entity. In certain cases, platforms or management teams from one portfolio entity of a Fund (or other real estate vehicle) and/or one or more other Blackstone funds will provide services for compensation to an investment held by a different Blackstone funds. BRESSA is authorized to enter into such arrangements without the approval of the investors so long as BRESSA determines the engagement is on market terms. Under these arrangements, the portfolio entity that is providing the service will benefit, and, in addition, a particular portfolio entity may benefit to a greater degree than the other participants, and the Blackstone funds that own an interest in such portfolio entity will receive a benefit or a greater relative benefit from the arrangement than such Blackstone funds.

Furthermore, to the extent that unrelated officers of a portfolio entity have not yet been appointed and such portfolio entity is entering into a transaction or agreement with BRESSA or its affiliates, Blackstone will be negotiating and executing agreements between BRESSA, on the one hand, and the portfolio entity or its affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Blackstone uses to mitigate such conflicts is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Other Blackstone Funds; Allocation of Investment Opportunities. Through Other Blackstone Funds and its affiliates, Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of real-estate related investment opportunities in the United States, Europe, Asia, Latin America and elsewhere, and not all of the opportunities suitable for the Funds or other real estate vehicles will be presented to the Funds or other real estate vehicles. As a result Blackstone currently manages and will continue to manage, sponsor and close other Blackstone funds, vehicles and accounts with investment objectives that overlap with those of the Funds or other real estate vehicles. It is possible that certain portfolio entities of the Other Blackstone Funds, or real estate companies in which the Other Blackstone Funds have an interest, may compete with the Funds or other real estate vehicles for one or more investment opportunities. In addition, certain Other Blackstone Funds may invest in securities of publicly traded companies which are actual or potential companies in which the Funds or other real estate vehicles have made or will make investments (either directly or indirectly through CMBS). The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Funds or other real estate vehicles. The Funds and other real estate vehicles also may be precluded from pursuing an investment in an issuer as a result of such trading activities by Other Blackstone Funds.

To the extent there are investment opportunities that fall within the common investment objectives of the Funds (or other real estate vehicles) and such Other Blackstone Funds with overlapping investment objectives, such opportunities will generally be allocated among the Funds (or other real estate vehicles) and such Other Blackstone Funds on a basis that Blackstone

and BRESSA determine to be fair and reasonable, in good faith and in a manner consistent with their fiduciary obligations to its clients, taking into account, a variety of factors, including but not limited to, the specific nature of the investment, the nature and terms of the investment focus of each fund, applicable contractual obligations and investment limitations, portfolio diversification concerns, the source of the investment opportunity, the relative amounts of capital available for investment in each fund, the nature and extent of involvement of the respective teams of investment professionals dedicated to the Funds and other real estate vehicles and such Other Blackstone Funds, any legal, tax, accounting, regulatory and other similar considerations, other considerations deemed relevant (including, for example, other anticipated uses of capital, the credit/default profile of an issuer), the likelihood/immediacy of foreclosure or conversion to an equity or control opportunity (e.g., debt investments with near term maturity or where there is a path to the equity being more typical of an investment by certain Other Blackstone Funds). As a result, investments that fit within the primary investment mandate of the Funds or other real estate vehicles will be wholly or partially allocated to Other Blackstone Funds (which may result in the Funds or other real estate vehicles not participating in such investments). 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 (or other real estate vehicles) and Other Blackstone Funds, Blackstone has established general guidelines for determining how such allocations are to be made, which, among other things, sets forth priorities and presumptions regarding allocation for certain types of investments (e.g., in mezzanine loan and secured mortgage investments) and other matters. The application of those guidelines may result in the Funds or other real estate vehicles 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 investments alongside the Funds or other real estate vehicles. As a result, in certain circumstances investment opportunities suitable for the Funds or other real estate vehicles may not be presented (in whole or in part) to the Funds or other real estate vehicles. In addition, there can be no assurance that the return on the Funds' or other real estate vehicles' investments will be equivalent to or better than the returns obtained by the Other Blackstone Funds participating in the same transactions.

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 or other real estate vehicles 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 or other real estate vehicles would instead be referred (in whole or in part) to such third party. For example, a firm with which Blackstone has entered into a strategic relationship may be afforded with "first-call" rights on a particular category of investment opportunities.

The Funds' or other real estate vehicles' organizational documents specify that Blackstone (which includes participation by Blackstone professionals and employees and Other Blackstone Funds or entities (including BTAS) and other key advisors/relationships of Blackstone and endowment funds, charitable programs and/or other similar or related entities associated with Blackstone or its affiliates) will be permitted to make investments alongside the Funds or other real estate vehicles, including as part of their participation in Blackstone's side-by-side co-investment program, 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 or other real estate vehicles 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.

The amount of carried interest charged and/or management fees paid by the Funds or other real estate vehicles may be less than or exceed the amount of carried interest charged and/or management fees paid by Other Blackstone Funds, including BTAS. Such variation may create an incentive for Blackstone to allocate a greater percentage of an investment opportunity to the Funds (or other real estate vehicles) or such Other Blackstone Funds, as the case may be.

There are circumstances where an amount that would have otherwise been invested by a Fund (or other real estate vehicle) is instead allocated to co-investors, and there is no guarantee for any investor in a Fund or other real estate vehicle 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, the size of investor's commitments to the Fund (or other real estate vehicle) and Other Blackstone Funds, 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 entity as a result of the Fund's or other real estate vehicle'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 or other real estate vehicle), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, the Funds or other real estate vehicles, or other co-investments and/or Other Blackstone Funds, and such other factors that Blackstone deems relevant under the circumstances. Furthermore, in connection with any such co-investment by third-party co-investors, Blackstone may establish one or more investment vehicles managed or advised by Blackstone to facilitate such co-investors' investment alongside the Funds or other real estate vehicles.

In addition, the General Partner and/or its affiliates may be incentivized to offer certain potential co-investors the opportunities to co-invest since the amount of carried interest and/or Management Fee to which the General Partner and/or its affiliates are entitled under the arrangements with such co-investors with respect to such co-investor's participation in the Funds (or other real estate vehicles) and/or Other Blackstone Funds may depend on, among other things, the extent to which such co-investors participates in co-investments. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that any investment opportunities that would have otherwise been offered to the Funds or other real estate vehicles will be made available to the Funds or other real estate vehicles. Co-investments may be offered by the General Partner on such terms and conditions (including with respect to Management Fees, carried interest and related arrangements) as the General Partner determines in its discretion on a case-by-case basis.

In particular, Other Blackstone Funds may include funds, vehicles and accounts managed by BTAS, which are part of a multi-strategy investment program designed to provide investors with exposure to a broad mix of Blackstone's key investment programs (e.g., private equity, real estate, credit and opportunistic). BTAS will seek to invest substantially all of their assets in investments in which Blackstone-sponsored funds participate (directly or indirectly), and may seek to invest in real estate-related debt investments that are appropriate for the Funds or other real estate vehicles as part of its investment program. While such real estate-related debt investments are expected to represent a small portion of the overall BTAS portfolio allocation, BTAS may nonetheless participate in investments alongside the Funds (or other real estate vehicles) and certain Other Blackstone Funds with overlapping investment objectives on a basis that Blackstone determines to be "fair and reasonable" (as described above) (either on an investment-by-investment basis or as part of a broader strategy allocation), which may from time to time result in BTAS receiving a share of all or a substantial portion of the Funds' investments. The overlapping objectives of BTAS, the Funds or other real estate vehicles, and such Other Blackstone Funds may also give rise to conflicts of interest relating to the allocation of investment opportunities, which Blackstone will seek to resolve in a fair and equitable manner although there is no assurance that Blackstone will be able to do so.

In addition, BREDS II and the other BREDS Funds (e.g., the BREDS hedge funds) regularly invests in real estate related debt investments alongside certain Other Blackstone Funds and other vehicles focusing on real estate related debt investments, including, without limitation, BXMT and Blackstone Real Estate Income Fund ("BREIF"). In that regard, while the primary investment strategies of BREDS II, BREDS hedge funds, BXMT and BREIF are different in that BREDS II will generally seek to invest primarily in junior mortgage debt (e.g., B-Notes) and mezzanine debt, BREDS hedge funds will generally seek to generate equity-like returns with low volatility while maintaining a focus on safety of principal by investing in liquid high yield, commercial real estate debt securities, BXMT will generally seek to invest primarily in senior mortgage loans and other similar interests, and BREIF will generally seek to achieve long-term

total return with an emphasis on current income by investing in a range of real estate related investments, a significant portion of the capital of BXMT and/or BREIF may nonetheless be invested in investments that would also be appropriate for BREDS II and/or BREDS hedge funds. As a result of all of the foregoing, in certain circumstances, a significant portion of the investment opportunities that would otherwise be available to BREDS II and/or BREDS hedge funds may be allocated, to BXMT, BREIF and/or Other Blackstone Funds with overlapping investment objectives.

Other Fees Received by BRESSA and its Affiliates. BRESSA and its affiliates receive fees relating to the Funds' or other real estate vehicles' investments or from unconsummated transactions (e.g., directors', topping, break-up, monitoring, commitment, organization, syndication, origination, financing, underwriting, assumption, restructuring, divestment and other similar fees). Additionally, BRESSA and its affiliates may receive other fees from or with respect to portfolio entities and/or other persons (including co-investors and joint venture partners), including fees relating to compensation for capital markets transactions and advice, acquisition, loan servicing, special servicing and administrative services, investment banking, financial/advisory, real estate advisory, healthcare consulting/brokerage, title and/or other types of insurance, management consulting, group purchasing, asset/property management and other services, and such fees will not result in any offset to the Management Fee payable by investors in the Funds or other real estate vehicles. BRESSA and its affiliates are also entitled to be reimbursed for certain expenses associated with the Portfolio Operations Group with respect to the Funds or other real estate vehicles and except in limited circumstances, such amounts will not reduce the Management Fee payable by investors in the Funds or other real estate vehicles. In accordance with the organizational documents of the Funds or other real estate vehicles, to the extent the receipt by BRESSA of any such fees results in an offset of the Management Fee payable by a Fund's or other real estate vehicle's investors, such fees will first be allocated among such Fund or other real estate vehicle, Other Blackstone Funds participating in the investment, other accounts participating (or intending to participate) in such investment and/or certain co-investment vehicles participating (or intending to participate) in such investment (including any vehicles established to facilitate the investment by Blackstone Investors). The amount of such fees allocable to such Other Blackstone Funds and/or accounts and co-investment vehicles will generally not result in an offset of the Management Fee payable by investors in the Funds or other real estate vehicles, even if such Other Blackstone Funds and/or accounts and co-investment vehicles provide for lower or no management fees for the investors or participants therein (such as the vehicles established in connection with Blackstone's side-by-side co-investment rights, which generally do not provide for a management fee or carried interest payable by participants therein), subject to certain limitations.

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

The Funds or other real estate vehicles will bear the cost of fund administration services provided by Blackstone employees (including the allocation of their compensation otherwise payable by Blackstone), and, except in certain limited circumstances, 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 the Funds or other real estate vehicles, (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 Funds or other real estate vehicles as partnership expenses and will not result in any offset to the Management Fee.

Other Real Estate Funds. Blackstone reserves the right to raise additional real estate investment funds, vehicles or managed accounts ("Other Real Estate Funds") that have investment objectives that overlap with those of the Funds or other real estate vehicles. The closing and/or management of an Other Real Estate Fund will result in the reallocation of Blackstone personnel, including reallocation of existing real estate professionals, to such Other Real Estate Fund. In addition, potential investments that may be suitable for the Funds or other real estate vehicles will be directed (in whole or in part) toward such Other Real Estate Funds.

Allocation of Personnel. BRESSA and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds or other real estate vehicles 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 professionals will devote substantially all of their business time to the business related to BRESSA, the Funds or other real estate vehicles.

Activities of Principals and Employees. Certain of the principals and employees of BRESSA may be subject to a variety of conflicts of interest relating to their responsibilities to the Funds or other real estate vehicles and the management of investment portfolio of the Funds or other real estate vehicles. Such individuals may serve in an advisory capacity to other managed accounts or investment vehicles and as members of an investment or advisory committee or board of directors (or similar such capacity) for one or more investment funds, corporations, foundations or other organizations. Such positions may create a conflict between the services and advice provided to such entities and the responsibilities owed to the Funds or other real estate vehicles.

Furthermore, certain principals and employees of BRESSA may have a greater financial interest in the performance of such other funds or accounts than the performance of the Funds or other real estate vehicles. Such involvement may create conflicts of interest in making investments on behalf of the Funds (or other real estate vehicles) and such other funds and accounts. Such principals and employees will seek to limit any such conflicts in a manner that is in accordance with their fiduciary duties to the Funds (or other real estate vehicles) and such organizations.

Blackstone's Relationship with Pátria. Blackstone owns 40% of the equity interests in Pátria Investments S.A. ("Pátria"), a leading Brazilian alternative asset manager and advisory firm. Pátria's alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short equity fund). Each of Blackstone's and Pátria's respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. There may be instances where appropriate investment opportunities will be shared (in whole or in part) with Pátria. Therefore, there may be opportunities available to Pátria that are not shared with the Funds or other real estate vehicles, and there may be opportunities available to the Funds or other real estate vehicles that are shared with one or more Pátria funds.

Service Providers and Financial Institutions as Investors. Certain of the Funds' or other real estate vehicles' advisors and service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms) or their affiliates provide goods or services to, or have business, personal, financial or other relations with Blackstone, its affiliates and portfolio entities. Certain of such advisors and service providers are investors in the Funds or other real estate vehicles, sources of investment opportunities, or co-investors or commercial counterparties or entities in which Blackstone has an investment. Additionally, certain employees of BRESSA have family members or relatives employed by such advisors and service providers. These relationships may influence BRESSA or the General Partners in deciding whether to utilize the services of such brokers or other service providers or to pay such brokers or other service providers, higher fees or commissions, out of the Funds' or other real estate vehicles' assets, in return for such brokers or service providers' willingness to invest in the Funds or other real estate vehicles, which could result in additional fees for BRESSA. Similarly, from time to time, Blackstone personnel may speak at conferences and programs which are sponsored by the Funds' or other real estate vehicles' prime brokers, for potential investors interested in investing in funds. Through such capital introduction events, prospective investors in the Funds or other real estate vehicles have the opportunity to meet with BRESSA. Neither BRESSA nor the Funds or other real estate vehicles will compensate the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction services) provided by a prime broker may influence BRESSA in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds and the other real estate vehicles. Notwithstanding the foregoing,

investment transactions for the Funds or other real estate vehicles 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 Partners believe to be of benefit to the Funds or other real estate vehicles). Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by the Funds, other real estate vehicles and portfolio entities as compared to Blackstone and its affiliates and the terms of such services, Blackstone or its affiliates may benefit to a greater degree from such vendor arrangements than the Funds or other real estate vehicles or such portfolio entities.

For example, in 2013, Blackstone acquired Intertrust Group. From time to time, Intertrust Group performs corporate and trust services on an arms-length basis for the Funds or other real estate vehicles, intermediate entities or portfolio entities. The retention of Intertrust Group as a service provider may give rise to actual or potential conflicts of interest such as those described above.

In addition, investment banks or other financial institutions, as well as Blackstone employees, may also be investors in the Funds and the other real estate vehicles. These institutions and employees are a potential source of information and ideas that could benefit the Funds and the other real estate vehicles. BRESSA has procedures in place designed to prevent the inappropriate use of such information by the Funds and the other real estate vehicles.

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. From time to time Blackstone may 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 Funds or other real estate vehicles would otherwise have to participate in restructurings.

Investments in Which Other Blackstone Funds Have a Different Principal Investment. From time to time certain Funds or other real estate vehicles will also co-invest with Other Blackstone Funds in investments that are suitable for both the Funds (or other real estate vehicles) and such Other Blackstone Funds. To the extent a Fund or other real estate vehicle holds securities that are different (including with respect to their relative seniority) than those held by such Other Blackstone Funds, the General Partners and its affiliates may be presented and/or may have no rights (including, without limitation, voting rights) with decisions when the interests of the funds are in conflict. For example, if such a Fund or other real estate vehicle makes or has an equity investment in a company in which an Other Blackstone Fund has a mezzanine, senior debt or distressed debt investment, Blackstone will generally have conflicting loyalties between its duties to such Fund or other real estate vehicle and to other affiliates. In that regard, actions may be taken for the Other Blackstone Funds that are adverse to such Fund or other real estate vehicle. In addition, it is possible that in a bankruptcy proceeding a Fund's or other real estate vehicle's interest may be subordinated or otherwise adversely affected by virtue of such Other

Blackstone Funds' involvement and actions relating to its investment. In connection with negotiating senior loans and bank financings in respect of Blackstone-sponsored transactions, from time to time Blackstone will obtain the right to participate on its own behalf (or on behalf of vehicles that it manages) in a portion of the senior term financings with respect to such Blackstone-sponsored transactions on an agreed upon set of terms. Blackstone does not believe that the foregoing arrangements have an effect on the overall terms and conditions negotiated with the arrangers of such senior loans.

Investments in Portfolio Entities Alongside Other Blackstone Funds. Because of the opportunistic and flexible nature of the investment strategy of certain Funds or other real estate vehicles, such Funds or other real estate vehicles will from time to time co-invest with Other Blackstone Funds (including co-investment or other vehicles in which Blackstone or its personnel invest and that co-invest with such Other Blackstone Funds) or accounts in investments that are suitable for both one or more of the Funds (or other real estate vehicles) and such Other Blackstone Funds or accounts. Even if the Funds (or other real estate vehicles) and any such Other Blackstone Funds and/or co-investment or other vehicles invest in the same securities, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for the Funds (or other real estate vehicles) and such other funds and vehicles may not be the same. Additionally, the Funds and such Other Blackstone Funds and/or vehicles will generally have different terms, investment periods, and/or investment limitations and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities. In connection with the investment activities of the Funds or other real estate vehicles, a counterparty, lender or other participant in any transaction to be pursued by the Funds (or other real estate vehicles) and/or the Other Blackstone Funds may require or prefer facing only one fund entity or group of entities, which may result in any of the Funds (or other real estate vehicles) and such Other Blackstone Funds and/or vehicles being jointly and severally liable for such applicable obligation (subject to any limitations set forth in the applicable partnership agreements thereof), in each case which may result in the Funds (or other real estate vehicles) and such Other Blackstone Funds and/or vehicles entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Funds (or other real estate vehicles) or such Other Blackstone Funds or vehicles would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third party counterparty.

Valuation Matters. The fair value of all investments or of property received in exchange for any investments will be determined by the General Partner in accordance with the applicable organization documents of the relevant Fund or other real estate vehicle. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by the General Partner in

accordance with procedures set forth in the Fund's or other real estate vehicle's organizational documents. The valuation of investments will affect the amount and timing of the General Partner's performance allocation and, under certain circumstances, the amount of Management Fees payable to BRESSA. The valuation of investments may also affect the ability of Blackstone to raise successor funds to the Funds or other real estate vehicles. As a result, there may be circumstances where the General Partners are incentivized to determine valuations that are higher than the actual fair value of investments.

Trading by Blackstone Personnel. The officers, directors, members, managers and employees of BRESSA may trade in securities for their own accounts, including, without limitation, hedge funds or other investment vehicles that may be potential competitors of the Funds and/or the other real estate vehicles, subject to restrictions and reporting requirements as may be required by law and Blackstone policies. Personnel in the various Real Estate Investment Advisors are generally not allowed to trade real estate related securities. The Blackstone Legal and Compliance Department will determine the definition of real estate securities. This restriction does not apply to managed accounts.

Indemnification. The Funds and other real estate vehicles will be required to indemnify the General Partners, BRESSA, 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 Partners or BRESSA on behalf of the Funds or other real estate vehicles for liabilities incurred in connection with the affairs of the Funds or other real estate vehicles. 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 or other real estate vehicle. 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 entities or creditor committees, the partners, managers, or affiliates of the General Partners may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligation of the Funds or other real estate vehicles would be payable from the assets of the Funds or other real estate vehicles, including the unpaid capital commitments of the Investors. If the assets of the Funds or other real estate vehicles are insufficient, the General Partners may recall distributions previously made to the investors in such Funds or other real estate vehicles, subject to certain limitations set forth in the respective governing document of such Fund or other real estate vehicle. It should be noted that the General Partners may cause the Funds or other real estate vehicles to purchase insurance for the Funds or other real estate vehicles, the General Partners, BRESSA and their employees, agents and representatives. In addition, because the General Partners may cause the Funds or other real estate vehicles 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 or other real estate vehicles are advancing expenses to an individual or

entity with whom the Funds or other real estate vehicles are not aligned or are otherwise an adverse party in a dispute. Moreover, in its capacity as General Partner of the Funds or other real estate vehicles, the General Partners 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 Partners (and/or its legal counsel) have determined that such disqualifying conduct did not occur.

Diverse Investor Group. Investors in the Funds or other real estate vehicles may have conflicting investment, tax and other interests with respect to their investments in such Funds or other real estate vehicles 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 BRESSA, 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 or other real estate vehicles 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 or other real estate vehicle may also be investors in Other Blackstone Funds, including co-investment vehicles that may invest alongside one or more of the Funds or other real estate vehicles 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 other real estate vehicle or a Fund's or other real estate vehicle'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 other real estate vehicle or an affiliate of such an investor. Any such investor may therefore have different information about Blackstone and the Funds or other real estate vehicles 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 Funds or other real estate vehicles.

Side Letters. BRESSA has entered into and will continue to enter into "side letters" with investors in the Funds or other real estate vehicles, 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 or other real estate vehicles, (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 or other real estate vehicles 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.

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 (including with respect to management fees and/or carried interests) 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, the Funds or other real estate vehicles.

Other Financial Industry Affiliations

BRESSA is an affiliate of the following entities:

Broker/Dealers

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
Blackstone Real Estate Investment Advisors	
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 (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
Other Blackstone Investment Advisors	
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
Other Investment Advisors	
Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
Foreign Sub-Advisors	
Blackstone (Shanghai) Equity Investments Management Co. Ltd.	Provides investment advisory services to a foreign private investment fund with solely non-US investors
Blackstone Singapore Pte Ltd	Singapore 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
Commodity Trading Advisors and Commodity Pool Operators	
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
Commodity Pool Operator	
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Commodity Trading Advisor	
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors

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

Blackstone Advisory Partners L.P. (“BAP”) provides various financial and business advisory services. In the regular course of its advisory businesses, BAP represents possible buyers, sellers and other parties regarding businesses that may be suitable for investment by the Funds and the other real estate vehicles. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus preventing BRESSA from directly acquiring or investing in such business. BAP will not decline these transactions in order to make the investment opportunity available to the BRESSA investors.

In connection with their advisory businesses, one or more of the BRESSA affiliates listed above may acquire information that restricts Blackstone’s ability to engage in certain transactions. BRESSA’s fund’s activities may be limited because of such restrictions.

BAP represents creditors or debtors in restructuring or bankruptcy proceedings, under Chapter 11 of the Bankruptcy Code. BAP also serves as advisor to creditor or equity committees. Such engagements may prevent BRESSA from participating in such restructuring or holding a position in the debtor or may force BRESSA to dispose of such position. Additionally, BAP and Park Hill Group LLC are registered broker dealers. They do not make markets in any securities and generally do not hold proprietary positions in securities or other investments.

Various management personnel are registered with BAP. In addition, a registered broker-dealer affiliate of BRESSA, Park Hill, serves as a placement agent or advisor to certain of the Funds. We do not believe this registration, in and of itself, creates a conflict 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 BRESSA, on the one hand, and the spun-off firm on the other. It is expected that there will be substantial overlapping ownership between Blackstone and the spun-off firm at closing and for a considerable period of time thereafter. Therefore, conflicts of interest in doing transactions involving the spun-off firm will still arise. 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 BRESSA in deciding to select or recommend the new entity to perform such services for BRESSA or for the Funds (or a portfolio entity) (the cost of which will generally be borne directly or indirectly by the Funds or such entity, as applicable).

In addition, other present and future activities of Blackstone and its affiliates (including BRESSA) will from time to time give rise to additional conflicts of interest relating to the Funds and their investment activities. In the event that any such conflict of interest arises, Blackstone will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of the Funds' or other real estate vehicles' interests.

A more detailed description of applicable conflicts of interest is set forth in the offering materials of applicable Fund or real estate vehicle (including BXMT).

Item 11 – Code of Ethics

BRESSA 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 or not opposed to the best interests of the Funds and the other real estate vehicles. All BRESSA 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 laws.

BRESSA 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 and the other real estate vehicles it manages. The Code of Ethics is designed to ensure that BRESSA meets its fiduciary obligation to BRESSA’s investors (or prospective investors) and to instill a culture of compliance within BRESSA. 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. BRESSA 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. BRESSA has adopted policies and procedures to address such potential conflicts of interest.

BRESSA's related persons 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. BRESSA and its related personnel are subject to guidelines governing the ability to trade in our 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.

In certain cases, principal transactions may occur in connection with the investment activities of the Funds and the other real estate vehicles, subject to applicable legal, regulatory and contractual requirements. In such case, generally either the investors in the Funds and the other real estate vehicles, an advisory committee representing third party investors or an independent client representative of the Funds and the other real estate vehicles or the Board of Directors of BXMT must receive notice of the transaction and consent to the transaction prior to the closing of such transaction.

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

Item 12 – Brokerage Practices

Each of Citigroup Global Markets Inc., CITCO and US Bank (the “Brokers”) serves as custodian or prime broker for some of the Funds, as applicable. The Funds and other real estate vehicles may engage other or additional custodians, prime brokers and executing brokers at any time. Any references to the Funds and other real estate vehicles in this section will be deemed to include references to BXMT, where applicable.

Portfolio transactions are allocated to brokers in consideration of such factors as price, the ability of the brokers to effect the transactions and any research or investment management-related services provided by such brokers that BRESSA believes to be of benefit to the Funds and other real estate vehicles.

Securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Funds and other real estate vehicles, not BRESSA or any of its affiliates, will be obligated to pay. BRESSA has complete discretion in deciding what brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds and other real estate vehicles will pay. In addition to using brokers as “agents” and paying commissions, the Funds and other real estate vehicles may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

BRESSA has established a Brokerage Review Committee that will meet on a quarterly basis to review a schedule of the executing brokers and dealers utilized by BRESSA during the preceding quarter and the commissions paid to, and services received from, such brokers and dealers, to evaluate reasonableness in light of services received and consistency with BRESSA’s policies and procedures.

Trade errors are evaluated on a case-by-case basis. If BRESSA determines that BRESSA’s gross negligence, willful misconduct or fraud was the direct cause of a trade error, BRESSA generally will compensate a Fund/investor for any losses resulting from such trade error. Broker-dealers may not be compensated via commissions or Fund transactions for absorbing a trading error for which BRESSA is required to compensate a Fund under its policy. Where a third party’s negligence or wrongdoing causes a trading error that results in a material loss to a Fund, BRESSA will attempt to recover the amount of the loss from the third party for the Fund, but BRESSA does not assume responsibility for compensating the Fund, or making the third party compensate the Fund, in such cases.

BRESSA may combine purchase or sale orders on behalf of the Funds and the other real estate vehicles with orders for other accounts to which BRESSA or any of its affiliates may provide

investment services and allocate the securities or other assets so purchased or sold on an average price basis, or by any other method of equitable allocation, among such accounts.

Research and Other Soft Dollar Benefits

Research (proprietary or otherwise) or investment-related services provided by brokers through which portfolio transactions for the Funds are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services. BRESSA may use “soft dollars” generated by the Funds to pay for certain research and non-research related services and products used by BRESSA within the safe harbor afforded by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. However, BRESSA does not currently have any “soft dollar” arrangements.

BRESSA does not select nor recommend broker-dealers based on investor referrals nor does BRESSA participate in directed brokerage practices.

BRESSA does not participate in principal trading generally, however, BRESSA would be permitted to if BRESSA obtained appropriate investor approvals.

Item 13 – Review of Accounts

Review of Accounts

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

Reports to Clients

Investors in certain Funds generally receive monthly reports which will include Fund performance statistics. Investors in the Funds also receive quarterly reports on the Funds and annual audited financial statements for the Fund in which they are invested. BRESSA makes use of a website, BXAccess, available at www.bxaccess.com, for the distribution of reports and other information to investors in the Funds.

Investors in BXMT are able to obtain quarterly reports and annual audited financial statements for BXMT through the SEC's EDGAR database or from the investor relations portion of BXMT's website (www.bxmt.com).

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, BRESSA 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 and other real estate vehicles 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

Certain Funds have a placement or advisory arrangement with Park Hill, an affiliate of BRESSA. BAP, an affiliate of BRESSA, serves as a placement agent for the Funds but may not be 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.

BRESSA has distribution and/or placement agent arrangements with a number of other unaffiliated third parties. In a typical distribution or placement agent arrangement, BRESSA agrees to pay a third-party solicitor for referring investors into a Fund. Typically, third-party solicitors will receive a portion of the management fee and/or performance allocation paid to BRESSA (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 BRESSA (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.

BXMT compensates broker-dealers who assist it in obtaining capital in the form of commissions or underwriting discounts. Such amounts are generally payable by BXMT, and BXMT's stockholders' indirectly bear such expenses as holders of BXMT stock.

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. Funds structured as U.S. entities generally have a BRESSA affiliate acting as general partner and, as such, BRESSA is deemed to have custody of the Funds’ assets. With respect to BXMT, BXMT Advisors is deemed to have custody by virtue of its access to, and control over, BXMT’s funds and securities as BXMT’s manager. BRESSA 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 and maintaining Fund assets with a “qualified custodian” (as defined by the Custody Rule).

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, BRESSA’s clients’ assets are typically held in brokerage accounts in the name of the BRESSA client.

Item 16 – Investment Discretion

BRESSA maintains the authority to manage, directly or indirectly, the Funds and other real estate vehicles (including BXMT) on a discretionary basis, subject to the overall supervision of the applicable General Partner or board of directors (as applicable), in accordance with the investment guidelines, objectives, limitations, other provisions and terms set forth in the Funds' Limited Partnership Agreements, BXMT's charter and the BXMT Management Agreement, as applicable.

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 BRESSA will generally be deemed to have authority to vote proxies relating to the companies in which its clients invest, BRESSA has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that BRESSA 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 BRESSA 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 BRESSA or its affiliates, on the other hand. If BRESSA determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BRESSA 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. BRESSA, 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 Rule by contacting BRESSA’s Chief Compliance Officer, Judy Turchin; (212) 583-5748; judy.turchin@blackstone.com.

Item 18 – Financial Information

Neither BRESSA, BXMT Advisors nor BRESSA Isobel has ever filed for bankruptcy as of the date of this ADV Part 2A and none of them are aware of any financial condition reasonably likely to impair their ability to meet contractual commitments to their investors.

Item 19 – Requirements for State Registered Advisers

Not applicable as BRESSA is not registered in any state.