

**Item 1 – Cover Page**

**Blackstone Real Estate Advisors  
International L.L.C.**

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as of March 31, 2011

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

If you have any questions about the contents of this brochure, please contact us at (212-583-5000). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. BREA L.L.C. is registered with the SEC as an investment adviser. BREA L.L.C.’s registration as an investment adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

### **1. Initial Filing on March 31, 2011:**

- a. This is BREA L.L.C.’s “initial” filing of what we regard as “The New Part 2” of BREA L.L.C.’s Form ADV. This document was developed in response to new requirements adopted and imposed by the SEC under the U.S. Investment Advisers Act of 1940, (the “Advisers Act”). As a result, this Brochure, dated as of March 31, 2011, is new and substantially different from previous versions and includes disclosures not specifically required by the old Part 2.
- b. While this Brochure should be considered new, you will recognize most of the disclosures as similar or identical to what you have read in the past.

### **2. In future filings, this section of the Brochure will address only material changes that have been incorporated since BREA L.L.C.’s last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

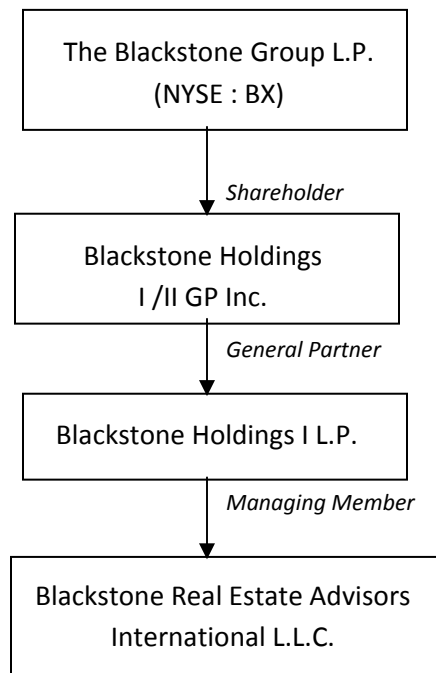
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## Item 4 – Advisory Business

Blackstone Real Estate Advisors International L.L.C. (“BREA L.L.C.”) is a Delaware limited liability company. BREA L.L.C. provides investment advisory services to Blackstone Real Estate Partners International L.P. and any parallel funds or alternative investment vehicles relating thereto (collectively, the “Funds”). The Funds are investment funds which specialize in control-oriented real estate and real estate related investments on a global basis outside of the U.S. and Canada. An affiliate of BREA L.L.C. serves as the general partner (the “General Partner”) of each of the Funds. BREA L.L.C. was formed in November 2000.

The principal owner of BREA L.L.C. is Blackstone Holdings I L.P. The controlling owner of Blackstone Holdings I L.P. is Blackstone Holdings I/II GP Inc. The sole owner of Blackstone Holdings I/II GP Inc. is The Blackstone Group L.P. which is a publicly held company listed on the New York Stock Exchange which trades under the ticker symbol “BX”. Please see the structure chart below. The Blackstone Group L.P. (together with its affiliates, “Blackstone”) is one of the leading alternative investment managers in the world with investment programs concentrating in the private equity, real estate, corporate advisory and debt/credit areas, as well as the hedge fund solutions business. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for more information.



BREA L.L.C.'s assets under management ("AUM") were \$.2314 billion as of December 31, 2010.

**Description of Advisory Services:**

BREA L.L.C. serves as investment advisor to certain Funds as set forth in various Advisory Agreements. As investment advisor to these Funds, BREA L.L.C.:

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

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

## **Item 5 – Fees and Compensation**

Per the Advisory Agreements with each of the Funds, BRE A L.L.C. was entitled to compensation for its services in the form of an annual management fee (the “Management Fee”), payable quarterly in arrears. The term of the Funds has ended and accordingly there are no longer Management Fees payable to BRE A L.L.C. with respect to the Funds. As set forth in Item 6 below, the General Partners of the Funds are each eligible to receive performance allocations. The Private Placement Memorandum (“PPM”, as supplemented from time to time) and the Partnership Agreement and Advisory Agreement of each Fund includes further details on fees and compensation and related matters.

### **Additional Fees and Expenses:**

In addition to BRE A L.L.C.’s performance-based allocations (see below), Fund investors will bear indirectly any fees and expenses charged by BRE A L.L.C. or the General Partners to the Funds, and deducted directly from the Funds. Those fees will vary, but typically include professional fees such as legal and accounting fees. Performance-based allocations are either deducted from an investor’s assets invested with BRE A L.L.C. at the payment date, withheld from distributions or invoiced.

Finally, certain investors in the Funds, which are generally related persons, employees and retired partners of BRE A L.L.C. or the Funds, may not be subject to performance based allocations in connection with their investment in the Funds. Notwithstanding, such investors will either directly pay for their pro rata share of certain Fund expenses, or the pro rata amount of such expenses will be allocated to the General Partner.

BRE A L.L.C.’s advisory fees are not inclusive of all the fees which the investors may bear. The following is a list of fees and/or expenses that the Funds may pay directly to third parties. This list is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the applicable Fund offering materials and organizational agreements for a more extensive description of the fees and expenses associated with an investment in the Funds.

- Legal Fees
- Regulatory Filing Fees
- Administrative Fees
- Technology Expenses
- Accounting Fees
- Taxes
- Audit Fees
- Brokerage Commissions
- Transaction Fees
- Custodial Fees

Investors in a Fund are allocated their pro rata share of such additional fees and expenses for the time period they are invested in the Fund. Most staff out-of-pocket travel and entertainment expenses in connection with the Funds' transactions are treated as third party expenses for these purposes.

BREA L.L.C and its affiliates may also receive property management fees, acquisition fees, company advisory fees and similar fees for arranging acquisitions from persons in which the Funds acquire or hold investments. Any "break-up" or other similar fees received by BREA L.L.C. and its affiliates in connection with any potential investment are treated like such additional fees.

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

In addition, the General Partner of each Fund receives a portion of the profits of current disposition proceeds from each Fund with respect to each investor (other than those that are affiliates of BRE A L.L.C.), which is equal to twenty percent of the amounts otherwise distributable to such investor. Such allocation of profits is only allocated to the General Partners when specific conditions are met, including the return of all capital contributed to the Funds by investors for realized investments and any writedowns on unrealized investments, as well as fees and expenses allocable to such investments and the receipt of a preferred return on such amounts.

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

The fact that BRE A L.L.C.'s affiliate is in part compensated based on the performance of the Funds may create an incentive for BRE A L.L.C. 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, BRE A L.L.C. manages each Fund in accordance with the investment strategy disclosed in the Fund's offering materials to help ensure that investors are aware of the investment strategy and the risks associated with the strategy. The PPM of each Fund contains further details regarding the incentive allocation and risk and strategy.



## **Item 7 – Types of Clients**

BREA L.L.C. manages the Funds. The Funds' investors consist primarily of:

- Banks and other financial institutions
- Insurance companies
- Investment companies
- Public and private retirement and pension plans
- Public and private profit sharing plans
- Trusts and estates
- Charitable organizations
- State and municipal government agencies
- Sovereign wealth funds
- Hedge funds
- Corporations
- Business entities other than those listed above

All investors are subject to applicable suitability requirements. BREA L.L.C. and the General Partner require that each investor in the Funds be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended and a “qualified purchaser” as defined in the U.S. Investment Company Act of 1940, as amended

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

### **Investment Strategies:**

BREA L.L.C. will offer advice to the Funds generally to invest in any debt, equity or other interests (or options related thereto) in, or relating to, real estate assets (including pools thereof) of any type or real estate companies. These investments are generally made in connection with acquisitions, dispositions, restructurings, workouts, management acquisitions and other similar situations and utilize some degree of leverage.

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

The Real Estate Group generally meets each Monday to discuss potential and pending transactions in the group. At that meeting every transaction being pursued by the group is discussed (unless there are no new developments or activities to report). If the group's consideration of a transaction has advanced to the stage where the transaction team proposes to place a definitive bid to acquire or invest in the subject assets, it will prepare a detailed memorandum on the transaction for the Investment Committee, which in practice meets every Monday, at which the 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 assets and the investment thesis, deal tactics and potential exit strategies will usually be discussed by the Investment Committee and the transaction team. The Investment Committee will often conduct multiple meetings on a particular deal.

### **Risk of Loss:**

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

1. No established market for potential investments exists
2. Illiquidity of investments by the Funds
3. Changes in legal, fiscal, and regulatory regimes

4. Nature of equity or equity-related investments
5. Non-U.S. Investments
6. Dependence on BREA L.L.C.'s key personnel
7. Portfolio concentration
8. Investment environment and market risk
9. Market volatility risks
10. Risk of loss of entire investment

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

## **Item 9 – Disciplinary Information**

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

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a lawsuit or arbitration. BREA L.L.C. does not believe that any current litigation to which Blackstone is a party will have a material adverse effect on BREA L.L.C. and/or the Funds.

## Item 10 – Other Financial Industry Activities and Affiliations

### **Other Financial Industry Activities**

Various potential and actual conflicts of interest may arise from the overall investment activities of BREA L.L.C. and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to Blackstone and BREA L.L.C. in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees. **Prospective investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds.**

***Blackstone Policies and Procedures.*** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across Blackstone's various businesses that the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management and advisory businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and subject to more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In 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 synergies that the Funds expect to utilize for purposes of finding attractive investments. For example, Blackstone may come into possession of material non-public information with respect to companies in which the Funds may be considering making an investment or companies that are Blackstone advisory clients. As a consequence, that information, which could be of benefit to the Funds, might become restricted to those respective businesses and otherwise be unavailable to the Funds.

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

***Other Fees.*** Blackstone may receive fees from portfolio companies as compensation for investment banking, advisory, and other services. Additionally, Blackstone may receive fees relating to the Funds' investments or from unconsummated transactions (i.e., transactions, directors', consulting, management, closing, topping, break-up and other similar fees). For greater certainty, Blackstone engages and retains strategic advisors, consultants, and other similar professionals who are not employees or affiliates of Blackstone and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies.

***Portfolio Company Relationships.*** The Funds' portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other

investment funds managed by Blackstone or other Blackstone affiliates that, although Blackstone determines to be consistent with the requirements of such funds' governing agreements, may not have otherwise been entered into but for the affiliation with Blackstone, and which may involve fees and/or servicing payments to Blackstone-affiliated entities which are not subject to the management fee offset provisions described herein. For example, Blackstone may cause portfolio companies to enter into agreements regarding group procurement (such as the Group Purchasing Organization), employer health program arrangements, benefits management, and other similar operational initiatives that may result in commissions or similar payments related to a portion of the savings achieved by the portfolio company.

***Conflicting Fiduciary Duties to Debt Funds.*** Blackstone may structure an investment as a result of which one or more structured vehicles or other collective investment vehicles primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities and other similar debt instruments (collectively, "Debt Funds") are offered the opportunity to participate in the debt tranche of an investment allocated to the Funds. As investment advisor to both the Funds and the Debt Funds, Blackstone would owe a fiduciary duty to the Debt Funds as well as to the Fund. If the Debt Funds were to purchase high yield securities or other debt instruments of a portfolio company of the Funds, Blackstone may, in certain instances, face a conflict of interest in respect of decisions made with regard to Debt Funds and the Fund (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

***Investment Banking, Advisory and Other Relationships.*** As part of its regular business, Blackstone provides a broad range of investment banking, advisory, and other services. In addition, Blackstone and its affiliates may provide services in the future beyond those currently provided.

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 investments that are suitable for the Funds. In such a case, Blackstone's client would typically require Blackstone to act exclusively on its behalf, thereby precluding the Funds 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 the Funds. In connection with its investment banking, advisory, and other businesses, Blackstone may come into possession of information that limits its ability to engage in potential transactions. The Funds may be constrained as a result of the inability of Blackstone personnel to use such information.

***Other Blackstone Funds; Allocation of Investment Opportunities.*** Through its other investment funds and collective investment vehicles (including vehicles in existence as of the date hereof and those that may be formed in the future, collectively, "Other Blackstone Funds"), Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States, Europe, and elsewhere.

***Service Providers.*** The Funds' service providers (including lenders, brokers, attorneys, and investment banking firms) may be investors in the Funds and/or sources of investment opportunities and counterparties therein. This may influence the General Partner in deciding whether to select such a service provider or have other relationships with Blackstone.

Notwithstanding the foregoing, investment transactions for the Funds that require the use of a service provider, will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related services and/or payments of the costs of investment-related research that the General Partner believes to be of benefit to the Funds).

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

### **Other Financial Industry Affiliations**

BREA L.L.C. is an affiliate of the following entities:

<b>Broker/Dealer</b>		
Blackstone Advisory Partners L.P.	BAP	Provides a variety of investment banking services
Park Hill Group LLC	PHG	Places alternative investment products in private offerings to mostly institutional investors
Park Hill Real Estate Group LLC	PHREG	Places real estate alternative investment products in private offerings to mostly institutional investors
<b>Investment Advisor</b>		
Blackstone Asia Advisors L.L.C.	BAA	Provides investment advice to two closed ended mutual funds and one internal long/short hedge fund
Blackstone Alternative Asset Management L.P.	BAAM	Manages a series of private funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Fund Services India Private Limited	BFSI	Provides sub-advisory services to one closed end mutual fund
Blackstone Communications Advisors I L.L.C.	BCOM	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	BDA	Provides investment advisory services to private investment funds specializing in debt securities

Blackstone Distressed Securities Advisors L.P.	BDSA	Provides investment advisory services to private investment funds specializing in distressed securities (these funds are in liquidation mode)
Blackstone Management Partners III L.L.C.	BMP III	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	BMP IV	Provides investment advisory services to various private equity funds
Blackstone Management Partners L.L.C.	BMP LLC	Provides investment advisory services to various private equity funds
Blackstone Clean Technology Advisors L.L.C.	BCTA	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Mezzanine Advisors II L.P.	BMEZ II	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Mezzanine Advisors L.P.	BMEZ	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Real Estate Advisors III L.P.	BREA III	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	BREA IV	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	BREA V	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P. (formerly Blackstone Real Estate Advisors VI L.P.)	BREA	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C.	BRESSA	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	BREA Europe	Provides investment advisory services to various real estate investment funds
Blackstone Strategic Alliance Advisors L.L.C.	BSAA	Manages a series of private funds engaged in a multi-manager investment program



GSO/Blackstone Debt Funds Management LLC	GSO Debt	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
GSO Capital Advisors LLC	GSO Capital Advisors	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners LP	GSO Capital	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Bayview Asset Management, LLC	Bayview	Provides investment advisory services focusing on real estate backed loans and mortgage securities
Pátria Investimentos	Pátria	Alternative investment management and corporate advisory firm based in Brazil
<b>Commodity Trading Advisor &amp; Commodity Pool Operator</b>		
Blackstone Alternative Asset Management L.P.	BAAM	Manages a series of private funds engaged in multi-manager investment programs (i.e., funds of hedge funds)
<b>Commodity Pool Operator</b>		
Blackstone Alternative Asset Management Associates L.L.C.	BAAMA	Serves as general partner of BAAM Funds which are structured as limited partnerships

BREA L.L.C. is also an affiliate of The Blackstone Group Japan K.K. (“BJK”), The Blackstone Group (HK) Limited (“BHK”), and The Blackstone Group International Partners LLP (“BGIP”). BJK is registered in Japan, BHK is registered in Hong Kong, and BGIP is registered in the United Kingdom. They provide certain advisory services to BREA L.L.C. and certain of its affiliates in Japan, Hong Kong and the United Kingdom respectively.

BREA L.L.C. may enter into “side letters” with investors in the Funds, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors.

Various management personnel are registered with our broker-dealer, BAP. We do not believe this registration, in and of itself, creates a conflict for our investors.

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

## Item 11 – Code of Ethics

BREA L.L.C. 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. All BREA L.L.C. 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. All BREA L.L.C. personnel must also comply with all federal securities laws.

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

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

The Code includes 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.

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which may arise. Please see **Item 10 – Other Financial Industry Activities & Affiliations** for a list of investment related potential conflicts.

BREA L.L.C.’s related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, securities which may also be purchased or sold for the account of our clients. BREA L.L.C. and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes and that all such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance

Department. These policies are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. BREa L.L.C.'s Code is available for review upon request.

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

## **Item 12 – Brokerage Practices**

BREA L.L.C has the authority to originate and recommend to the General Partner and Funds investment opportunities consistent with the purposes of the Funds, monitor and evaluate Investments and provide such other services related thereto as the Funds reasonably request.

Brokers are selected primarily on the basis of cost, execution capability and trading expertise consistent with the effective execution of the transaction. The determination of commission rates and other transaction costs at which securities transactions for the Funds are to be executed will be negotiated by BREA L.L.C. BREA L.L.C. will negotiate a combination of the most favorable commission and the best price obtainable on each transaction.

## **Item 13 – Review of Accounts**

### Review of Accounts

Currently, the only accounts under the supervision of BRE A L.L.C. are the Funds' accounts. The Funds' accounts and investment positions are monitored by BRE A L.L.C. personnel on a regular and current basis. BRE A L.L.C.'s Investment Committee meets as necessary to review general portfolio composition, investment opportunities, market conditions, potential conflicts, and recent trading activities. The Investment Committee consists of approximately 11 persons, all of whom are Senior Managing Directors or Founding Members of our real estate business. BRE A L.L.C. might periodically review on an expedited basis the assets of the Fund following a unique occurrence in the financial industry or market generally.

### Reports to Clients

Investors in the Funds generally will receive quarterly reports which will include capital balance and Fund performance statistics. Investors also will receive annual audited financial statements for the Fund in which they are invested.

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, BRE A L.L.C. generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Funds that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

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

While it is the case that the Fund is no longer being actively marketed, there were placement arrangements in place with affiliated and non-affiliated third-party solicitors pursuant to which on-going payments may still be due and owing.

## Item 15 – Custody

In connection with the management of investments for certain investors, BREA L.L.C. may have, or may be deemed to have, custody of certain funds or securities of its Clients. Rule 206(4)-2 (the “**Custody Rule**”) under the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, all Fund assets are held in custody by unaffiliated broker/dealers or banks acting in the capacity as “qualified custodians”.

Notwithstanding the foregoing, BREA L.L.C. does not have custody of client funds or securities, however, the General Partner of the Funds do. BREA L.L.C. has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include among other things, the separation of functions and dual signatory approvals for the distribution of Fund capital.

The Funds are subject to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and generally distributed within 90 days of the Funds’ fiscal year ends.

## **Item 16 – Investment Discretion**

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



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

### Proxy Policy

Rule 206(4)-6 under the Advisers Act (the “Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because BREA L.L.C. may be deemed to have authority to vote proxies relating to the companies in which its clients invest, BREA L.L.C. has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Rule. To the extent that BREA L.L.C. 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 the clients, as determined by BREA L.L.C. in its sole discretion.

From time to time, conflicts may arise between the interests of the investor, on the one hand, and the interests of BREA L.L.C. or its affiliates, on the other hand. If BREA L.L.C. determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BREA L.L.C. will address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. BREA L.L.C., 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 BREA L.L.C.’s Chief Compliance Officer, Judy Turchin; 212-583-5748; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

## **Item 18 – Financial Information**

BREA L.L.C. has never filed for bankruptcy and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitment to its investors.