

**Item 1 – Cover Page**

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

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as of October 31, 2011

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

If you have any questions about the contents of this brochure, please contact 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 is registered with the SEC as an investment adviser. BREA’s registration as an investment adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

1. This Brochure, dated as of October 31, 2011, is an update to BREA’s initial filing on March 31, 2011 (the “Initial Filing”) of the new Part 2 of Form ADV which was recently adopted by the SEC in October 2010 (the “New Part 2”). This document was developed in response to certain additional requirements included in the New Part 2, as well as related rules and requirements adopted and imposed by the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Readers should note that this Brochure (i) discusses only material changes that have occurred since the Initial Filing, and (ii) is substantially different from, and includes disclosures not specifically required by, the previous version of Part 2.
2. The only material change to this Brochure since the Initial Filing is the addition of references to Blackstone Real Estate Partners VII L.P, a Delaware limited partnership, a fund focusing on control-oriented real estate and real estate related investments.

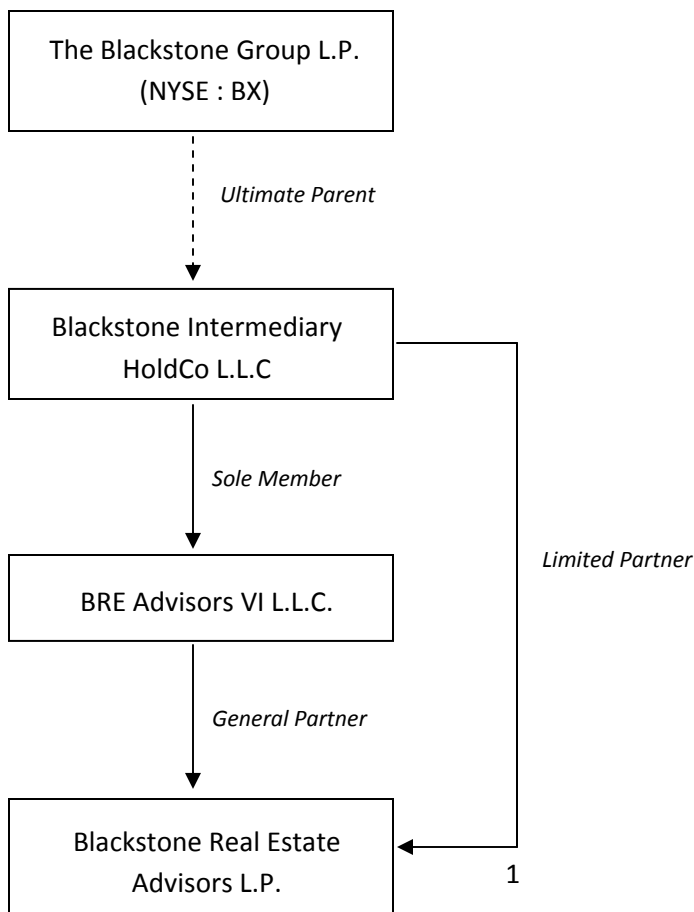
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## Item 4 – Advisory Business

Blackstone Real Estate Advisors L.P. (“BRE”) is a Delaware limited partnership. BRE provides investment advisory services to (i) Blackstone Real Estate Partners VI L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP VI”) and (ii) Blackstone Real Estate Partners VII L.P. and its parallel funds and alternative investment vehicles (collectively, “BREP VII” and, together with BREP VI, the “Funds”). BREP VI and BREP VII are each investment funds that focus on control-oriented real estate and real estate related investments. An affiliate of BRE serves as the general partner (the “General Partner”) of the Funds. BRE was formed in December 2006.

The ultimate parent of BRE 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's assets under management ("AUM") were \$16.292 billion as of September 30, 2011.

**Description of Advisory Services:**

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

1. Identifies and recommends investment opportunities for the Funds;
2. Participates in the monitoring and evaluation of the Funds' investments; and
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. Investment advice is provided directly to the Funds by BREA and not individually to the Funds' respective investors.

## **Item 5 – Fees and Compensation**

### **Management Fees:**

Pursuant to the Advisory Agreements with each of the Funds, BREA is entitled to compensation for its services in the form of an annual management fee (the “Management Fee”), payable quarterly in arrears, in respect of each Fund. In general, the Management Fee with respect to the Funds varies with respect to each investor based on the amount of such investor’s capital commitment to the Fund. During the investment period, Management Fees are charged based on capital commitments, and thereafter based on invested capital. The Management Fee payable by a BREP VI investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$300 million and (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$300 million. The Management Fee payable by a BREP VII investor is: (A) 1.50% per annum if such investor has aggregate capital commitments of less than \$300 million, (B) 1.25% per annum if such investor has aggregate capital commitments equal to or greater than \$300 million but less than \$500 million, (C) 1.15% per annum if such investor has aggregate capital commitments equal to or greater than \$500 million but less than \$800 million and (D) 1.10% per annum if such investor has aggregate capital commitments equal to or greater than \$800 million. 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).

As set forth in Item 6 below, the General Partners of the Funds are each also eligible to receive performance allocations or “carried interest” allocations in respect of realized investments. 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, compensation and related matters.

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

In addition to BREA’s Management Fee and performance-based allocations (see below), investors in the Funds bear, indirectly as partnership expenses, their pro rata share of any fees and expenses charged by BREA or the General Partners to the Funds, and deducted directly from the Funds. These fees vary, but typically include professional fees such as legal and accounting fees. Management Fees and performance-based allocations are either deducted from an investor’s assets invested with BREA at the payment date, withheld from distributions or invoiced pursuant to a payment notice (in the case of Management Fees). Finally, certain investors in the Funds, which are generally related persons, employees and retired partners of BREA or the Funds, may not pay management and/or 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. BREA's advisory fees are not inclusive of all the fees which investors may bear.

The following is a list of fees and/or expenses that the Funds may incur and 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's PPM and Partnership Agreement for a more extensive description of the fees and expenses associated with an investment in such Fund.

- 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 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. The Management Fee paid by investors in the Funds to BREA is reduced by (A) for investors in BREP VI, (i) 80% of such investor's pro rata share of any additional fees and (ii) 50% of such investor's pro rata share of any acquisition fees; and (B) for investors in BREP VII, (i) 80% of such investor's pro rata share of any additional fees and (ii) 70% of such investor's pro rata share of any acquisition fees; provided, that such fees will be allocated between the relevant Fund (and parallel funds) and any other investment fund sponsored by BREA and its affiliates having an interest in such fees on a pro rata basis in applying the foregoing. Any "break-up" or other similar fees received by BREA 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 to the Management Fees described in Item 5, the General Partner of each Fund receives a portion of the profits of current disposition proceeds from each Fund with respect to each investor (other than those that are affiliates of BREa), which is equal to 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 BREa's affiliate is in part compensated based on the performance of the Funds may create an incentive for BREa to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, BREa 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 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; and
- Certain high net worth individuals.

All investors are subject to applicable suitability requirements. BREA and the General Partner require that each investor in the Funds be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended 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 will offer advice to the Funds generally to invest in equity and equity-related real estate securities (including (i) preferred stock, debt and other securities relating to common equity investments and (ii) preferred stock, debt and other securities that are expected to produce equity-like returns) and other real estate and real estate-related assets in conjunction with privately negotiated transactions. These investments are generally made in connection with acquisitions, dispositions, restructurings, workouts, management acquisitions and other similar situations and generally involve some degree of leverage.

BREA's investment analysis methods may include fundamental, technical and cyclical research. BREA's investment team is responsible for evaluating real estate, securities and other products for investment, making asset allocation and investment selection on a daily basis for the Funds. BREA'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 BREAs 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 BREAs manages that may be out of BREAs control. BREAs 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 does not have any legal, financial or other “disciplinary” item to report. As a registered investment advisor, BREA 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 does not believe that any current litigation to which Blackstone is a party will have a material adverse effect on BREA 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 and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to Blackstone and BREA in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees. **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 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). Investors in the Funds will not receive a benefit from such 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. Although the Funds will generally serve as Blackstone's primary global control-oriented real estate investment vehicles,

in certain circumstances, all of the opportunities suitable for the Funds may not be presented to the Funds.

**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 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 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 Management Partners L.L.C.	BMP L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Real Estate Advisors International L.L.C.	BREA International	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
Blackstone Alternative Solutions L.L.C.	BAS	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
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 is also an affiliate of Blackstone Advisors India Private Limited (“BAIPL”), The Blackstone Group (HK) Limited (“BHK”), The Blackstone Group International Partners LLP

(“BGIP”) and The Blackstone Group Japan K.K. (“BGJ”). BAIPL is registered in India, BHK is registered in Hong Kong, BGIP is registered in the United Kingdom and BGJ is registered in Japan. They provide certain advisory services to BREA and certain of its affiliates in India, Hong Kong, the United Kingdom and Japan respectively.

BREA 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 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 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 personnel must also comply with all federal securities laws.

BREA'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 meets its fiduciary obligation to BREA's clients (or prospective clients) and to instill a culture of compliance within BREA. An additional benefit of the Code 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 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'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 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. BREAs Code is available for review upon request.

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

## **Item 12 – Brokerage Practices**

BREA has the authority to originate and recommend to the General Partners 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. BREA 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 BREa are the Funds' accounts. The Funds' accounts and investment positions are monitored by BREa personnel on a regular and current basis. BREa'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. BREa might periodically review on an expedited basis the assets of a Fund following a unique occurrence in the financial industry or market generally.

### Reports to Clients

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

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

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

Typically, third-party solicitors will receive a portion of the management fee and/or performance fee paid to BREA (although other payment arrangements could exist). A prospective investor solicited by a third party 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 paid/borne by a corresponding reduction in the management fee by BREA 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. will 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.

BREA has a placement arrangement with Park Hill Real Estate Group LLC, an affiliate of BREA. BAP, an affiliate of BREA, serves as a placement agent for the Funds in the U.S. but is not compensated for such services. BREA has distribution/placement arrangements with a number of other unaffiliated third parties.

## **Item 15 – Custody**

In connection with the management of investments for certain investors, BREAA may have, or may be deemed to have, custody of certain funds or securities of such investors. 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” under 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, BREAA does not have custody of client funds or securities, however, the General Partner of the Funds do. BREAA 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 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 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 may be deemed to have authority to vote proxies relating to the companies in which its clients invest, BREa has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Rule. To the extent that BREa exercises or is deemed to be exercising voting authority over its clients’ securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of the clients, as determined by BREa in its sole discretion.

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

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

## **Item 18 – Financial Information**

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