



Memorandum No.:

AlphaKeys European Real Estate Opportunities Fund II, L.L.C.

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AlphaKeys European Real Estate Opportunities Fund II, L.L.C.**Important Information**

This Confidential Offering Memorandum and any amendments and supplements thereto (for the avoidance of doubt, excluding any appendices attached hereto, this "Memorandum") is being furnished to selected qualified investors on a confidential basis for their consideration in connection with the private offering of limited liability company interests (the "Interests") in AlphaKeys European Real Estate Opportunities Fund II, L.L.C. (the "AlphaKeys Fund"). Prospective investors should read this Memorandum carefully before deciding whether to purchase Interests and should pay particular attention to the information set forth in "Section III. Risk Factors and Other Considerations" and "Section IV. Conflicts of Interest." The AlphaKeys Fund will invest substantially all of its capital in limited partner interests in Blackstone Real Estate Partners Europe V L.P., a Cayman Islands exempted limited partnership (the "Underlying Fund"). For a more detailed description of the Underlying Fund, see the Confidential Private Placement Memorandum of the Underlying Fund attached hereto as Appendix A (as amended, restated or supplemented from time to time, each as provided by Blackstone, collectively, the "Underlying Fund Memorandum"). Notwithstanding the foregoing or anything to the contrary herein, investors in the AlphaKeys Fund will not be limited partners in the Underlying Fund and an investment in the Interests is not an investment in the Underlying Fund. By its acceptance hereof, each recipient agrees that this Memorandum may not be reproduced or distributed to others (except to the recipient's professional advisors) without the prior written consent of the AlphaKeys Fund, and that the recipient and his or her professional advisors will keep permanently confidential all information contained in this Memorandum not already in the public domain and will use this Memorandum for the sole purpose of evaluating a possible investment in the AlphaKeys Fund. No person has been authorized to make any statement concerning the AlphaKeys Fund or the offering being made by this Memorandum, other than as set forth herein, and any such statements, if made, may not be relied upon.

The AlphaKeys Fund is member-managed. UBS Fund Advisor, L.L.C., a Delaware limited liability company (the "Administrator") has been appointed as Administrator to the AlphaKeys Fund. Further, under the LLC Agreement (as defined below), the Members of the AlphaKeys Fund appoint UBS Fund Advisor, L.L.C. ("UBSFA") as Member Designee (as defined in the LLC Agreement). The Administrator is a direct, wholly owned subsidiary of UBS Americas, which, in turn, is a direct, wholly owned subsidiary of UBS AG (together with its affiliates, "UBS").

Prospective investors should not construe the contents of this Memorandum as legal, investment, tax or other advice. Prospective investors should conduct their own investigation and evaluation of the investment offered hereby. Each prospective investor should consult and rely on his or her own attorneys, business and tax advisors as to legal, business, tax and related matters concerning this offering and its suitability for such prospective investor. Each investor will be required to stipulate in his, her or its Investor Application (as defined below) relating to its investment in the AlphaKeys Fund that he, she, or it has not relied upon the AlphaKeys Fund, UBS Financial Services Inc., the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser or any of their affiliates, for tax or legal advice and that the investor has relied only on his, her or its own advisor for tax and legal advice.

Any losses by the AlphaKeys Fund will be borne solely by the Members (as defined below) and not by the Administrator, or its affiliates; therefore, UBSFA's and its affiliates' or subsidiaries' losses in the AlphaKeys Fund will be limited to losses attributable to the Interests in the AlphaKeys Fund held by UBSFA and its affiliates or subsidiaries in their capacity as members in the AlphaKeys Fund.

An investment in the AlphaKeys Fund is speculative and involves significant risks and conflicts of interest. See "Section III. Risk Factors and Other Considerations" and "Section IV. Conflicts of Interest" below. Both

the AlphaKeys Fund and the Underlying Fund are intended for long-term investors who can accept the significant risks associated with investing in illiquid assets. Accordingly, an investment in the AlphaKeys Fund should only be considered by persons who can afford a loss of their entire investment and Members should maintain sufficient liquid assets to meet capital call obligations and manage short-term and long-term cash needs. No assurance can be given that the investment objectives of the AlphaKeys Fund or the Underlying Fund will be achieved. Investors should understand the risks associated with an investment in the AlphaKeys Fund and have the financial ability and willingness to accept such risks for an indefinite period of time. Tax-exempt investors may recognize a significant amount of unrelated-business taxable income ("UBTI"), as defined in Section 512 of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of an investment in the AlphaKeys Fund and, accordingly, are strongly urged to consult their own tax advisors regarding the advisability of an investment in the AlphaKeys Fund. See "Section V. Certain Material U.S. Federal Income Tax Considerations" below.

The information contained in this Memorandum has been prepared by the AlphaKeys Fund. None of the Underlying Fund, the Underlying Fund General Partner or the Underlying Fund Adviser (each as defined in the "Introduction" below), or The Blackstone Group L.P. and/or its affiliates ("Blackstone") or their respective affiliates (i) has participated in the offering of interests of the AlphaKeys Fund or (ii) is responsible for such offering of interests of the AlphaKeys Fund, the operation of the AlphaKeys Fund or the contents of this Memorandum, the AlphaKeys Fund's governing documents, the AlphaKeys Fund's Investor Application (as defined below), related agreements and instruments or any accompanying sales documentation, each as amended or supplemented.

Purchasers of the interests offered hereby will not be limited partners of the Underlying Fund, will have no voting rights or direct interest in the Underlying Fund and will have no standing or recourse against the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone, their respective affiliates or any of their respective general partners, investment advisers, officers, directors, employees, partners or members. Purchasers of the interests will not be parties to the operating documents of the Underlying Fund (as amended, restated or supplemented from time to time, the "Underlying Fund Operating Document"), and, will not have any rights thereunder and may not bring a direct action on their own behalf against the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone, any of their respective affiliates or any of their respective general partners, investment advisers, officers, directors, employees, partners or members for any breach thereof. The interests offered hereby are interests in the AlphaKeys Fund, not the Underlying Fund, and the offering of interests in the AlphaKeys Fund does not constitute, and should not be considered, a direct or indirect offering of interests in the Underlying Fund. Although the AlphaKeys Fund is being established to invest in the Underlying Fund, it is not an affiliate of the Underlying Fund and will be administered solely by the Administrator or its affiliates. Potential purchasers of interests should note that none of the AlphaKeys Fund, the Administrator, UBS or any of their respective affiliates have the power to legally bind or commit the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone, or their respective affiliates.

All statements in this Memorandum regarding the Underlying Fund and its terms, the Underlying Fund General Partner or the Underlying Fund Adviser are qualified in their entirety by reference to the Underlying Fund Memorandum, which is subject to change. The terms of the Underlying Fund may be subject to continuing negotiation with prospective investors who invest directly in the Underlying Fund and may be different from those summarized herein or provided in the materials referenced herein. A prospective investor should not invest unless it is able to sustain the loss of all or a significant portion of its investment.

Offers of interests will be made only pursuant to this Memorandum. Offering literature in any form whatsoever employed in connection with the offering and sale of interests is subject to, and is superseded by, this Memorandum and, to the extent applicable with respect to any terms applicable to the Underlying

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Fund, the Underlying Fund Operating Document. In the event of any conflict between this Memorandum or the Underlying Fund Operating Document, on the one hand, and any other offering literature, on the other hand, this Memorandum (or with respect to any terms applicable to the Underlying Fund, the Underlying Fund Operating Document) shall control. No person has been authorized to give any information or to make any representation other than those contained in this Memorandum, and, if given or made, such information should not be relied upon as having been authorized by the AlphaKeys Fund, the Member Designee, the Administrator, the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser or any of their respective affiliates.

The information regarding the AlphaKeys Fund and the Underlying Fund contained herein is provided on a confidential basis and by accepting delivery of this Memorandum and the Underlying Fund Memorandum attached hereto, the recipient agrees to keep such information confidential and to use it solely for the purpose of evaluating an investment in the AlphaKeys Fund. Notwithstanding anything else in this Memorandum to the contrary, the Members may disclose to any and all persons, without limitation of any kind, information regarding the tax treatment, tax structure and tax strategies of the AlphaKeys Fund, the offering of its interests and its transactions all within the meaning of U.S. Treasury Regulation § 1.6011-4(b)(3). For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in this offering, or of any information or the portion of any materials not relevant to the tax treatment, tax structure or tax strategies of the offering.

Certain information contained in this Memorandum relating to Blackstone, the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser and their affiliates has been derived by UBS Financial Services Inc. from materials furnished on behalf of the Underlying Fund. Such information (a) has not been independently verified by the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates and (b) does not necessarily reflect the views or opinions of UBS. Moreover, none of the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates has the right to participate in the control, management or operations of the Underlying Fund, nor has any discretion over the management of the Underlying Fund. None of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser or any of their respective affiliates make any representation or warranty (whether express or implied) regarding, and expressly disclaims any liability or responsibility for the fairness, correctness, accuracy, reasonableness or completeness of any of the information set forth herein other than with respect to the Underlying Fund Memorandum. None of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser or any of their respective affiliates are responsible for the formation or operation of the AlphaKeys Fund. None of Blackstone, the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund's investment advisor, agents or affiliates nor any of their respective officers, directors, employees, partners or members are affiliates of the AlphaKeys Fund, the Member Designee or the Administrator or have endorsed or make any recommendations of the AlphaKeys Fund. Descriptions of any rights, benefits and effects described in the Underlying Fund Memorandum will inure to the benefit of, and/or apply to, the AlphaKeys Fund as a whole and not to the Members in the AlphaKeys Fund.

Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained in the Underlying Fund Memorandum are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns

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indicated therein. In considering any performance information contained therein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Underlying Fund or the AlphaKeys Fund will achieve comparable results or that the Underlying Fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses.

This Memorandum and the Underlying Fund Memorandum contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about beliefs and expectations. Any statement in this Memorandum or the Underlying Fund Memorandum that contains intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These assumptions are based on plans, estimates, and projections, as they are currently available. Forward-looking statements therefore speak only as of the date they are made, and none of the Underlying Fund, the Underlying Fund General Partner, Blackstone, the Underlying Fund Adviser, the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates undertakes to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the AlphaKeys Fund or the Underlying Fund to differ materially from those contained in any forward-looking statement. See "Section III. Risk Factors and Other Considerations" and "Section IV. Conflicts of Interest."

As used in this Memorandum, an "affiliate" of any person or entity will include any person controlling, controlled by or under common control with such person.

The Underlying Fund Memorandum includes a variety of performance information relating to the Underlying Fund and other investment vehicles managed by the Underlying Fund General Partner and/or the Underlying Fund Adviser. Information presented about other funds or selected investments made by the Underlying Fund General Partner and/or the Underlying Fund Adviser, while informative regarding the experience of the Underlying Fund General Partner and/or the Underlying Fund Adviser, are not indicative of, and in some cases may be irrelevant to, an assessment of the potential performance or investments of the AlphaKeys Fund (in connection with its investment in the Underlying Fund). While reviewing the performance information set forth in the Appendix to the Underlying Fund Memorandum, investors should pay particular attention to the net return information provided in the endnotes to such Appendix. PERFORMANCE SHOWN IN THE UNDERLYING FUND MEMORANDUM IS NOT THAT OF THE ALPHAKEYS FUND. THE PERFORMANCE SHOWN IS NOT NET OF ADDITIONAL FEES THAT WILL BE CHARGED AT THE ALPHAKEYS FUND LEVEL. The returns of the AlphaKeys Fund will be lower, and may be materially lower than the returns at the Underlying Fund level. Performance shown in the Underlying Fund Memorandum does not include AlphaKeys Fund-level Fees and Expenses or the Placement Fee (if charged), as each is defined below. Such fees will reduce returns. Returns for the AlphaKeys Fund may also differ from the returns of the Underlying Fund as a result of funds invested in Temporary Investments (as defined below) by the AlphaKeys Fund and delayed distributions by the AlphaKeys Fund to its investors.

No representation or warranty is being made herein as to the past or future investment performance of the AlphaKeys Fund or the Underlying Fund. Only those particular representations and warranties that may be made by the AlphaKeys Fund in a definitive investor application ("Investor Application") relating to the purchase of Interests, when and if one is executed, and subject to such limitations and restrictions as may be specified in such Investor Application, will have any legal effect.

Interests are being offered exclusively to investors who meet the qualification standards set forth in this Memorandum, with a minimum Capital Commitment (as defined below) of \$250,000,

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subject to the discretion of the Member Designee to accept lesser amounts or raise the minimum Capital Commitment, as described herein.

Except where otherwise indicated, the information contained in this Memorandum has been compiled as of the date set forth in this Memorandum, and information regarding the Underlying Fund is as of the date set forth in the Underlying Fund Memorandum. None of the AlphaKeys Fund, the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, the Member Designee, the Administrator or any of their respective affiliates has any obligation to update any portion of this Memorandum. Under no circumstances should the delivery of this Memorandum, irrespective of when it is made, create any implication that there has been no change in the affairs of the AlphaKeys Fund, the Underlying Fund, the Member Designee, the Administrator or any of their respective affiliates since such date.

This Memorandum is not an offer to sell or a solicitation of an offer to buy an Interest, nor will any Interest be offered or sold, to any person in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. Accordingly, the Interests may not be offered or sold, directly or indirectly, and this Memorandum may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable to such jurisdiction. The AlphaKeys Fund reserves the right to modify any of the terms of the offering and the Interests described herein. This Memorandum will remain the property of the AlphaKeys Fund. The AlphaKeys Fund reserves the right to require the return of this Memorandum at any time from prospective investors who do not purchase Interests in the AlphaKeys Fund.

This Memorandum is intended for investors who are U.S. Persons within the meaning of Section 7701(a)(30) of the Code (as described below).

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ALPHAKEYS FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER GOVERNMENTAL AUTHORITY AND NONE OF THE FOREGOING AUTHORITIES HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NONE OF THE ALPHAKEYS FUND, THE MEMBER DESIGNEE, THE ADMINISTRATOR OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY ENDORSEMENT OR RECOMMENDATION OF THE UNDERLYING FUND AND THE ESTABLISHMENT OF THE ALPHAKEYS FUND TO INVEST IN THE UNDERLYING FUND DOES NOT CONSTITUTE SUCH ENDORSEMENT OR RECOMMENDATION.

IT IS ANTICIPATED THAT THE OFFERING AND SALE OF THE INTERESTS OFFERED HEREBY WILL BE EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE VARIOUS STATE SECURITIES LAWS, AND THAT THE ALPHAKEYS FUND WILL NOT BE REQUIRED TO REGISTER UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE INTERESTS OFFERED HEREBY HAVE NOT AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES LAWS, AND WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING RECIPIENTS OF THIS MEMORANDUM PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY SECTION 4(A)(2) THEREOF AND IN COMPLIANCE WITH ANY OTHER APPLICABLE SECURITIES LAWS. THE INTERESTS MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE OR OTHER SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. IN ADDITION, SUCH INTERESTS MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED, IN WHOLE OR IN PART, EXCEPT AS PROVIDED IN THE LIMITED LIABILITY COMPANY AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE WILL BE NO PUBLIC MARKET FOR THE

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INTERESTS, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAW.

REQUIRED SECURITIES ACT DISCLOSURE. PURSUANT TO RECENT AMENDMENTS TO RULE 506 OF REGULATION D UNDER THE SECURITIES ACT (THE "RULE"), THE ALPHAKEYS FUND IS REQUIRED, AMONG OTHER THINGS, TO DISCLOSE CERTAIN DISCIPLINARY EVENTS, IN RESPECT OF VARIOUS ENTITIES AND/OR INDIVIDUALS, THAT OCCURRED PRIOR TO THE RULE'S EFFECTIVE DATE OF SEPTEMBER 23, 2013, AND SUCH DISCLOSURE IS ANNEXED HERETO AS APPENDIX C.

INTERESTS ARE NOT DEPOSITS IN, OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, THE MEMBER DESIGNEE, THE ADMINISTRATOR OR ANY OF THEIR AFFILIATES, ANY U.S. OR NON-U.S. DEPOSITORY INSTITUTION, ARE NOT INSURED BY THE FEDERAL RESERVE BOARD OR ANY OTHER U.S. OR NON-U.S. GOVERNMENTAL AGENCY. INTERESTS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, AND ARE NOT DEPOSITS, OBLIGATIONS OF, OR ENDORSED OR GUARANTEED IN ANY WAY, BY ANY BANKING ENTITY. INTERESTS ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE ENTIRE AMOUNT INVESTED.

THE ADMINISTRATOR IS REGISTERED AS A "COMMODITY POOL OPERATOR" WITH THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") AND IS A MEMBER OF THE NATIONAL FUTURES ASSOCIATION ("NEA") IN SUCH CAPACITY UNDER THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED. WITH RESPECT TO THE ALPHAKEYS FUND, THE ADMINISTRATOR HAS CLAIMED AN EXEMPTION PURSUANT TO CFTC RULE 4.13(A)(3) AS A "COMMODITY POOL OPERATOR" BASED ON THE ALPHAKEYS FUND'S LIMITED TRADING IN COMMODITY INTERESTS, AND WILL OPERATE THE ALPHAKEYS FUND AS IF THE ADMINISTRATOR WERE EXEMPT FROM REGISTRATION WITH THE CFTC AS A REGISTERED "COMMODITY POOL OPERATOR." PURSUANT TO THE EXEMPTION UNDER CFTC RULE 4.13(A)(3), THE ADMINISTRATOR IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT OR A CERTIFIED ANNUAL REPORT TO INVESTORS.

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JANUARY 2016

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I. INTRODUCTION

AlphaKeys European Real Estate Opportunities Fund II, L.L.C. (the "AlphaKeys Fund"), a newly formed Delaware limited liability company, is a private investment fund established by UBS Fund Advisor, L.L.C., the AlphaKeys Fund's member designee (the "Member Designee") to invest substantially all of its capital in limited partnership interests in Blackstone Real Estate Partners Europe V █ (the "Underlying Fund"). Blackstone Real Estate Associates Europe V █ serves as the Underlying Fund's general partner (the "Underlying Fund General Partner") and Blackstone Real Estate Advisors █, has been appointed to provide advisory and management services to the Underlying Fund (the "Underlying Fund Adviser").

The AlphaKeys Fund will invest in the Underlying Fund. There can be no assurance that the investment objectives of the AlphaKeys Fund or the Underlying Fund will be achieved, that such funds will be able to implement their respective investment strategies, or avoid substantial losses.

For a more detailed description of Blackstone, the Underlying Fund, the Underlying Fund General Partner and the Underlying Fund Adviser, see the Confidential Private Placement Memorandum of the Underlying Fund, attached hereto as Appendix A (as the same has been amended, restated or supplemented from time to time, each as provided by Blackstone, collectively, the "Underlying Fund Memorandum"). None of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone and their respective affiliates are responsible for the formation or operation of the AlphaKeys Fund. The offering of interests in the AlphaKeys Fund should not be considered an offering of interests in the Underlying Fund. None of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone or any of their respective affiliates, officers, directors, employees, partners or members have endorsed or make any recommendations of the AlphaKeys Fund. None of the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates makes any endorsement or recommendation of the Underlying Fund and the establishment of the AlphaKeys Fund to invest in the Underlying Fund does not constitute such endorsement or recommendation.

Each investor admitted to the AlphaKeys Fund (each a "Member") at a closing (a "Closing") will be required to make an initial payment on or prior to the Initial Closing or upon a Subsequent Closing or as otherwise determined by the Member Designee equal to a percentage of its capital commitment to the AlphaKeys Fund (a "Capital Commitment") as specified by the Member Designee as will enable the AlphaKeys Fund to fund its initial capital contribution and other obligations with respect to the Underlying Fund and to pay organizational expenses and other fees and expenses incurred by the AlphaKeys Fund. Thereafter, the Member Designee may make calls for the remaining portion of the Capital Commitment of each Member and capital calls with respect to Excess Contributions (as defined below) on not less than five (5) calendar days' prior notice, *provided however*, to the extent the Underlying Fund calls for a contribution to the Underlying Fund on less than five (5) calendar days notice, the AlphaKeys Fund may call capital from its investors on less than five (5) calendar days notice to satisfy its obligations to the Underlying Fund. Capital Commitments and calls for Excess Contributions (as defined below) will be denominated in U.S. dollars.

A Member may be required to make capital contributions to the AlphaKeys Fund ("Capital Contributions") in an amount in excess of its Capital Commitment (a) in the event the AlphaKeys Fund has to make capital contributions or other payments to the Underlying Fund in excess of the AlphaKeys Fund's capital commitment to the Underlying Fund, (b) for any AlphaKeys Fund-level fees and expenses applicable to such Member at the AlphaKeys Fund level, including, without limitation, the administrative fee paid to UBSFA as described under "Administrative Fee" below) and other Fund Expenses (as defined under "Other Fees and Expenses" below) (collectively, the "AlphaKeys Fund-level Fees and Expenses") or (c) any tax payments made by the AlphaKeys Fund on behalf of such Member (or interest or penalties associated therewith). In addition, it is expected that each Member will be

required to make contributions to the AlphaKeys Fund in excess of its Capital Commitment to pay the management fee charged by the Underlying Fund as set forth in the Underlying Fund Memorandum (the "Underlying Fund Management Fee") and certain Underlying Fund organizational expenses, as set forth in the Underlying Fund Memorandum. The excess Capital Contributions described above are referred to herein as "Excess Contributions." The AlphaKeys Fund may invest all Capital Commitments in the Underlying Fund. As a result, the extent to which a Member will be required to make certain Excess Contributions will depend on the percentage of aggregate capital commitments called by the Underlying Fund (for example, if the Underlying Fund calls 100% of commitments, each Member's share, if any, of applicable AlphaKeys Fund-level Fees and Expenses and the Underlying Fund Management Fee and Underlying Fund organizational expenses would be in addition to such Member's Capital Commitment). In addition, a Member may also be required to pay a Placement Fee (as defined below), as discussed in further detail below.

Pending investment in the Underlying Fund or as the Member Designee otherwise determines is necessary or prudent in its sole discretion, including for payment of fees and expenses (as described herein), the AlphaKeys Fund may invest in Temporary Investments (as defined below).

Investor Applications

The offering made hereby of limited liability company interests (the "Interests") in the AlphaKeys Fund is made only to the person to whom this Memorandum has been delivered provided such person is a UBS client and an Eligible Purchaser (as defined below). Each Member ordinarily will be required to make a Capital Commitment of not less than \$250,000 to the AlphaKeys Fund, subject to the discretion of the AlphaKeys Fund to accept Capital Commitments of a lesser amount or raise the minimum Capital Commitment. The AlphaKeys Fund may vary the investment minimums from time to time. The AlphaKeys Fund reserves the right to accept or reject any investor application ("Investor Application") for Interests or the application of any Member wishing to increase its existing Capital Commitment. Charitable remainder trusts will not be admitted to the AlphaKeys Fund and generally, the AlphaKeys Fund will not accept Capital Commitments from any Individual Retirement Accounts. An "Eligible Purchaser" must be: (i) a qualified purchaser under the Investment Company Act (as defined below), (ii) an accredited investor under the Securities Act (as defined below), and (iii) a U.S. Person within the meaning of Section 7701(a)(30) of the Code (as described below), unless otherwise permitted by law.

Members will be charged by the Placement Agent (as defined below) a Placement Fee (as defined below) of two percent (2%) of the Members' respective Capital Commitments, subject to waiver by the Placement Agent in limited circumstances. The Placement Agent may reallocate all or a portion of such Placement Fee to a Member's financial advisor or other securities dealers participating in the placement of Interests. The Placement Fee will be in addition to any Capital Contributions a Member is required to make to the AlphaKeys Fund and will not reduce its Capital Commitment, including for the purposes of determining such Member's Sharing Percentage (as defined below).

Notwithstanding anything to the contrary contained herein, any Member who is a client of UBS Financial Services Inc. ("UBSFS") and invests in the AlphaKeys Fund through an Advisory Program (as defined below) will be issued Advisory Class limited liability company interests and will not be charged a Placement Fee or an Administrative Fee (as defined below).

Each Member (including permitted transferees) will be obligated to agree to be bound by all of the terms of the LLC Agreement. Each potential investor also will be obligated to represent and warrant in the Investor Application, among other things, that such investor is purchasing an Interest for its own account, and not with a view to the distribution, assignment, transfer or other disposition of such Interest.

II. SUMMARY OF PRINCIPAL TERMS OF THE ALPHAKEYS FUND

The following is a summary of the principal terms of AlphaKeys European Real Estate Opportunities Fund II, L.L.C. (the "AlphaKeys Fund"). This summary is qualified in its entirety by reference to the Limited Liability Company Agreement of the AlphaKeys Fund (as amended from time to time, the "LLC Agreement") and the investor application (the "Investor Application"), both of which should be reviewed carefully prior to making an investment decision. The offer made hereby is subject to modification, prior sale and withdrawal. Certain information contained in this Memorandum relating to Blackstone, the Underlying Fund, the Underlying Fund General Partner and the Underlying Fund Adviser has been derived by UBS Financial Services Inc. from materials furnished on behalf of the Underlying Fund. For a more detailed description of Blackstone, the Underlying Fund, the Underlying Fund General Partner and the Underlying Fund Adviser, see the Confidential Private Placement Memorandum of the Underlying Fund and any supplements thereto, attached hereto as Appendix A (collectively, the "Underlying Fund Memorandum").

The AlphaKeys Fund AlphaKeys European Real Estate Opportunities Fund II, L.L.C., a Delaware limited liability company (the "AlphaKeys Fund"), a newly created entity.

Investment Objective and Operations The AlphaKeys Fund has been organized to invest substantially all of its capital in limited partner interests in Blackstone Real Estate Partners Europe V ■■■, a Cayman Islands exempted limited partnership (the "Underlying Fund"). For a more detailed description of the Underlying Fund, see the Underlying Fund Memorandum. The Underlying Fund may offer multiple classes of interests. The AlphaKeys Fund may allocate to any class of interests in the Underlying Fund in the sole discretion of the Administrator without prior notice or consent. The Underlying Fund may, in its sole discretion, require the AlphaKeys Fund to hold its interest in the Underlying Fund through a separate alternative investment vehicle, parallel fund or feeder fund that would have substantially similar terms as the Underlying Fund, as further described in the Underlying Fund Memorandum attached hereto as Appendix A.

The AlphaKeys Fund will invest in the Underlying Fund. As more fully described in the Underlying Fund Memorandum, the principal investment objective of the Underlying Fund is to make control-oriented "opportunistic" real estate investments, primarily in Europe, by investing in equity, debt or other interests in, or relating to, real estate assets of any type or real estate companies and real-estate related companies. There can be no assurance that the investment objectives of the AlphaKeys Fund or the Underlying Fund will be achieved, that such funds will be able to implement their respective investment strategies or avoid substantial losses.

The Underlying Fund Memorandum should be read carefully by all prospective investors.

Classes of Interests The AlphaKeys Fund currently offers two classes of limited liability company interests; the Brokerage Class and the Advisory Class. Members that invest through the UBS "Institutional Consulting Program" or another UBS investment advisory program that is approved for investment into the AlphaKeys Fund by UBSFA (an "Advisory Program"), and pursuant to which UBS or its affiliates will receive a fee directly from such investor for the investment in the AlphaKeys Fund, will be Members of the Advisory Class. All other Members will be admitted into the Brokerage Class. Unless otherwise specified herein, references to "Members" shall include Members of both the Brokerage Class and the

Advisory Class.

The AlphaKeys Fund may, in its sole discretion and from time to time, establish additional classes of interests that may differ in terms of, among other things, the timing and amount of fees charged, distribution rights and other terms. In particular, the AlphaKeys Fund may establish an additional class of preferred equity interests (which may be held by the Member Designee (as defined below) or an affiliate thereof) that may differ in terms of, among other things, a priority with respect to distributions and in dissolution, the right to a preferred return, the right to receive certain cash proceeds, different voting rights, the timing and amount of fees charged and withdrawal rights.

**Administrator
and Member
Designee**

The AlphaKeys Fund is member-managed for purposes of Delaware law. Pursuant to the LLC Agreement, the investors have appointed UBS Fund Advisor, L.L.C., a Delaware limited liability company, to act as "Member Designee" (in such capacity, the "Member Designee") and, accordingly, have delegated all of their rights, powers, duties and obligations to manage and control the business and affairs of the AlphaKeys Fund to the Member Designee; provided, that the investors have not delegated (i) their rights to vote on amendments to the LLC Agreement, to the extent applicable, (ii) their rights under the LLC Agreement to call a meeting of the investors; or (iii) their rights under the LLC Agreement to vote to terminate the Administrative Services Agreement and/or to revoke the delegation of rights and powers to the Member Designee (as further described herein).

In addition, UBS Fund Advisor, L.L.C. has been appointed by the investors to provide certain administrative and support services to the AlphaKeys Fund (in such capacity, the "Administrator") pursuant to an administrative services agreement with the AlphaKeys Fund (the "Administrative Services Agreement"). One or more affiliates of the Administrator and the Placement Agent (as defined below) and third parties will be engaged to provide certain services to the AlphaKeys Fund at the expense of the AlphaKeys Fund. The Administrator and its affiliates provide certain administrative and investment advisory services to registered and unregistered investment funds and individual accounts. The Administrator or an affiliate may hold a nominal Interest in, and may be an investor of, the AlphaKeys Fund.

The Administrator is a direct, wholly owned subsidiary of UBS Americas, Inc. ("UBS Americas") which, in turn, is a wholly owned subsidiary of UBS AG, a Swiss bank. The Placement Agent, a wholly owned subsidiary of UBS Americas, is registered as a broker-dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act"), and is a member of the New York Stock Exchange, Inc. and other principal securities exchanges. The offices of the Administrator are located at 1285 Avenue of the Americas, New York, New York 10019, and its telephone number is (800) 486-2608.

The Administrator may, directly or indirectly, assign all or any part of its rights and duties under the Administrative Services Agreement to any individual or entity, with the prior approval of the AlphaKeys Fund. In the event of an assignment of the Administrative Services Agreement, the Member Designee of the AlphaKeys Fund is authorized to grant consent on behalf of the AlphaKeys Fund. The Member Designee will provide written notice to the Members in the event that it grants consent to an assignment. Because the Member Designee and the Administrator are currently the same entity, it is unlikely that the Member Designee will withhold consent to an assignment proposed by the

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Administrator.

In addition, the Administrator may resign as Member Designee of the AlphaKeys Fund and cause another individual or entity to be appointed as the replacement member designee of the AlphaKeys Fund with (i) the prior consent of the AlphaKeys Fund, or (ii) prior notice to the AlphaKeys Fund and, to the extent consistent with applicable law, without the prior consent of the AlphaKeys Fund.

The Administrator may be removed as the Member Designee of the AlphaKeys Fund and/or the Administrative Services Agreement may be terminated upon the vote of at least a majority-in-interest of Members who are not affiliates of the Administrator ("Unaffiliated Members") at a meeting of the Members called for such purpose as further described in the LLC Agreement; provided, however, that the Members must first arrange to delegate such rights and powers to manage the AlphaKeys Fund to a Qualified Replacement (as defined in the LLC Agreement) approved by the Administrator. A substitute member designee and/or administrator may be appointed upon the vote of at least a majority-in-interest of the Unaffiliated Members. In certain circumstances, the LLC Agreement permits the Administrator to reduce a Member's voting or approval rights.

**Administrative
Fee**

Pursuant to the Administrative Services Agreement, the Administrator will receive an annual fee (the "Administrative Fee") commencing on the initial closing date of the AlphaKeys Fund (the "Initial Closing Date") with respect to each Member equal to (a) 1.00% of such Member's Capital Commitment if such Member's Capital Commitment is less than \$3 million, (b) 0.75% of such Member's Capital Commitment if such Member's Capital Commitment is \$3 million or more but less than \$10 million, or (c) 0.50% of such Member's Capital Commitment if such Member's Capital Commitment is \$10 million or more, calculated as if each Member were admitted to the AlphaKeys Fund as of the Initial Closing Date.

After the expiration of the Underlying Fund Investment Period (as defined below) (the "Investment Period Expiration Date"), the Administrative Fee payable by the AlphaKeys Fund will be computed based on the percentages described above attributable to each Member's Capital Commitment, but with such percentage applied to each Member's Capital Contributions used to fund investments by the AlphaKeys Fund that have not been sold or otherwise disposed of (directly or indirectly through the Underlying Fund) and the proceeds thereof that have not been returned by the Underlying Fund to the AlphaKeys Fund. For purposes of calculating the Administrative Fee after the Investment Period Expiration Date, each Member may be deemed to have made Capital Contributions in respect of binding commitments to make investments.

The Administrative Fee is not paid to the Administrator by those Members of the Advisory Class, from whom UBSFS or its affiliates will receive a fee directly. If, at any time, a Member terminates its participation in an Advisory Program and therefore, UBSFS or its affiliates no longer receive a fee from such Member in respect of such Member's ownership of Interests (as defined below) in the AlphaKeys Fund, then the AlphaKeys Fund may convert that Member's Interests in the Advisory Class into Brokerage Class Interests and the Administrative Fee payable in respect of such Member may, as of the date of the termination of such Advisory Program, be calculated as described above for Members of the Brokerage Class.

For purposes of calculating the Administrative Fee, any amount contributed by a

Member in excess of its Capital Commitment will not be included in such Member's Capital Commitment or the calculation of such Member's Capital Contributions.

The Administrative Fee will be in addition to the fees and expenses charged by the Underlying Fund (including without limitation the Underlying Fund Management Fee and the Underlying Fund Carried Interest Distribution (each as defined below)).

The Administrator may, in its sole and absolute discretion, defer or waive all or any portion of the Administrative Fee with respect to a Member, including employees, officers and directors of the Administrator and its affiliates. The Administrator may also vary the terms of the Administrative Fee with respect to a particular class of Interests, in the Administrator's sole discretion. The Administrative Fee will not apply to any Capital Commitments made by the Administrator or its affiliates. The Administrative Fee is in addition to and separate from the amounts payable by the AlphaKeys Fund to other third parties engaged on behalf of the AlphaKeys Fund.

The Administrator will be responsible for the payment of its own ordinary operating expenses relating to its duties under the Administrative Services Agreement, including salaries of its employees, occupancy costs and other general overhead, but not including the fees and expenses of any consultants that the Administrator may hire on behalf of the AlphaKeys Fund. The AlphaKeys Fund will reimburse the Administrator or its affiliates for any expenses incurred by the Administrator or its affiliates in connection with the Administrator's services under the Administrative Services Agreement.

Placement Fee

A Member will be charged a placement fee by UBS Financial Services Inc., an affiliate of the Administrator (the "Placement Agent"), of two percent (2%) in the aggregate of such Member's Capital Commitment (the "Placement Fee"), subject to waiver by the Placement Agent in limited circumstances. The Placement Agent may reallocate all or a portion of the Placement Fee to a Member's financial advisor or other securities dealers participating in the placement of Interests. The Placement Fee will be in addition to any Capital Contributions such Member is required to make to the AlphaKeys Fund and will not reduce such Member's Capital Commitment, including for purposes of determining such Member's Sharing Percentage (as defined below).

Notwithstanding anything to the contrary contained herein, an Advisory Class Member will not be charged a Placement Fee.

The Administrator and the Placement Agent intend to compensate the Placement Agent's financial advisors, as well as others, for their ongoing servicing of clients with whom they have placed Interests. Such compensation will be payable out of the Administrative Fee.

Organizational and Offering Expenses

The AlphaKeys Fund will bear all legal and other costs and expenses incurred in connection with the organization of the AlphaKeys Fund and the offering of Interests (including certain costs and expenses of the Placement Agent as further described in the LLC Agreement).

Other Fees and

The AlphaKeys Fund will pay (and the Members will bear) all costs, expenses and

Expenses

liabilities in connection with its operations and the investment of its assets, including, without limitation: organizational, offering and related expenses; fees, costs and expenses related to the purchase, holding and sale of investments in the Underlying Fund (which will involve the payment of fees and expenses in addition to the Administrative Fee), and Temporary Investments (as defined below); interest and other expenses related to any AlphaKeys Fund borrowings, costs of compliance with any applicable federal or state laws; taxes; tax preparation fees; fees and expenses of consultants, accountants and legal counsel; all costs and expenses of computing the value of the AlphaKeys Fund's assets, including any appraisal and valuation services provided by third parties; investor servicing and accounting expenses; fees and expenses related to maintenance of books and records (including investment reporting), insurance or mailings; printing costs; marketing expenses; extraordinary expenses (such as litigation and indemnification of the Member Designee, the Administrator and their affiliates); costs and expenses of any feeder vehicle organized to invest in the AlphaKeys Fund, including any organizational expenses thereof; any other out-of-pocket fees and expenses incurred by the Member Designee, the Administrator and any service providers; any amounts necessary to fund a Defaulting Member's Defaulted Amount (each as defined below) (including the amount of any borrowing) and any costs associated with the foregoing in the event the AlphaKeys Fund is unable to recover such amounts from the Defaulting Member (see "—Default" below)) (all of the foregoing together, the "Fund Expenses").

In addition to the foregoing Fund Expenses, Members will bear, directly or indirectly, the cost of the AlphaKeys Fund's pro rata share of the fees and expenses of the Underlying Fund as described below in "Underlying Fund Management Fee; Other Fees."

Underlying Fund Management Fee; Other Fees

As described in detail in the Underlying Fund Memorandum, during the Underlying Fund Investment Period (as defined below), the Underlying Fund Adviser will be entitled to receive a management fee (the "Underlying Fund Management Fee"), payable quarterly, at an annual rate of (i) until the end of the Underlying Fund Investment Period, 1.5% of the AlphaKeys Fund's capital commitment and (ii) thereafter (or upon the occurrence of certain other triggering events, whichever occurs first), 1.5% of the AlphaKeys Fund's capital contributions with respect to portfolio investments that have not been disposed of as of the first day of the relevant quarter or during the preceding quarter.

In addition to the Underlying Fund Management Fee, each Member of the AlphaKeys Fund will be required to pay their pro rata portion of other fees and expenses charged at the Underlying Fund-level as further described in the Underlying Fund Memorandum (collectively, the "Underlying Fund-level Fees and Expenses").

Underlying Fund Carried Interest Distributions

As described in detail in the Underlying Fund Memorandum, the Underlying Fund General Partner is entitled to receive "carried interest" distributions equal to 20% of the Underlying Fund's net profits, subject to an eight percent (8)% preferred return with a full catch up provision for the Underlying Fund General Partner (the "Underlying Fund Carried Interest Distribution"). The actual amount of any such carried interest payment is based in part upon the Underlying Fund's achievement of certain returns.

Term

This is a long-term investment and Members have no right to withdraw from the AlphaKeys Fund prior to its dissolution. Both the AlphaKeys Fund and the

Underlying Fund are intended for investors who can accept the significant risks associated with investing in illiquid assets. Accordingly, an investment in the AlphaKeys Fund should only be considered by persons who can afford a loss of their entire investment and Members should maintain sufficient liquid assets to meet capital call obligations and manage short-term and long-term cash needs.

The term of the AlphaKeys Fund is expected to end as soon as practicable after the termination of the Underlying Fund. In the event that the Member Designee determines for any reason, in its sole and absolute discretion, not to invest in the Underlying Fund, including, without limitation, due to an insufficient amount of Capital Commitments, the Member Designee may cause the AlphaKeys Fund to be wound up as soon as is reasonably practicable.

Underlying Fund Investment Period

The investment period for which the Underlying Fund may generally call capital to fund new investments (the "Underlying Fund Investment Period") will expire upon the earlier of five and a half (5.5) years from the effective date of the Underlying Fund or upon the occurrence of certain other events described in further detail in the Underlying Fund Memorandum. In addition, the Underlying Fund may call capital after the expiration or termination of the Underlying Fund Investment Period for certain investments and fees and expenses of the Underlying Fund, all as described in detail in the Underlying Fund Memorandum. Notwithstanding the foregoing, the Member Designee may make capital calls throughout the term of the AlphaKeys Fund.

Eligible Purchasers

Interests are being offered exclusively to persons that are UBS clients and "Eligible Purchasers," as defined below. The AlphaKeys Fund reserves the right to accept or reject the application of any investor wishing to make a Capital Commitment.

In order to be considered an "Eligible Purchaser," an investor must be: (i) a qualified purchaser (a "Qualified Purchaser") under the Investment Company Act of 1940, as amended (the "Investment Company Act"), (ii) an accredited investor (an "Accredited Investor") under the Securities Act of 1933, as amended (the "Securities Act"), and (iii) a U.S. Person (a "U.S. Person") within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), unless otherwise permitted by law. As a result, an investment in the AlphaKeys Fund will generally be limited to individuals owning at least \$5 million in investment securities (\$25 million in the case of institutions). For more descriptive definitions of Qualified Purchaser, Accredited Investor, and U.S. Person, see "Section VI. Regulatory Considerations" and "Section V. Certain Material U.S. Federal Income Tax Considerations". Charitable remainder trusts will not be admitted to the AlphaKeys Fund and generally, the AlphaKeys Fund will not accept Capital Commitments from any Individual Retirement Accounts ("IRAs"). Potential investors seeking to invest through an IRA should speak to their financial advisor.

Capital Commitments

The minimum capital commitment to be made to the AlphaKeys Fund (a "Capital Commitment") by any investor is \$250,000, subject to the discretion of the AlphaKeys Fund to accept a Capital Commitment of a lesser amount or impose a higher minimum Capital Commitment.

In addition to the Capital Commitment set forth in each Member's investor application, each Member will be required to make additional Capital Contributions as described in "Capital Calls" below.

Subscriptions

The initial closing of the sale of Interests in the AlphaKeys Fund will occur on

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and Closings

such date as the Member Designee may determine (the "Initial Closing").

The Member Designee may from time to time after the Initial Closing elect to hold one or more additional closings (each a "Subsequent Closing" and together with the Initial Closing, "Closings"), as necessary, to accommodate the admission of additional Members.

Subsequent Closings

Each Member that is admitted to the AlphaKeys Fund or increases its Capital Commitment in a Subsequent Closing (each, a "Subsequent Member") will generally participate in all investments previously made by the AlphaKeys Fund, other than Temporary Investments, and will bear its proportionate share of the AlphaKeys Fund-level Fees and Expenses and the Underlying Fund-level Fees and Expenses, other than those related to such Temporary Investments, as though such Subsequent Member had been admitted at the Initial Closing. Notwithstanding the foregoing, to the extent that, as a result of the admission of a Subsequent Member to the AlphaKeys Fund, (i) the AlphaKeys Fund increases its capital commitment to the Underlying Fund and (ii) the Underlying Fund precludes the AlphaKeys Fund from increasing its participation in the Underlying Fund's existing investments as a result of such increased capital commitment, the Member Designee may, in its sole and absolute discretion, cause such Subsequent Member not to participate in the portion of the AlphaKeys Fund's capital commitment to the Underlying Fund that relates to the Underlying Fund's existing investments.

In connection with its admission or increase in its Capital Commitment, a Subsequent Member will make a Capital Contribution to the AlphaKeys Fund as described under "Capital Calls" below.

To the extent that, as a result of the admission of a Subsequent Member to the AlphaKeys Fund, the AlphaKeys Fund increases its commitment to the Underlying Fund and the AlphaKeys Fund incurs costs associated with such increased commitment to the Underlying Fund, including any interest payable to the Underlying Fund or their investors, each Member will bear its share of such additional costs irrespective of whether such Member was admitted to the AlphaKeys Fund at a Closing prior to the Subsequent Closing at which such Subsequent Member was admitted to the AlphaKeys Fund; *provided that*, the Member Designee may, in its sole discretion, determine to specifically allocate any such costs to the Member in respect of which such costs were incurred in which event the Member Designee also may elect to allocate any interest received from the Underlying Fund relating to such Subsequent Members to the Members that made contributions for such investments. Such additional costs will be in addition to the AlphaKeys Fund's capital commitment to the Underlying Fund and therefore each Member may be required to make Excess Contributions (as defined below) in respect of such amounts. Furthermore, to the extent the Underlying Fund admits additional limited partners after the admission of the AlphaKeys Fund to the Underlying Fund, the admission of such subsequent limited partners may have an impact on the AlphaKeys Fund, for example, by diluting the interests held by the AlphaKeys Fund.

The Member Designee will adjust each existing Member's Capital Account (as defined below) with such items as necessary to reflect the arrangement set forth in the preceding paragraph with respect to Subsequent Closings.

Capital Calls

Each investor admitted to the AlphaKeys Fund (each, a "Member") will be required to fund its Capital Commitment (as defined above) relating to such

Member's limited liability company interest in the AlphaKeys Fund (each, an "Interest"), through the Initial Payment (as defined below) and upon subsequent capital calls, as described herein.

The AlphaKeys Fund may from time to time hold some of its assets in cash (not earning interest) or invest in money market securities, cash equivalents, short-to-medium term federal tax-exempt debt obligations and similar securities of governmental and private issuers, including funds that normally invest primarily in such securities ("Temporary Investments") (i) pending investment in the Underlying Fund or as the Member Designee determines is necessary or prudent, in its sole discretion; and/or (ii) pursuant to the retention of appropriate reserves (as determined in the sole discretion of the Member Designee) for the payment of AlphaKeys Fund-level Fees and Expenses. Subject to the foregoing, substantially all of the AlphaKeys Fund's assets are expected to be invested in the Underlying Fund. As a result of the AlphaKeys Fund-level Fees and Expenses (including the Administrative Fee) and the need to reserve amounts to pay AlphaKeys Fund obligations, the amount of each Member's indirect investment in the Underlying Fund will be less than it would have been had such Member invested directly in the Underlying Fund. Income from Temporary Investments is subject to reinvestment.

Capital Contributions may also be held in an escrow or similar account pending the Initial Closing or Subsequent Closings at the discretion of the Member Designee. It is possible that such an escrow account would not earn interest.

The Member Designee may make calls for capital contributions to the AlphaKeys Fund ("Capital Contributions") on not less than five (5) calendar days' prior notice; *provided however*, to the extent the Underlying Fund calls for a contribution to the Underlying Fund on less than five (5) calendar days notice, the AlphaKeys Fund may call capital from its investors on less than five (5) calendar days notice to satisfy its obligations to the Underlying Fund. Each Member will be required to make an initial payment (the "Initial Payment") on or prior to the Initial Closing or upon a Subsequent Closing or as otherwise determined by the Member Designee equal to a percentage of its Capital Commitment as specified by the Member Designee.

A Member may be required to make Capital Contributions to the AlphaKeys Fund in an amount in excess of its Capital Commitment (a) in the event the AlphaKeys Fund has to make capital contributions or other payments to the Underlying Fund in excess of the AlphaKeys Fund's capital commitment to the Underlying Fund, (b) for any AlphaKeys Fund-level Fees and Expenses or (c) any tax payments made by the AlphaKeys Fund on behalf of such Member (or interest or penalties associated therewith). In addition, it is expected that each Member will be required to make contributions to the AlphaKeys Fund in excess of its Capital Commitment to pay the Underlying Fund Management Fee and certain Underlying Fund organizational expenses, as set forth in the Underlying Fund Memorandum. The excess Capital Contributions described above are referred to herein as "Excess Contributions". The AlphaKeys Fund may invest all Capital Commitments in the Underlying Fund. As a result, the extent to which a Member will be required to make certain Excess Contributions will depend on the percentage of aggregate capital commitments called by the Underlying Fund (for example, if the Underlying Fund calls 100% of commitments, each Member's share, if

any, of applicable AlphaKeys Fund-level Fees and Expenses and the Underlying Fund Management Fee and Underlying Fund organizational expenses would be in addition to such Member's Capital Commitment). In addition, a Member may also be required to pay a Placement Fee.

Members should maintain sufficient liquid assets to meet capital call obligations. Failure of a Member to satisfy capital call obligations in a timely manner may result in significant adverse consequences, including forfeiture and/or sale of such Member's Interest. See "—Default" below.

None of the Member Designee, the Administrator or any of their affiliates has control over when or in what amount the Underlying Fund may call capital from the AlphaKeys Fund.

As a result of Underlying Fund-level Fees and Expenses, AlphaKeys Fund-level Fees and Expenses and the Placement Fee (if charged), the aggregate amount of each Member's indirect investment in the Underlying Fund may be less than the amount of its Capital Contributions.

Capital Accounts The AlphaKeys Fund will establish and maintain a capital account for each Member that will reflect such Member's investment in the AlphaKeys Fund (a "Capital Account").

Reinvestment During the term of the AlphaKeys Fund, prior distributions of proceeds may be subject to recall and reinvestment by the Administrator in its sole and absolute discretion.

Reserves Any cash that may otherwise be currently distributable to the Members may be reserved by the Administrator, in its sole and absolute discretion, for the payment of Fund Expenses, the Administrative Fee or projected expenses, or for reinvestment.

Distributions All proceeds received by the AlphaKeys Fund generally will be distributed to the Members in accordance with each Member's Sharing Percentage. The amounts received by the AlphaKeys Fund will be net of fees, expenses and reserves. For purposes hereof, a "Sharing Percentage" will mean, with respect to any Member and as of any date, a fraction, expressed as a percentage, (i) the numerator of which is the Capital Commitment of such Member and (ii) the denominator of which is the aggregate amount of Capital Commitments of all Members, in each case as of such date and taking into account any adjustments specified in the LLC Agreement.

Proceeds generally will be distributed at such times as the Member Designee will determine in its sole and absolute discretion, *provided* that the AlphaKeys Fund may reduce such distributions by the amount of Fund Expenses and by any amounts applied as a reserve or in anticipation of future funding in the sole and absolute discretion of the Member Designee. It is anticipated that the Administrator may maintain a reserve of AlphaKeys Fund assets in Temporary Investments. Distributions by the AlphaKeys Fund generally will be made in cash; *provided, however*, that there is no limitation on the ability of the AlphaKeys Fund to distribute securities (whether marketable or non-marketable) in-kind during the term of the AlphaKeys Fund or upon the winding-up of the AlphaKeys Fund.

Items of income, gain, loss and deduction of the AlphaKeys Fund will generally be allocated among the Members in a manner consistent with the foregoing distribution provisions and the requirements of the Code

and the regulations of the U.S. Treasury Department promulgated thereunder.

Return of Distributions

The AlphaKeys Fund may require the Members (including any former Members) to return distributions *pro rata* based on distributions received by each Member from the AlphaKeys Fund relative to distributions received by all Members from the AlphaKeys Fund (a) in order to satisfy the debts, liabilities and obligations of the AlphaKeys Fund (including, without limitation, indemnification obligations and the Administrative Fee), whether such debts, liabilities and obligations arise before or after the last day of the term of the AlphaKeys Fund or, with respect to a Member, before or after such Member's withdrawal from the AlphaKeys Fund, or (b) if the Underlying Fund requires the AlphaKeys Fund to return any amounts previously distributed to the AlphaKeys Fund that the AlphaKeys Fund has, in turn, distributed to the Members (including any former members).

Transfers and Withdrawals

A Member generally may not sell, transfer or pledge its Interest without the consent of the Member Designee, which consent may be withheld in the Member Designee's sole and absolute discretion, including if the Member Designee determines that such sale, transfer or pledge may cause the AlphaKeys Fund to become a publicly traded partnership under Section 7704 the Code. **Generally, a Member will not be permitted to sell, transfer or pledge its Interest.** A Member generally may not withdraw from the AlphaKeys Fund. However, certain voluntary transfers may be approved in limited circumstances in the Member Designee's sole discretion and subject to the AlphaKeys Fund's compliance with certain tax obligations. In addition, in the event of a Default by any Member or a default with respect to a Member's obligation to indemnify the AlphaKeys Fund for certain taxes paid on its behalf by the AlphaKeys Fund as described in the LLC Agreement, such Defaulting Member (as defined below) may, at the discretion of the AlphaKeys Fund, be subject to certain actions and penalties, including having its Interest sold or transferred to any other person or persons. See "—Default" below.

Parallel Funds

In the event that one or more Members, due to tax, regulatory or other reasons cannot efficiently acquire or maintain an Interest, as an accommodation to such Members or if determined by the Member Designee to be in the interest of some or all of the Members, the Member Designee may establish one or more investment vehicles through which such Members may invest on a side by side basis with the AlphaKeys Fund (any such vehicle, an "Parallel Fund"). Any Parallel Fund will be structured in a manner so that the interests held by such investor, inclusive of rights and obligations, substantially approximates in all material respects, an Interest in the AlphaKeys Fund. If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that the investment in the Underlying Fund be made through one or more Parallel Funds, the Member Designee shall be permitted, without the consent of any Member, to permit or require, in certain circumstances, one or more Members to (i) withdraw from the AlphaKeys Fund and to acquire a substantially equivalent interest in a then-existing Parallel Fund or new Parallel Fund and/or (ii) otherwise convert and/or exchange all or a portion of a Member's Interest into or for an interest in a Parallel Fund. A conversion and/or exchange of all or a portion of a Member's Interest into or for an interest in a Parallel Fund (i) shall include a cancellation of all or an applicable portion of such Member's Interest and (ii) may include a redemption in-kind of such Member's Interest and a contribution to the Parallel Fund of a portion of the assets of the AlphaKeys Fund that the Member Designee determines is

Alternative Vehicles

attributable to such Member's Interest being so converted or exchanged. The Members will be required to make capital contributions directly to each such Parallel Fund to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the AlphaKeys Fund.

If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that all or a portion of the AlphaKeys Fund's investment in the Underlying Fund be made through an alternative investment structure or vehicle (any such structure or vehicle, an "Alternative Vehicle"), the Member Designee shall be permitted to structure the making of all or any portion of such investment in the Underlying Fund outside of the AlphaKeys Fund, by requiring any Member (i) to make all or a portion of its indirect investment in the Underlying Fund through a partnership or other vehicle or vehicles (other than the AlphaKeys Fund) that is expected to invest on a parallel basis, subject to applicable legal, tax, accounting, regulatory or other considerations, with or in lieu of the AlphaKeys Fund, as the case may be or (ii) to contribute its Interest in the AlphaKeys Fund to an Alternative Vehicle in exchange for an interest in such Alternative Vehicle. The Members will be required to make capital contributions directly to each such Alternative Vehicle to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the AlphaKeys Fund.

Cayman Vehicle

If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that the AlphaKeys Fund be re-structured as a Cayman Islands exempted limited partnership or other entity formed under the laws of the Cayman Islands (any such entity, a "Cayman Vehicle"), the Member Designee may take and/or cause the Members to take all actions necessary and desirable to implement any such re-structuring at the cost of the AlphaKeys Fund. The Members may be required to make capital contributions directly to each such Cayman Vehicle to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the AlphaKeys Fund.

Borrowing

The AlphaKeys Fund may borrow money to cover any shortfall in the AlphaKeys Fund's ability to make a capital contribution, to satisfy tax liabilities or for any other purpose the Member Designee reasonably determines to be necessary or appropriate. Borrowings may be secured by assignment of the obligations of the Members to make Capital Contributions. Members will be required to cooperate with the Member Designee in securing the borrowing and to provide the banks with financial information and other documentation reasonably and customarily required to obtain such facilities.

Risk Factors

An investment in the AlphaKeys Fund involves significant risks, certain of which are described in more detail in the risk factors and conflicts of interest sections in the Underlying Fund Memorandum. **Each prospective investor in the AlphaKeys Fund should carefully consider and evaluate such risks prior to purchasing an Interest.**

The amount actually invested by the Underlying Fund is subject to the ability of the Underlying Fund to identify and fund investments. There can be no assurance as to the amount and timing of the Underlying Fund's investments, nor the associated schedule on which the AlphaKeys Fund will be required to

invest in the Underlying Fund. See "Section III. Risk Factors and Other Considerations" below.

The Underlying Fund Memorandum, as provided by Blackstone to the AlphaKeys Fund, sets forth the terms of the Underlying Fund is attached hereto as Appendix A, and should be read carefully by all prospective investors. The terms of the Underlying Fund, including the terms described herein, are subject to change. In the event of any such change to the terms of the Underlying Fund, the AlphaKeys Fund, as an investor in the Underlying Fund, will be subject to such changed terms.

The Underlying Fund Memorandum includes a variety of performance information relating to the Underlying Fund and other investment vehicles managed by the Underlying Fund General Partner and/or the Underlying Fund Adviser. Information presented about other funds or selected investments made by the Underlying Fund General Partner and/or the Underlying Fund Adviser, while informative regarding the experience of the Underlying Fund General Partner and/or the Underlying Fund Adviser, are not indicative of, and in some cases may be irrelevant to, an assessment of the potential performance or investments of the AlphaKeys Fund (in connection with its investment in the Underlying Fund). While reviewing the performance information set forth in the Appendix to the Underlying Fund Memorandum, investors should pay particular attention to the net return information provided in the endnotes to such Appendix. Performance shown in the Underlying Fund Memorandum is not that of the AlphaKeys Fund and is not net of AlphaKeys Fund-level Fees and Expenses or the Placement Fee (if charged). The returns of the AlphaKeys Fund will be lower, and may be materially lower, than the returns at the Underlying Fund level. Returns for the AlphaKeys Fund may also differ from the returns of the Underlying Fund as a result of, among other things, funds invested in Temporary Investments by the AlphaKeys Fund and delayed distributions by the AlphaKeys Fund to its investors.

Purchasers of Interests will not be limited partners of the Underlying Fund, will have no voting rights or direct interest in the Underlying Fund and will have no standing or recourse against the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser or their respective affiliates. The offering of Interests in the AlphaKeys Fund should not be considered an offering of interests in the Underlying Fund. Moreover, none of the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates has the right to participate in the control, management or operations of the Underlying Fund, and none of the foregoing has any discretion over the management of the Underlying Fund.

An investment in the AlphaKeys Fund is a speculative investment that entails significant risks. No representation or warranty is made that the AlphaKeys Fund or the Underlying Fund will achieve its investment objectives, implement its investment strategy or avoid substantial losses. Each Member must have the ability to bear the risk of loss of its entire investment. See "Section III. Risk Factors and Other Considerations" below.

Conflicts of

An investment in the AlphaKeys Fund involves potential conflicts of interest,

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Interest

including that the Placement Agent may charge a Member a Placement Fee. In addition, certain affiliates of the Member Designee or the Administrator may receive investment banking fees from the Underlying Fund's portfolio companies and affiliates thereof and in respect of other transactions in which the Underlying Fund is involved. Moreover, in the regular course of business, certain affiliates of the Member Designee or the Administrator may be engaged to act as a financial advisor to a party or parties competing for the same or similar investments as the Underlying Fund. Furthermore, certain affiliates of the Member Designee or the Administrator may act as a lender to the AlphaKeys Fund, the Underlying Fund or its portfolio companies and, in such capacity, may have a liquidation preference over the Underlying Fund or may have interests that are divergent from the Underlying Fund. See "Section IV. Conflicts of Interest" and "— Other Fees and Expenses" and "— Placement Fee" above. **Each prospective investor in the AlphaKeys Fund should carefully consider and evaluate such potential conflicts of interest prior to purchasing an Interest.**

Additionally, each prospective investor should carefully consider and evaluate such potential conflicts of interest as are described in the disclosure relating to risk factors and conflicts of interest in the Underlying Fund Memorandum (and in particular, should pay careful attention to the description of potential fees charged by the Underlying Fund under "Risk Factors and Potential Conflicts of Interest – Fees for Services" in the Underlying Fund Memorandum).

**Custodian,
Record Keeper
and Related
Services**

A third party bank will serve as custodian of the AlphaKeys Fund's assets. In addition to the Administrator, the AlphaKeys Fund may, in its sole and absolute discretion, retain other persons (including Ernst & Young LLP and Citi Private Equity Services, Inc. or others) to perform certain administrative, accounting, portfolio, investor and other services for the AlphaKeys Fund at the AlphaKeys Fund's expense, including the preparation of reports to Members and the AlphaKeys Fund's tax returns, including Schedule K-1s. In consideration of such services, the AlphaKeys Fund will generally pay the service provider a fee which may be a flat fee or may be based on the average net assets of and/or the number of investors in the AlphaKeys Fund, subject to a monthly minimum. The AlphaKeys Fund will also reimburse the service provider for any out-of-pocket expenses. Fees paid to the service provider in such capacity will not reduce the Administrative Fee. In addition, the AlphaKeys Fund may engage other administrative service providers.

**Involuntary
Termination of
Member's
Interest**

The AlphaKeys Fund may terminate the Interest of any Member if the AlphaKeys Fund determines that the continued participation of such Member in the AlphaKeys Fund would be detrimental to the AlphaKeys Fund (including, without limitation, if the continued participation of such Member would cause the AlphaKeys Fund to be excluded from certain investments by the Underlying Fund). In addition, the AlphaKeys Fund may terminate the Interest of any Member who is a UBS employee if the continued participation of such Member is determined by the Member Designee to subject any of the AlphaKeys Fund, the Member Designee, or their respective affiliates to any adverse consequence under any laws, rules or regulations applicable to any of the AlphaKeys Fund, the Member Designee, or their respective affiliates. In the event of any termination of a Member's Interest, such Member (a) may be paid an amount equal to its Capital Account balance as of the termination date within ninety (90) days or as soon thereafter as the AlphaKeys Fund has available funds as determined by the Member Designee, in its sole and absolute discretion, which amount may be

significantly less than the amount such Member would receive if it held its Interest through the termination date of the AlphaKeys Fund or (b) may have its Interest sold or transferred to any other person or persons (including an affiliate of the Member Designee or the Administrator or in a transaction in which the Member Designee, the Administrator or one of their affiliates is acting as agent or principal) at whatever price or terms, in the Member Designee's sole and absolute discretion (with the net proceeds, if any, of such sale inuring to the benefit of such Member) and allowing the transferee of such Interest to assume such Member's unfunded Capital Commitment.

Death of a Member

If a Member dies, the recipient of the Interest of such Member will continue as a successor to such Member, provided, however, that the Member Designee may, in its sole and absolute discretion, terminate such Member's Interest upon five (5) days' prior written notice to such recipient of such Interest. In the event of any such termination of such Member's Interest, such Member (or successor) will be paid as described in "Involuntary Termination of Member's Interest" above.

Amendments; Amendments in Respect of the Underlying Fund

The LLC Agreement may be amended with the approval of (i) the Member Designee, (ii) the Administrator, and (iii) where applicable, a majority-in-interest of the Capital Commitments of non-Defaulting Members. A Member will be deemed to consent to a proposed amendment if the Member has received notice of such amendment and did not object thereto within a reasonable, and specifically disclosed, time period that is consistent with applicable law. Amendments increasing the obligation of any Member to make capital contributions to the AlphaKeys Fund or reducing any Member's capital account (in each case other than as permitted in the LLC Agreement) may not be made without the consent of any Members materially and adversely affected thereby or unless any such Member has received notice of such amendment and, in the case of a Member objecting to such amendment, a reasonable opportunity to withdraw its Interests. Amendments that (i) increase Member rights, including with respect to voting, or (ii) otherwise would not materially and adversely affect Members, will not require Member consent.

The terms of the Underlying Fund, including the terms described herein, are subject to change. In the event of any such change to the terms of the Underlying Fund, as an investor in the Underlying Fund, the AlphaKeys Fund will be subject to such changed terms.

Restructuring

The Member Designee may in the future, in its sole discretion and without notice to the Members, restructure the AlphaKeys Fund or the Member Designee in order to comply with laws or regulations (including, but not limited to, the Bank Holding Company Act of 1956, as amended (the "BHC Act")), or to reduce or eliminate the impact or applicability of any bank regulatory restrictions to which the Member Designee or the AlphaKeys Fund: (i) are subject, or (ii) will be subject upon engaging in a new business transaction.

Fiscal Year

The AlphaKeys Fund's fiscal year will be the calendar year, unless the Code requires a year other than the calendar year to be used as the taxable year, in which case the fiscal year will be the taxable year required by the Code.

Reports

The AlphaKeys Fund intends to deliver to the Members audited annual financial reports of the AlphaKeys Fund as soon as practicable after the conclusion of the AlphaKeys Fund's fiscal year. Nevertheless, due to (a) a change in accounting rules or interpretations that may make it difficult for the Administrator or costly for the AlphaKeys Fund to provide audited financial reports or (b) the

unavailability of necessary information from the Underlying Fund, the AlphaKeys Fund may deliver unaudited annual financial reports to Members. An annual audit of financial reports may only be completed once the AlphaKeys Fund receives audited financial statements from the Underlying Fund in respect of the same fiscal year. Consequently, the preparation of the AlphaKeys Fund's audited annual financial reports may occur later than would otherwise be the case. If the Underlying Fund is unable to complete its audit (or if the Underlying Fund issues a qualified audit report), the AlphaKeys Fund will be unable to complete its own audit (or the AlphaKeys Fund will have to issue a qualified audit report). In addition, Members may receive periodic reports regarding the AlphaKeys Fund's operations. To the extent that such reports reflect valuations of investments made by the Underlying Fund, such valuations may be based on information provided by the Underlying Fund. Such valuations are subjective in nature and may not conform to any particular valuation standard.

Audited financial reports, as well as other financial reports of the AlphaKeys Fund, will be prepared in accordance with such accounting method as the Administrator determines in its sole and absolute discretion is in the best interest of the AlphaKeys Fund, which may not be in accordance with U.S. generally accepted accounting principles. The AlphaKeys Fund will adopt the accrual method for tax accounting purposes or any other accounting method permitted by the Code which the Administrator determines in its sole and absolute discretion is in the best interest of the AlphaKeys Fund.

Each Member will be furnished information on Schedule K-1 for preparation of its respective U.S. federal income tax returns. In order for the AlphaKeys Fund to furnish such information and complete its tax reporting obligations, the AlphaKeys Fund must, among other things, receive timely information from the Underlying Fund. **The Schedule K-1s will not be available prior to April 15 and accordingly, Members may need to obtain extensions for the filing of their own individual tax returns.** See "Section V. Certain Material U.S. Federal Income Tax Considerations."

Indemnification None of the Administrator, the Member Designee or their affiliates, or their respective current or former shareholders, directors, officers, trustees, partners, members, employees, managers or agents of any of them (each, a "Covered Person") will be liable to the AlphaKeys Fund or any Member for any act or omission, including any mistake of fact or error in the performance of services to the AlphaKeys Fund, except for any such act or omission constituting fraud, willful misfeasance, conviction of a felony, willful violation of law, gross negligence, or reckless disregard of duties in the conduct of such person's office, in each case having a material adverse effect on the AlphaKeys Fund ("Disabling Conduct"). The AlphaKeys Fund (and not any Covered Person), will (i) be responsible for any losses resulting from "trading" errors and similar human errors, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of the obligations and duties of any Covered Person or (ii) receive the gain from such errors, as the case may be. The AlphaKeys Fund will indemnify Covered Persons against all claims, damages, liabilities, costs and expenses, including legal fees and expenses, to which they may be or become subject by reason of their activities on behalf of the AlphaKeys Fund or otherwise relating to the LLC Agreement or the Administrative Services Agreement, except to the extent that such claims, damages, liabilities, costs or expenses are finally determined by a non-appealable judgment to have resulted primarily from such person's Disabling Conduct. See

“—Return of Distributions” above. Expenses incurred by a Covered Person in defense or settlement of any claim that may be subject to a right of indemnification hereunder may be advanced by the AlphaKeys Fund to such Covered Person prior to the final disposition thereof upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount if a court of competent jurisdiction determines in a non-appealable judgment that the Covered Person was not entitled to be indemnified hereunder. The right of any Covered Person to the indemnification provided herein will be cumulative with, and in addition to, any and all rights to which such Covered Persons may otherwise be entitled by contract or as a matter of law or equity and will extend to such Covered Person’s successors, assigns, heirs and legal representatives.

The above will not be construed to provide indemnification for any liability to the extent that such indemnification would be in violation of applicable law or such liability may not be waived, modified or limited under applicable law.

In addition, the AlphaKeys Fund, like all other investors of the Underlying Fund, will agree to indemnify the Underlying Fund General Partner, the Underlying Fund Adviser and/or any of their affiliates as more fully described in the Underlying Fund Memorandum. Any costs or liabilities associated with such indemnification will be borne by the AlphaKeys Fund (and thus, the Members). Moreover, the AlphaKeys Fund indemnifies the Placement Agent under certain circumstances, as set forth in the Placement Agreement.

Default

In the event that the AlphaKeys Fund fails to make a capital contribution (in whole or in part) to the Underlying Fund in a timely manner as a result of the failure of a Member to make a Capital Contribution to the AlphaKeys Fund, (a) such failure could cause the AlphaKeys Fund in its entirety to be in default under the Underlying Fund Operating Document and (b) the Underlying Fund may impose certain remedies, including without limitation, forcing the AlphaKeys Fund to forfeit a portion or all of its interest in the Underlying Fund (the “Fund Defaulted Interest”) which may materially and adversely affect non-Defaulting Members in the AlphaKeys Fund. If the AlphaKeys Fund were to forfeit all or any portion of its interest in the Underlying Fund because of one or more Member defaults, all Members in the AlphaKeys Fund could be adversely impacted by (i) losing some or all of their indirect investment in the Underlying Fund or (ii) bearing all or some of the costs of such defaults as Fund Expenses. Notwithstanding the foregoing, in the event that the Underlying Fund takes action in respect of any Fund Defaulted Interest, the Member Designee will have broad discretion to amend the LLC Agreement to attempt to ensure that any action taken by the Underlying Fund in respect of the AlphaKeys Fund Defaulted Interest will only adversely affect the Interest of the Defaulting Member in the AlphaKeys Fund.

If any Member fails to make all or any portion of any Capital Contribution when due (a “Default”), then such Member may be designated by the Member Designee as in default under the LLC Agreement (a “Defaulting Member”). Notwithstanding the foregoing, if any Member fails to make all or any portion of such Capital Contribution when due, such Member may be assessed a late fee or other charge (including, without limitation, interest) on such outstanding amount in an amount to be determined in the sole and absolute discretion of the Member Designee, in accordance with commercially reasonable standards, for each day all or any portion of such Capital Contribution is outstanding.

With respect to any Capital Contribution (or portion thereof) that is subject to a

Default (the "Defaulted Amount"), the Member Designee may (i) increase the Capital Contributions of the Members that have made their corresponding Capital Contributions, pro rata based on the Capital Contributions of the non-defaulting Members, to the extent necessary to fund the Defaulted Amount, (ii) cause the AlphaKeys Fund to obtain (through a borrowing or otherwise) such amounts as are necessary to fund the Defaulted Amount, the cost of which may be assessed to the Defaulting Member provided that, in the event that the AlphaKeys Fund is unable to recover such amounts from the Defaulting Member, the Members may bear such amounts as Fund Expenses.

The AlphaKeys Fund will have the right to bring legal action against a Defaulting Member to collect the Capital Contributions due to the AlphaKeys Fund plus legal fees and other costs, expenses and liabilities incurred by the AlphaKeys Fund (including any such costs, expenses and liabilities imposed by the Underlying Fund against the AlphaKeys Fund) in connection with the Default, as well as a late fee on the defaulted amount and any other amounts not timely paid in an amount to be determined in the sole and absolute discretion of the Member Designee in accordance with commercially reasonable standards, for each day all or any portion of such amounts are outstanding. In addition, a Defaulting Member may, at the discretion of the AlphaKeys Fund, with respect to all or some of its Interest, be subject to any (or any combination) of the following remedies: (i) having its Capital Account frozen, (ii) having to bear up to the full amount of any losses incurred by the AlphaKeys Fund due to its Default, to the extent of its Capital Account, but not share in any income or gain, (iii) being prohibited from sharing in any future capital call with respect to its Capital Commitment, (iv) having its Interest sold or transferred to any other person or persons who may be admitted as a substitute Member (including the Member Designee, the Administrator or one of their affiliates or in a transaction in which the Member Designee, the Administrator or one of their affiliates is acting as agent or principal) at whatever price or terms, in the Member Designee's sole and absolute discretion (with none of the proceeds, if any, of such sale inuring to the benefit of the Defaulting Member) and allowing the transferee of such Interest to assume the Defaulting Member's unfunded Capital Commitment, (v) having its Interest reallocated among non-Defaulting Members on terms established by the Member Designee in its sole and absolute discretion, (vi) having its obligations to pay its pro rata share of organizational and other Fund Expenses continue as if the Default had not occurred, (vii) having its remaining unfunded Capital Commitment accelerated, (viii) having amounts otherwise distributable to it applied in satisfaction of any amounts payable by it, (ix) having its Sharing Percentage reduced to zero, (x) having the amount of such Default withdrawn from any account maintained by it with any affiliate of the Member Designee or the Administrator to the extent of available funds thereof, (xi) having a lender (including the Member Designee, the Administrator and their affiliates) lend to it all or any part of the funds required of the Defaulting Member as further described in the LLC Agreement, (xii) forfeiting its Interest in the AlphaKeys Fund in full, and/or (xiii) being subject to any other remedy available under sections 18-306 and 18-502(c) of the Delaware Limited Liability Company Act, 6 Del C. § 18-101 et seq., at law or in equity to the AlphaKeys Fund.

The Member Designee reserves the right, in its sole and absolute discretion, to implement any one or a combination of the above remedies, including remedies that may benefit the Member Designee, the Administrator and their affiliates to the exclusion of the AlphaKeys Fund or any non-Defaulting Members.

Power of Attorney

Under the LLC Agreement, the Member Designee is granted an irrevocable power of attorney to sign on behalf of each Member (i) any amendments to the certificate of formation of the AlphaKeys Fund, certain amendments to the LLC Agreement, as well as any instruments, documents and certificates as may be required by law from time to time to effect, implement or continue the existence of the AlphaKeys Fund and (ii) any instruments, documents and certificates as may be necessary or advisable to effect or implement the transactions described under "Parallel Funds", "Alternative Vehicles" and "Cayman Vehicle" above.

Limited Liability

Members will be members of a limited liability company as provided under Delaware law. Except as otherwise provided under Delaware law, in the LLC Agreement and under "Return of Distributions" above, a Member will only be liable for the debts, obligations or liabilities of the AlphaKeys Fund to the extent of such Member's Capital Contributions and unfunded Capital Commitment. In addition, each Member (or former Member) will be obligated to make payments to, or return to the AlphaKeys Fund pursuant to the LLC Agreement, any funds wrongfully distributed to the Member (or former Member) or as may otherwise be required under applicable law.

Certain Material U.S. Federal Income Tax Considerations

The AlphaKeys Fund expects to be classified as a partnership for U.S. federal income tax purposes. Because of this classification, subject to the discussion under "Tax Returns and Audits" in "Section V. Certain Material U.S. Federal Income Tax Considerations" below, the AlphaKeys Fund generally will not be subject to U.S. federal income tax, and each Member will be allocated its share of the items of income, gain, loss, deduction and credit (including any foreign tax credits) of the AlphaKeys Fund (including the AlphaKeys Fund's allocable share of the Underlying Fund's items), regardless of the amount of distributions, if any, that are made by the AlphaKeys Fund to such Member. As a result, Members may incur income tax liabilities in excess of any distributions to and from the AlphaKeys Fund. The Member Designee, or another Member appointed by the Member Designee, will serve as the "tax matters partner" and "partnership representative" for the AlphaKeys Fund.

The AlphaKeys Fund is not required and does not intend to make cash distributions to Members in amounts sufficient to cover the U.S. federal income, state or other tax liabilities of Members with respect to their allocable share of Fund income and gain.

An investment in the AlphaKeys Fund may have the effect of requiring a Member to file income or other tax returns in state and local jurisdictions, as well as in non-U.S. jurisdictions, in which the AlphaKeys Fund or the Underlying Fund conducts or is deemed to conduct business.

The AlphaKeys Fund will not be required to make or prepare on behalf of its Members any filings, applications or returns in jurisdictions in which the AlphaKeys Fund makes indirect investments through the Underlying Fund with respect to withholding or other taxes. To the extent withholding or other taxes are imposed by a non-U.S. jurisdiction, it is possible that tax conventions between such jurisdictions and the U.S. might reduce or eliminate certain of such taxes. It is also possible that in some cases certain Members may be entitled to claim foreign tax credits or deductions with respect to such taxes, subject to certain limitations under applicable law. Each prospective investor is urged to consult his, her or its tax advisors regarding such tax return filing obligations, withholding, credits and deductions.

Each Member will be furnished information on Schedule K-1 for preparation of such member's individual U.S. federal income tax returns. In order for the AlphaKeys Fund to furnish such information and complete its tax reporting obligations, the AlphaKeys Fund must, among other things, receive timely information from the Underlying Fund. **THE SCHEDULE K-1s WILL NOT BE AVAILABLE PRIOR TO APRIL 15 AND ACCORDINGLY, MEMBERS MAY NEED TO OBTAIN EXTENSIONS FOR THE FILING OF THEIR OWN INDIVIDUAL TAX RETURNS.**

The taxation of partners and partnerships is complex. Each prospective investor is urged to consult his, her or its own tax advisor as to the tax consequences of an investment in the AlphaKeys Fund. See "Section V. Certain Material U.S. Federal Income Tax Considerations."

**UBTI and Other
Tax-Exempt
Members**

Investments made by the Underlying Fund may generate "unrelated business taxable income" ("UBTI") under Section 512 of the Code. Any UBTI recognized by the Underlying Fund would flow through to the AlphaKeys Fund and to any Member subject to tax pursuant to Section 511 of the Code. A qualified retirement plan or other tax-exempt investor may be required to make payments, including estimated payments, and file an income tax return for any taxable year in which it has UBTI. To file an income tax return, it may be necessary for a qualified retirement plan or other tax-exempt entity to obtain an employer identification number. The AlphaKeys Fund will not structure its investments or alter its activities so as to avoid UBTI. In particular, the AlphaKeys Fund will not be obligated to hold any portion of its investment in the Underlying Fund through any parallel fund or non-U.S. feeder vehicle. Since neither the AlphaKeys Fund nor the Underlying Fund (with respect to the AlphaKeys Fund's investment) are required to avoid generating UBTI, tax-exempt investors may recognize a significant amount of UBTI as a result of an investment in the AlphaKeys Fund and, accordingly, are strongly urged to consult their own tax advisors regarding the advisability of an investment in the AlphaKeys Fund. See "Section V. Certain Material U.S. Federal Income Tax Considerations."

**ERISA
Considerations**

In order to seek to prevent the assets of the AlphaKeys Fund from being deemed "plan assets" subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the AlphaKeys Fund intends to limit ownership of the Interests by "Benefit Plan Investors" (as defined elsewhere herein) to less than 25% of the total Interests, disregarding for purposes of such calculation any interests owned by any person (excluding any Benefit Plan Investor) having discretionary control of the assets of the AlphaKeys Fund or rendering investment advice to the AlphaKeys Fund for a fee, and their affiliates (collectively, "Disregarded Parties"). See "Section VI. Regulatory Considerations" below. Compliance with this 25% rule may require the AlphaKeys Fund to limit the transferability of Interests to Benefit Plan Investors or to Disregarded Parties.

**Counsel to the
Administrator
and the
AlphaKeys
Fund**

Ropes & Gray LLP

**Independent
Auditors**

Ernst & Young LLP

Custodian

The Bank of New York Mellon

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III. RISK FACTORS AND OTHER CONSIDERATIONS

An investment in the AlphaKeys Fund involves the risk of the loss of capital. No guarantee or representation is made that either the AlphaKeys Fund or the Underlying Fund will achieve its investment objectives. Any losses by the AlphaKeys Fund will be borne solely by the Members and not by the Member Designee, the Administrator or their affiliates. There can be no assurance that investors will realize any profits from an investment in the AlphaKeys Fund. Members in the AlphaKeys Fund will risk the loss of some or all of their investment. Because an investment in the AlphaKeys Fund involves significant risks, prospective investors should carefully consider the risks involved before subscribing. The considerations set forth below and in the risk, conflicts of interest and tax and other regulatory disclosure in the Underlying Fund Memorandum should be carefully evaluated before making an investment in the AlphaKeys Fund. The information set forth in the Underlying Fund Memorandum (i) has not been independently verified by the AlphaKeys Fund, the Member Designee, the Administrator or any of their respective affiliates and (ii) does not necessarily reflect the views or opinions of UBS or any of its affiliates.

No Assurance of Investment Return

The AlphaKeys Fund is intended for long-term investors who can accept the significant risks associated with investing in illiquid securities. There can be no assurance that the AlphaKeys Fund will achieve its investment objective. Investors should be aware that prior performance of investment entities associated with Blackstone, entities associated with the Underlying Fund's investment professionals, and/or funds managed by the Underlying Fund Adviser and its affiliates are not indicative of future results.

The Interests are not deposits in, obligations of, or guaranteed or endorsed by, the Member Designee, the Administrator or any of their affiliates or any U.S. or non-U.S. depository institution. The Interests are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board (the "Federal Reserve") or any other U.S. or non-U.S. governmental agency. The possibility of partial or total loss of the AlphaKeys Fund capital will exist, and prospective investors should not subscribe unless they can readily bear the consequences of such loss.

The AlphaKeys Fund intends to own a limited partner interest in the Underlying Fund, which is also intended for long-term investors who can accept the significant risks associated with investing in illiquid assets. Accordingly, an investment in the AlphaKeys Fund should only be considered by persons who can afford a loss of their entire investment.

Capital Commitments Are Not Expected to Be Capped at Investor Application Amount

Each Member is expected to be required to make Excess Contributions. The AlphaKeys Fund may invest all Capital Commitments in the Underlying Fund. As a result, the extent to which a Member will be required to make certain Excess Contributions will depend on the percentage of aggregate capital commitments called by the Underlying Fund (for example, if the Underlying Fund calls 100% of commitments, each Member's share, if any, of applicable AlphaKeys Fund-level Fees and Expenses and the Underlying Fund Management Fee and Underlying Fund organizational expenses would be in addition to such Member's Capital Commitment). The extent to which a Member will be required to make Excess Contributions will depend on the amount of AlphaKeys Fund-level Fees and Expenses and the Underlying Fund Management Fee and Underlying Fund organizational expenses charged. The organizational expenses charged by the Underlying Fund may be capped.

No Recourse Against the Underlying Fund

Members will not be limited partners of the Underlying Fund, will have no direct interest in the Underlying Fund and will have no standing or recourse against the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone, their respective affiliates or any of

their respective general partners, managers, investment advisors, officers, directors, employees, partners or members.

Limited Rights to Vote or Participate

Except as otherwise described below, in the event that there is an issue to be voted upon by the limited partners of the Underlying Fund, the Member Designee, in its discretion, and not the Members, will determine how the AlphaKeys Fund's interest in the Underlying Fund will be voted. The Member Designee will determine whether the AlphaKeys Fund should vote "yes", "no" or abstain from voting, in its sole discretion. In addition, Members will have no opportunity to participate directly in the day-to-day operations of the AlphaKeys Fund. In addition, the AlphaKeys Fund expects to refrain from voting on the selection, approval or disposition of any investment in any depository institution or other financial company to the extent it deems advisable to do so under the BHC Act. (See "Bank Holding Company Act Considerations" below.)

Terms of the Underlying Fund

The terms of the Underlying Fund are subject to change. There can be no assurances that the partners of the Underlying Fund will not further amend the Underlying Fund Operating Document. None of the AlphaKeys Fund, the Member Designee or the Administrator will have the ability to unilaterally block any amendment of the Underlying Fund Operating Document. None of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, the Member Designee, the Administrator or their respective affiliates will have any liability or responsibility to any Member for any changes to the terms of the Underlying Fund. The Member Designee and the Administrator are under no obligation to revise or supplement this Memorandum, notwithstanding any amendments to the Underlying Fund Operating Document.

Lack of Operating History; Unspecified Investments

The AlphaKeys Fund is newly formed and has no operating or investment history. The Underlying Fund also has no operating or investment history. The performance of other private funds managed by the Underlying Fund Adviser or its affiliates cannot be relied upon as an indicator of the Underlying Fund's future performance or its success. The AlphaKeys Fund, as an investor in the Underlying Fund, must rely on personnel of the Underlying Fund General Partner and the Underlying Fund Adviser and its affiliates to identify, structure and implement investments consistent with the investment objectives and policies of the Underlying Fund.

Restrictions on Transfer and Withdrawal

Interests in the AlphaKeys Fund have not been registered under federal or state securities laws or the laws of any other jurisdiction and are subject to restrictions on transfer contained in such laws and in the LLC Agreement. **Generally, a Member will not be permitted to sell, transfer or pledge its Interest.** However, certain voluntary transfers may be approved in limited circumstances in the Member Designee's sole discretion and subject to the AlphaKeys Fund's compliance with certain tax obligations. There is no public market for Interests in the AlphaKeys Fund and none is expected to develop. Pursuant to the terms of the LLC Agreement, a Member generally may not make full or partial withdrawals from the AlphaKeys Fund. Furthermore, pursuant to the terms of the Underlying Fund Operating Document, the AlphaKeys Fund cannot make full or partial withdrawals from the Underlying Fund except in limited circumstances.

Unregistered Investment Company Act Status

Neither the AlphaKeys Fund nor the Underlying Fund is registered under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain

restrictions on registered investment companies, none of which will be applicable to the AlphaKeys Fund or the Underlying Fund.

Multiple Levels of Fees; Effect of Temporary Investments on Returns; Expenses

The AlphaKeys Fund and the Underlying Fund impose administrative or management fees, custodial, accounting and other service fees, as well as other expenses. The Underlying Fund also imposes a carried interest distribution. A Member of the AlphaKeys Fund that does not invest through the Advisory Class may also be subject to a Placement Fee of two percent (2%) of such Member's Capital Commitment, subject to waiver by the Placement Agent in limited circumstances.

The returns of the AlphaKeys Fund will be lower, and may be materially lower, than the returns at the Underlying Fund level. Performance shown in the Underlying Fund Memorandum does not include the AlphaKeys Fund-level Fees and Expenses or the Placement Fee (if charged). Such fees will reduce returns. Returns for the AlphaKeys Fund may also differ from the returns of the Underlying Fund as a result of funds invested in Temporary Investments by the AlphaKeys Fund and delayed distributions by the AlphaKeys Fund to its investors.

Different Classes of Interests may Yield Different Levels of Compensation

The Member Designee and/or its affiliates may receive compensation from the Underlying Fund in connection with Members' indirect investments in the Underlying Fund. This compensation may vary depending upon whether a Member is purchasing Advisory Class Interests or Brokerage Class Interests. Accordingly, the Member Designee and/or its affiliates may receive different levels of compensation in connection with investments by Members in the Advisory Class Interests, on the one hand, and Members in the Brokerage Class Interests, on the other hand. Moreover, UBSFS and/or its affiliates may have a greater incentive to recommend an investment in the AlphaKeys Fund to an investor who will invest in a class of Interests that will yield a relatively higher level of compensation.

In addition, as clients of UBSFS, Members who invest in the Advisory Class Interests have an arrangement with UBSFS to directly compensate UBSFS for UBSFS's advisory services. Depending upon each such Member's assets under management, among other factors, certain of these Members may compensate UBSFS at higher levels than other such Members. Accordingly, the Member Designee and/or its affiliates may receive different levels of compensation in connection with investments by some Members in the Advisory Class Interests than they receive in connection with investments by other Members in the Advisory Class Interests.

Investment by the AlphaKeys Fund in the Underlying Fund

The AlphaKeys Fund may make multiple investments at different times in the Underlying Fund. Under the terms of the Underlying Fund Partnership Agreement, limited partners admitted to the Underlying Fund more than six (6) months after the effective date of the Underlying Fund do not participate in investments made prior to their admission. Accordingly, the AlphaKeys Fund may not participate in all investments of the Underlying Fund and may participate in investments in the Underlying Fund in a manner that is not pro rata to its aggregate commitment to the Underlying Fund. However, the Members generally will participate in the entire commitment of the AlphaKeys Fund to the Underlying Fund in a manner that is pro rata to their capital commitments to the AlphaKeys Fund.

Default of Member's Interest – Failure to Honor a Capital Call

If a Member fails to honor a capital call, the AlphaKeys Fund, in its sole discretion, may impose remedies in respect of such Member, which may involve forfeiture and/or sale of all or a portion of such Member's Interest in the AlphaKeys Fund without any consideration payable to the Defaulting

Member. See "Section II. Summary of Principal Terms of the AlphaKeys Fund — Default." If the AlphaKeys Fund fails to satisfy any capital call by the Underlying Fund for any reason (including as a result of any Member's failure to honor a capital call by the AlphaKeys Fund), the Underlying Fund may take actions against the AlphaKeys Fund, including forfeiture of a portion or all of the AlphaKeys Fund's interest in the Underlying Fund. These actions may adversely affect the AlphaKeys Fund and the non-Defaulting Members. If the AlphaKeys Fund were to forfeit all or any portion of its interest in the Underlying Fund because of one or more Member defaults, all Members in the AlphaKeys Fund could be adversely impacted by (i) losing some or all of their indirect investment in the Underlying Fund or (ii) bearing all or some of the costs of such defaults as Fund Expenses. The AlphaKeys Fund may fail to meet a capital call by the Underlying Fund if a Member fails to honor a capital call by the AlphaKeys Fund and such shortfall is not made up by the other Members, a new investor, a borrowing or otherwise, as applicable. In addition, a Member that defaults on its obligation to indemnify the AlphaKeys Fund for certain taxes paid on its behalf by the AlphaKeys Fund as described in the LLC Agreement will be subject to the same default provisions as if it were a Capital Contribution default by such Member. In addition, the Underlying Fund may also require the AlphaKeys Fund to make an additional capital contribution in respect of a defaulted amount by another limited partner in the Underlying Fund, subject to certain limitations. For a more detailed description of the Underlying Fund's default terms, see the Underlying Fund Memorandum.

Currency Risk

The Underlying Fund's assets generally will be denominated in Euros (and all Underlying Fund calculations, including without limitation with respect to allocations, distributions, rates of return and the clawback, will be made in Euros), whereas the AlphaKeys Fund's capital commitment and capital contributions to the Underlying Fund will be denominated in U.S. dollars. In addition, the Underlying Fund may make portfolio investments based on the currency where the proposed portfolio investment is located, which may not be in Euros. As a result, the AlphaKeys Fund's share of returns realized on any Underlying Fund investment, and the value of its investment in the Underlying Fund generally, may be adversely affected by movements in currency exchange rates, costs of conversion and other factors affecting currency values (including trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, the imposition or modification of foreign currency control regulations and political developments). Moreover, the Underlying Fund may incur costs when converting the currency of an Underlying Fund investment or obligation into Euros. Furthermore, the Underlying Fund limited partners investing in the Underlying Fund in U.S. dollars, including the AlphaKeys Fund, will bear their pro rata share of the costs associated with the conversion of Euros into U.S. dollars. The Underlying Fund may, but is not required to, manage currency exposures into Euros in particular countries that do not use the Euro as their primary currency by using hedging strategies, but there can be no assurance such strategies will be implemented, or if implemented, will be effective.

Temporary Investments

A significant portion of the amounts contributed to the AlphaKeys Fund by Members may be held in Temporary Investments for some period of time. Temporary Investments may be adversely affected by tax, legislative, regulatory, credit, political or government changes, interest rate increases and the financial condition of issuers, which may pose credit risks that result in issuer default.

Repayment of Distributions

The AlphaKeys Fund may require the Members (including any former Members) to return distributions *pro rata* in accordance with their Sharing Percentages (i) in order to satisfy the debts, liabilities and obligations (including, without limitation, indemnification obligations and a Member's obligation to make Capital Contributions as described in "Section II. Summary of Principal Terms of

the AlphaKeys Fund — Capital Calls”, (including, without limitation, in respect of the Administrative Fee)) of the AlphaKeys Fund, whether such debts, liabilities and obligations arise before or after the last day of the term of the AlphaKeys Fund or, with respect to a Member, before or after such Member’s withdrawal from the AlphaKeys Fund, or (ii) if the Underlying Fund requires the AlphaKeys Fund to return any amounts previously distributed to the AlphaKeys Fund and that the AlphaKeys Fund has in turn distributed to the Members (including any former Members). See “Section II. Summary of Principal Terms of the AlphaKeys Fund — Return of Distributions” above.

Involuntary Liquidation of a Member’s Interest

The AlphaKeys Fund may terminate the Interest of any Member in the AlphaKeys Fund upon five (5) days’ prior written notice to such Member (i) in the event of the death of such Member or (ii) if the Member Designee determines that the continued participation of such Member in the AlphaKeys Fund would be detrimental to the AlphaKeys Fund (including, without limitation, if the continued participation of such Member would cause the AlphaKeys Fund to be excluded from certain investments by the Underlying Fund). In addition, the AlphaKeys Fund may terminate the Interest of any Member who is a UBS employee if the continued participation of such Member is determined by the Member Designee to subject any of the AlphaKeys Fund, the Member Designee, or their respective affiliates to any adverse consequence under any laws, rules or regulations applicable to any of the AlphaKeys Fund, the Member Designee or their respective affiliates. In the event of any such termination of a Member’s Interest, such Member (a) may be paid an amount equal to its Capital Account balance as of the termination date within ninety (90) days or as soon thereafter as the AlphaKeys Fund has available funds as determined by the Member Designee, in its sole and absolute discretion, which amount may be significantly less than the amount such Member would receive if it held its Interest through the termination date of the AlphaKeys Fund or (b) may have its Interest sold or transferred to any other person or persons (including the Member Designee, the Administrator or one of their affiliates or in a transaction in which the Member Designee, the Administrator or one of their affiliates is acting as agent or principal) at whatever price or terms, in the Member Designee’s sole and absolute discretion (with the net proceeds, if any, of such sale inuring to the benefit of such Member) and allowing the transferee of such Interest to assume such Member’s unfunded Capital Commitment.

If, as determined by the Member Designee in its sole discretion, the AlphaKeys Fund fails to attract enough Members to warrant the fee structure or if there is a material change to the terms of the Underlying Fund prior to the AlphaKeys Fund’s commitment thereto, then, notwithstanding that a Member’s subscription has been accepted and that such Member has made a Capital Contribution to the AlphaKeys Fund, (i) the AlphaKeys Fund may elect not to invest in the Underlying Fund and may elect to dissolve and (ii) the AlphaKeys Fund may elect to return any amounts previously debited from the Members, plus any interest thereon, and such Member’s Interest may be terminated.

Classes of Interests in the Underlying Fund are Not Separate Legal Entities

Although investors of the Underlying Fund, including the AlphaKeys Fund, may hold separate classes of interests of the Underlying Fund, the Underlying Fund is a single legal entity and creditors of the Underlying Fund may enforce claims against all assets of the Underlying Fund. Thus, all assets of the Underlying Fund may be available to meet all liabilities of the Underlying Fund regardless if any particular liability is attributable to only one or less than all classes or series of shares (e.g., currency hedges). As an investor in the Underlying Fund, the AlphaKeys Fund may be subject to these same risks with respect to its interests in the Underlying Fund and any other class of interests in which the AlphaKeys Fund does not invest.

Side Letters and Other Agreements with Clients

The Member Designee may enter into side letters or other similar agreements with a particular investor without the approval of other investors of the AlphaKeys Fund. Any such side letter would have the effect of establishing rights under, altering or supplementing the terms of the LLC

Agreement or Investor Application with respect to such investor in a manner different from, and possibly more favorable to, such investor than those applicable to other investors. Such rights or terms in any such side letter or similar agreement may include, without limitation, (i) different notice periods or minimum initial and continuing investment amounts, (ii) the agreement of the Member Designee to extend certain information rights or additional diligence, valuation or reporting rights to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, (iii) waiver or modification of certain confidentiality obligations of such investor, (iv) waiver or modification of certain fee obligations of such investor, (v) consent of the Member Designee to certain transfers by such investor or other exercises by the Member Designee of its discretionary authority under the LLC Agreement in certain respects for the benefit of such investor, (vi) restrictions on, or special rights of such investor with respect to the activities of the Member Designee and its affiliates, (vii) special rights of such investor with respect to withdrawals, (viii) additional obligations and restrictions on the Member Designee and the AlphaKeys Fund with respect to the structuring of investments in light of the legal, tax and regulatory considerations of such investor or (ix) other rights or terms necessary in light of particular legal, regulatory, public policy or other characteristics of such investor. The terms of any such side letter or similar agreement will not be disclosed to other investors unless the Member Designee, in its sole discretion, otherwise determines. Any rights or terms so established in a side letter with an investor will govern solely with respect to such investor. To the extent determined appropriate by the AlphaKeys Fund, an investor that enters into a side letter or other agreement may be issued a new class, tranche or series (or sub-series) of Interests in the AlphaKeys Fund.

Annual Income Tax Information

Each Member will be furnished information on a Schedule K-1 for preparation of such Member's individual U.S. federal income tax return. In order for the AlphaKeys Fund to furnish such information and complete its tax reporting obligations, the AlphaKeys Fund must, among other things, receive timely information from the Underlying Fund. **The Schedule K-1s will not be available prior to April 15 and accordingly, Members may need to obtain extensions for the filing of their own individual tax returns.**

Reports and Certain Accounting Matters

The AlphaKeys Fund will use reasonable efforts to deliver to the Members audited annual financial reports of the AlphaKeys Fund as soon as practicable after the AlphaKeys Fund receives the necessary information from the Underlying Fund after the conclusion of the AlphaKeys Fund's fiscal year. Nevertheless, due to (a) a change in accounting rules or interpretations that may make it difficult for the Administrator or costly for the AlphaKeys Fund to provide audited financial reports or (b) the unavailability of necessary information from the Underlying Fund, the AlphaKeys Fund may deliver unaudited annual financial reports to Members. An annual audit of financial reports may only be completed once the AlphaKeys Fund receives audited financial statements from the Underlying Fund in respect of the same fiscal year. Consequently, the preparation of the AlphaKeys Fund's audited annual financial reports may occur later than would otherwise be the case. Furthermore, if the Underlying Fund is unable to complete its audit (or if the Underlying Fund issues a qualified audit report), the AlphaKeys Fund will be unable to complete its own audit (or the AlphaKeys Fund will have to issue a qualified audit report). In addition, Members may receive periodic reports regarding the AlphaKeys Fund's operations. To the extent that such reports reflect valuations of investments made by the Underlying Fund, such valuations may be based on information provided by the Underlying Fund. Such valuations are subjective in nature and may not conform to any particular valuation standard. Neither the Administrator nor the AlphaKeys Fund will have the obligation or responsibility to review, verify, evaluate or otherwise pass judgment upon such valuations. The AlphaKeys Fund will adopt the accrual method for tax accounting purposes or any other accounting method permitted by the Code which the Administrator determines in its sole discretion is in the best interest of the AlphaKeys Fund.

Tax Liabilities in Excess of Cash Distributions

Due to potential timing differences between income recognition for tax purposes and actual cash distributions by the AlphaKeys Fund, a Member may incur income tax liabilities in excess of actual cash distributions made prior to the date such liabilities arise or such taxes are due. For a discussion of other tax risks see "Section V. Certain Material U.S. Federal Income Tax Considerations."

Tax-Exempt Investors and UBTI

Tax-exempt investors may recognize UBTI from the AlphaKeys Fund for U.S. federal income tax purposes and any such amounts of UBTI could be significant. See "Section V. Certain Material U.S. Federal Income Tax Considerations."

Taxation Relating to Limited Liability Company Status

It is possible that some jurisdictions may impose taxes with respect to the AlphaKeys Fund's income or investments which might not be imposed if the AlphaKeys Fund were organized as a partnership rather than a limited liability company.

State, Local and Non-U.S. Tax Filing

An investment in the AlphaKeys Fund may have the effect of requiring a Member to file income or other tax returns in state and local jurisdictions, as well as in certain non-U.S. jurisdictions, in which the AlphaKeys Fund or the Underlying Fund conducts or is deemed to conduct business.

Bank Holding Company Act Considerations

The Member Designee is, for purposes of the BHC Act, a subsidiary of UBS AG, which is subject to supervision and regulation by the Federal Reserve. It is not expected that UBS AG will be deemed to control the AlphaKeys Fund for purposes of the BHC Act. In discharging its responsibilities as the Member Designee, the Member Designee and the AlphaKeys Fund will observe limitations arising from the BHC Act applicable to the Member Designee or the AlphaKeys Fund. To the extent it deems it advisable under the BHC Act, the Member Designee also intends to seek the approval from the Members by negative consent with respect to any vote presented by the Underlying Fund if the AlphaKeys Fund holds an interest in the Underlying Fund of more than 24.99% of the total capital contributions to the Underlying Fund or where such consent or waiver pertains to the selection, approval or disposition of portfolio company investments (other than investments in depository institutions or other financial companies where the lower threshold, noted above, would apply). The AlphaKeys Fund expects to vote in accordance with the Member Designee's recommendations on such matters unless, with respect to any matter on which the Members are entitled to vote, at least a majority of the Members duly object. If the AlphaKeys Fund holds an interest in the Underlying Fund of more than 24.99% of the total capital contributions to the Underlying Fund, the AlphaKeys Fund intends to limit its participation in any depository institution or other financial company to not more than 9.99% of any class of voting securities thereof. The Member Designee intends to request that the Underlying Fund limit the AlphaKeys Fund's ownership interest in the Underlying Fund to not more than one-third of the total capital contributions of the Underlying Fund. In addition, the AlphaKeys Fund expects to refrain from voting on the selection, approval or disposition of any investment in any depository institution or other financial company to the extent it deems advisable to do so under the BHC Act. The Member Designee reserves the right to rely on any regulatory or statutory provisions and available exemptions under the BHC Act, and to take all reasonable steps deemed necessary, advisable or appropriate in its sole discretion for the AlphaKeys Fund or the Member Designee to comply with such regulatory or statutory provisions. (See "REGULATORY CONSIDERATIONS—U.S. Bank Holding Company Act" below.) In the event of any change to the BHC Act, or applicable regulations and interpretations under the BHC Act, the Member Designee may, without the consent of any Member, take such additional steps as it deems necessary, advisable or appropriate in its sole discretion for the AlphaKeys Fund or the Member Designee to comply with the BHC Act, including restructuring the AlphaKeys Fund or the Member Designee.

There can be no assurance that the bank regulatory requirements applicable to UBS AG will not likewise apply to the AlphaKeys Fund and therefore have a material adverse effect on the AlphaKeys Fund and its operations. For example, such regulations could require the AlphaKeys Fund to dispose of its investment in the Underlying Fund or the dissolution of the AlphaKeys Fund earlier than anticipated by the Member Designee, potentially having a negative impact on the returns of the AlphaKeys Fund. (See "REGULATORY CONSIDERATIONS—Bank Holding Company Act" below.)

Legal and Regulatory Changes

Legal, tax and regulatory changes could occur during the term of the AlphaKeys Fund that may adversely affect the AlphaKeys Fund and/or the Underlying Fund. New (or revised) laws or regulations may be imposed by the Commodity Futures Trading Commission ("CFTC"), the SEC, the Federal Reserve or other banking regulators, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations, including entirely new entities, that supervise the financial markets that could adversely affect the AlphaKeys Fund or the Underlying Fund. In particular, these agencies are empowered to promulgate a variety of new rules pursuant to recently enacted financial reform legislation in the United States. The AlphaKeys Fund and the Underlying Fund may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of the investments held by the AlphaKeys Fund and/or the Underlying Fund and the ability of the AlphaKeys Fund and/or the Underlying Fund to execute its investment strategy. The CFTC, the SEC, the Federal Deposit Insurance Corporation, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") became law in the U.S. The regulation of private funds and financial institutions is an evolving area of law and is subject to modification by government and judicial action. As part of the Dodd-Frank Act, Section 13 of the BHC Act (known as the "Volcker Rule") restricts the ability of banking entities, such as UBS and its affiliates, to sponsor, acquire any interest in or engage in transactions with most private investment funds beyond certain narrowly-prescribed limits. Regulations fully implementing the Volcker Rule were finalized in December 2013. The banking entities subject to the Volcker Rule must have fully complied by July 21, 2015. The impact of the final regulations on the AlphaKeys Fund remains uncertain and the Volcker Rule could cause disruptions and otherwise negatively impact any funds whose ownership, counterparties and/or service provider arrangements currently include a banking entity, including any funds in which the AlphaKeys Fund may invest. The structure of the AlphaKeys Fund is intended to place it outside of the control of UBS and therefore the AlphaKeys Fund should not be a banking entity that is itself subject to the Volcker Rule. The Volcker Rule is new and therefore open to varying interpretations. The Member Designee may in the future, in its sole discretion and without notice to the Members, restructure the AlphaKeys Fund or the Member Designee in order to comply with laws or regulations (including the BHC Act), or to reduce or eliminate the impact or applicability of any bank regulatory restrictions to which the Member Designee or the AlphaKeys Fund may become subject.

Under the Volcker Rule, UBS can "sponsor" or manage hedge funds and private equity funds, such as the AlphaKeys Fund, only if certain conditions are satisfied. Among other things, these Volcker Rule conditions generally prohibit banking entities (including UBS and its affiliates) from engaging in "covered transactions" and certain other transactions with hedge funds or private equity funds that are managed by affiliates of the banking entities, or with investment vehicles controlled by such hedge funds or private equity funds. "Covered transactions" include loans or extensions of credit, purchases of assets and certain other transactions (including derivative transactions and guarantees) that would cause the banking entities or their affiliates to have credit exposure to funds managed by their affiliates. In addition, the Volcker Rule requires that certain other transactions between UBS and

such entities be on "arms' length" terms. The AlphaKeys Fund does not expect to engage in such transactions with UBS to any material extent and, as a result, the prohibition on covered transactions between UBS and the AlphaKeys Fund is not expected to have a material effect on the AlphaKeys Fund. In addition, the Volcker Rule prohibits any banking entity from engaging in any activity that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. As noted above, under the Volcker Rule, UBS can "sponsor" and manage hedge funds and private equity funds only if certain conditions are satisfied. While UBS intends to satisfy these conditions, if for any reason UBS is unable to, or elects not to, satisfy these conditions or any other conditions under the Volcker Rule, then UBS may no longer be able to sponsor the AlphaKeys Fund. In such event, the structure, operation and governance of the AlphaKeys Fund may need to be altered such that UBS is no longer deemed to sponsor the AlphaKeys Fund or, alternatively, the AlphaKeys Fund may need to be terminated.

It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive and may affect the manner in which the AlphaKeys Fund and/or the Underlying Fund conducts business. Furthermore, new laws or regulations may subject the AlphaKeys Fund, the Underlying Fund or some or all of the Members to increased taxes or other costs.

IV. CONFLICTS OF INTEREST

CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN THE ALPHAKEYS FUND

The Member Designee's and the Administrator's affiliates engage in activities in the normal course of their businesses which may differ from or conflict with the interests of the AlphaKeys Fund, the other Members, the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, Blackstone and their affiliates. Many of these conflicts are potential in nature, and it is impossible to foresee all that may arise during the course of the AlphaKeys Fund's operation. These conflicts of interest include, but are not necessarily limited to, the considerations set forth below and in "Risk Factors and Potential Conflicts of Interest" in the Underlying Fund Memorandum.

Fees and Other Payments

The Administrator provides all of its administrative and advisory services through the efforts of employees of its affiliate, UBSFS, which is also a registered investment adviser. All of the Administrator's officers and other personnel are employees of UBSFS. The Administrator does not pay overhead or payroll directly. All of the Administrator's officers and other personnel are paid fully by UBSFS. As a result, a reallocation is made internally from the Administrator to UBSFS to reimburse it for various expenses that UBSFS covers on behalf of the Administrator.

The Administrator may pay to third parties (which may include its affiliates) that assist in the offering of Interests a portion of the Placement Fee and the Administrative Fee payable to the Placement Agent and the Administrator, respectively. Furthermore, UBSFS or its affiliates will receive a fee from the Underlying Fund Adviser in respect of the AlphaKeys Fund's aggregate capital commitment to the Underlying Fund. Such fee will (i) be calculated as a percentage of the AlphaKeys Fund's aggregate capital commitment to the Underlying Fund that is accepted by the Underlying Fund General Partner; (ii) in the aggregate, be substantial; and (iii) be borne by the Underlying Fund General Partner and its affiliates through a dollar-for-dollar offset of management fees payable by AlphaKeys Fund.

The Member Designee, the Administrator, the Placement Agent and their affiliates have a conflict of interest in that they benefit from the sale of Interests. In addition, as a result of the various payments to UBSFA, UBSFS and their respective affiliates the amount of compensation that UBS Americas' entities receive with respect to the sale of affiliated or proprietary hedge funds, funds of funds, private equity funds and real estate funds (including from the sale of Interests in the AlphaKeys Fund) may be greater than the amount payable to the organization as a whole from the sale of unaffiliated investments.

Other Activities of the Member Designee, the Administrator and their Affiliates

The Member Designee, the Administrator and their affiliates may administer, manage or provide other services to registered and unregistered investment companies and individual accounts (collectively, "UBS Clients"). The AlphaKeys Fund has no interest in these activities. In addition, the Member Designee, the Administrator, their affiliates and any of their respective officers, directors, partners, members or employees may invest for their own accounts or for the account of clients with respect to which they have investment discretion in various investment opportunities, including in investment partnerships, private investment companies or other investment vehicles in which the AlphaKeys Fund will have no interest and which may be adverse to the AlphaKeys Fund, the Underlying Fund or other investments controlled by Blackstone.

The Member Designee, the Administrator or their affiliates may determine that an investment opportunity in a particular investment vehicle is appropriate for a particular UBS Client or for itself or its officers, directors, partners, members or employees, but not for the AlphaKeys Fund. Situations may arise in which the Member Designee, the Administrator, their affiliates or UBS Clients have

made investments which would have been suitable for investment by the AlphaKeys Fund but, for various reasons, were not pursued by, or available to, the AlphaKeys Fund. The investment activities of the Member Designee, the Administrator, their affiliates and any of their respective officers, directors, partners, members or employees may disadvantage the AlphaKeys Fund in certain situations if, among other reasons, the investment activities limit the AlphaKeys Fund's ability to invest in an investment vehicle.

The officers or employees of the Member Designee and the Administrator will be engaged in substantial activities other than on behalf of the AlphaKeys Fund and may have conflicts of interest in allocating their time and activity among the AlphaKeys Fund and other UBS Clients. The Member Designee, the Administrator and their officers and employees will devote so much of their time to the affairs of the AlphaKeys Fund as in their judgment is necessary and appropriate.

The Placement Agent and its affiliates may cause clients of the Placement Agent and its affiliates to invest directly in the Underlying Fund (subject to terms of a placement agreement with the Underlying Fund Manager) under certain circumstances, including if such clients satisfy the minimum initial commitment required by the Underlying Fund or the Underlying Fund has accepted a lesser commitment amount in its discretion. When such clients of the Placement Agent and its affiliates invest directly in the Underlying Fund, such clients may receive more preferential terms than those offered to the AlphaKeys Fund in connection with its investment in the Underlying Fund. Such preferential terms may include, but are not limited to, management fee rate, minimum commitment amount, and level of fund operating expenses borne by the investor. Furthermore, such clients of the Placement Agent and its affiliates may bear additional servicing fees as detailed in the Underlying Fund Memorandum. Such fees will not be recouped through distributions from the Underlying Fund and will be in excess of commitments. The Placement Agent and/or its affiliates receive compensation in connection with investments by the clients of the Placement Agent and its affiliates directly in the Underlying Fund. The compensation received by the Placement Agent and/or its affiliates in connection with investments by the clients of the Placement Agent and its affiliates in the AlphaKeys Fund may be higher in certain circumstances than compensation the Placement Agent and/or its affiliates receive in connection with direct investments by such clients in the Underlying Fund. In such instances, the Placement Agent and/or its affiliates may have a greater incentive to recommend an investment in the AlphaKeys Fund to such clients. Moreover, clients of the Placement Agent and its affiliates who invest directly in the Underlying Fund will not be Investors of the AlphaKeys Fund and will not be responsible for AlphaKeys Fund-level Fees and Expenses, thereby avoiding the extra layer of fees and expenses borne by Investors of the AlphaKeys Fund.

The Administrator's ability to defer, waive or reduce the administrative fee charged to other UBS Clients for similar services as those being provided herein may result in the AlphaKeys Fund and its Members paying a higher Administrative Fee for the same set of services as those being provided to other UBS Clients at a lower fee or free of charge. In addition, the Administrator may, in its sole and absolute discretion, defer, waive or reduce the Administrative Fee with respect to a Member that makes a substantial Capital Commitment to the AlphaKeys Fund or that makes investments across multiple funds administered by the Administrator and its affiliates.

The Member Designee may appoint a committee or an independent representative (the "Conflicts Review Committee") to seek the approval in connection with any transactions that require approval under the Investment Advisers Act of 1940, as amended, including Section 206(3) thereunder, or otherwise. To the extent permitted by law, the approval of the Conflicts Review Committee will be binding upon the AlphaKeys Fund and each of the Members. The Conflicts Review Committee will not participate in the management or control of the AlphaKeys Fund. The AlphaKeys Fund may pay the members of the Conflicts Review Committee an initial fee and a fee for each review sought by the Member Designee. The members of the Conflicts Review Committee will be treated as if they were the Member Designee for indemnification purposes.

Co-Investments

The AlphaKeys Fund does not intend to co-invest with the Underlying Fund nor any of their affiliates; however, affiliates of the AlphaKeys Fund, the Member Designee and the Administrator may co-invest in investment opportunities with the Underlying Fund or other investment vehicles managed or controlled by Blackstone.

Other Relationships

Affiliates of the Member Designee and the Administrator, including other investment funds advised by the Member Designee or the Administrator, may invest (on a proprietary basis and with client funds) in other investment vehicles managed or controlled by Blackstone or in high yield securities or other debt or other instruments issued by an Underlying Fund portfolio company. As a result, such affiliates may, among other things, hold, directly or indirectly, investments that are senior to the Underlying Fund's investments in the same portfolio company, have interests in conflict with those of the AlphaKeys Fund and may be in competition for the same investment opportunities.

Investment Banking Fees; Commercial Banking Fees and Lending

Certain affiliates of the Member Designee and the Administrator may receive investment banking fees from portfolio companies in which the Underlying Fund invests and in respect of other transactions in which the Underlying Fund is involved. Such fees could be paid for providing services in connection with: (i) equity or debt financings; (ii) the acquisition, disposition or sale of portfolio companies; or (iii) other investment banking services. Following consummation of an investment by the Underlying Fund, certain affiliates of the Member Designee and the Administrator may also receive normal and customary fees with respect to private placements, financial advisory and other services provided by such affiliates of the Member Designee or the Administrator to a portfolio company. In addition, certain affiliates of the Member Designee or the Administrator may act as a lender to the Underlying Fund, the portfolio companies in which the Underlying Fund invests or in connection with other transactions in which the Underlying Fund is involved. In cases where the Underlying Fund is the borrower, such UBS affiliate acting as a lender will have the ability to call capital from the Underlying Fund, which in turn may call capital from the AlphaKeys Fund. In cases where the Underlying Fund's portfolio companies are the borrowers, such portfolio companies may convey a security interest in certain assets (including assets of the Underlying Fund), to such affiliate acting as a lender to a portfolio company of the Underlying Fund and such affiliate may have a liquidation preference over the Underlying Fund or may have interests that are divergent from those of the Underlying Fund. In addition, affiliates of the Member Designee or the Administrator may purchase or sell assets to or from the Underlying Fund.

Advisory Activities

In the regular course of business, certain affiliates of the Member Designee and the Administrator may be engaged to act as a financial advisor to a party or parties competing for the same or similar investments as the Underlying Fund.

Allocation of Investment Opportunities

The broad investment objectives of the Underlying Fund may overlap, to some extent, with those of UBS AG and its affiliates and its institutional and corporate clients. Accordingly, in connection with their investment activities, certain affiliates of the Member Designee or the Administrator may find investment opportunities that the Underlying Fund desires to pursue. In these circumstances, it is possible that such investment opportunities may be taken by such affiliates of the Member Designee or the Administrator and not by the Underlying Fund. None of the Member Designee, the Administrator, UBS AG or any of their affiliates will have any duty or obligation to present investment opportunities to the Underlying Fund before presenting them to their clients or taking advantage of such opportunities themselves.

Defaulting Members

The Member Designee may face conflicts of interest in pursuing remedies against a Defaulting Member. For example, some of the remedies allow the Member Designee to cause the sale of the Interest held by the Defaulting Member to a third party, or the Member Designee, the Administrator or one of their respective affiliates, or in a transaction in which the Member Designee, the Administrator or one of their affiliates is acting as agent. Such remedies may benefit the Member Designee, the Administrator and their affiliates to the exclusion of the AlphaKeys Fund or the non-Defaulting Members.

Relationship with the Underlying Fund Adviser

The interests of the AlphaKeys Fund may not always be aligned with the interests of Blackstone or its affiliates. The Underlying Fund General Partner has entered into an agreement with the Placement Agent, pursuant to which the Placement Agent will receive a one time fee for its placement and other services with respect to the AlphaKeys Fund. In addition, the Placement Agent and its affiliates, in the ordinary course of their business, have in the past and may in the future, have other business relationships giving rise to compensation, such as underwriting, placement agent, market-making, the provision of custody services for funds managed by Blackstone or its affiliates (including possibly the Underlying Fund) or investment banking and advisory relationships, with the Underlying Fund Adviser and others involved with Blackstone, including the portfolio companies of funds managed by Blackstone or its affiliates, or with parties adverse to Blackstone or such portfolio companies (such as, for example, parties in competition with Blackstone for the same investment opportunity).

Conflicts of Interest Relating to Wrap Account Investors

The Member Designee and/or its affiliates may receive compensation from the Underlying Fund in respect of the investments made by clients of UBSFS in the Advisory Class Interests. Accordingly, UBSFS and its affiliates may have the incentive to direct such clients to the AlphaKeys Fund rather than to a different fund that yields lower levels of compensation for the Member Designee and/or its affiliates.

Other Obligations of the Employees of the Administrator

The officers or employees of the Member Designee and the Administrator will be engaged in substantial activities other than on behalf of the AlphaKeys Fund. The Member Designee, the Administrator and their officers and employees will devote so much of their time to the affairs of the AlphaKeys Fund as in their judgment is necessary and appropriate.

Legal Representation

Ropes & Gray LLP has acted as counsel to the AlphaKeys Fund in connection with this offering of the Interests. Ropes & Gray LLP also acts as counsel to the Member Designee, the Administrator and the Placement Agent. In connection with this offering and ongoing advice to the AlphaKeys Fund, Ropes & Gray LLP will not represent any Member.

V. CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax consequences of acquiring, holding and disposing of Interests. The discussion herein is intended to supplement the disclosure in the Underlying Fund Memorandum. Investors are urged to review the regulatory, tax and ERISA disclosures in the Underlying Fund Memorandum and to consult with their own tax advisors to fully understand the tax consequences of an investment in the AlphaKeys Fund.

This summary is based upon the Code, the U.S. Treasury regulations ("Treasury Regulations") promulgated thereunder, published rulings, court decisions and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This summary does not purport to deal with all of the U.S. federal income tax consequences applicable to the AlphaKeys Fund or to all categories of investors, some of whom may be subject to special rules (including, without limitation, dealers in securities or currencies, financial institutions or "financial services entities," life insurance companies, holders of Interests held as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments, U.S. persons whose "functional currency" is not the U.S. dollar, persons who have elected "mark to market" accounting, persons who have not acquired their Interests upon their original issuance, persons who hold their Interest through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes, or persons for whom an Interest is not a capital asset). The tax consequences of an investment in the AlphaKeys Fund will depend not only on the nature of the AlphaKeys Fund's and the Underlying Fund's operations and then applicable U.S. federal tax principles, but also on certain factual determinations that cannot be made at this time, and upon a particular Member's individual circumstances. No advance rulings have been or will be sought by the AlphaKeys Fund from the Internal Revenue Service (the "IRS") regarding any matter discussed in this Memorandum.

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IN VIEW OF THE FOREGOING, EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING ALL U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE ALPHAKEYS FUND, WITH SPECIFIC REFERENCE TO SUCH INVESTOR'S OWN PARTICULAR TAX SITUATION AND RECENT CHANGES IN APPLICABLE LAW.

For purposes of this discussion, a "U.S. Person" is (1) a citizen or resident of the United States, (2) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust which (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Persons

The AlphaKeys Fund is not intended for investment by non-U.S. Persons and such non-U.S. persons will generally not be permitted to invest in the AlphaKeys Fund unless specifically approved by the Member Designee. The tax treatment of any non-U.S. Persons may in part depend on investments made by the Underlying Fund. An investment in the AlphaKeys Fund may cause a non-U.S. Person to pay taxes and file tax returns in the U.S., as well as other jurisdictions. Prospective Members and Members are strongly urged to consult their own tax advisors regarding the advisability of an investment in the AlphaKeys Fund.

Members, Not Fund, Subject to Tax

Fund Status. Under current Treasury Regulations, a domestic entity that has two or more members and that is not organized as a corporation under U.S. federal or state law will generally be classified

as a partnership for U.S. federal income tax purposes, unless it elects to be treated as a corporation. The AlphaKeys Fund represents that it will not elect to be classified as a corporation for U.S. federal income tax purposes. The Underlying Fund intends to be treated as a partnership for U.S. federal income tax purposes. Thus, subject to the discussion of “publicly traded partnerships” below, each of the AlphaKeys Fund and the Underlying Fund expects that it will be treated as a partnership for U.S. federal income tax purposes. However, classification of an entity as a partnership for U.S. federal income tax purposes may not be respected for state or local tax purposes.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership.” The Member Designee generally intends to operate the AlphaKeys Fund so it will not be treated as a publicly traded partnership including, as necessary, restricting the ability of Members to sell or transfer their Interests. In addition, the Underlying Fund intends to conduct its activities to ensure that it is not treated as a publicly traded partnership.

The discussion below assumes that both the AlphaKeys Fund and the Underlying Fund will be treated as partnerships for U.S. federal income tax purposes. No application has been or is contemplated to be made to the IRS for a ruling on the classification of the AlphaKeys Fund or the Underlying Fund for tax purposes.

Taxation of Fund. As partnerships, subject to the discussion under “Tax Returns and Audits” below, neither the AlphaKeys Fund nor the Underlying Fund is itself generally subject to U.S. federal income tax. The AlphaKeys Fund will file an annual partnership information return with the IRS which reports the results of its operations.

Taxation of Members. Provided that the AlphaKeys Fund is classified as a partnership for U.S. federal income tax purposes, each Member will be required to report on its federal income tax return, and will be subject to tax in respect of, its distributive share of each item of the AlphaKeys Fund’s income, gain, loss, deduction and credit for each taxable year of the AlphaKeys Fund ending with or within the Member’s taxable year. (See “—Allocations of Income, Gain, Loss, Deduction and Credit” below.) Each item generally will have the same character as if the Member had realized the item directly. Members must report these items regardless of the extent to which, or whether, they receive corresponding distributions from the AlphaKeys Fund for such taxable year, and thus may incur income tax liabilities in excess of any distributions from the AlphaKeys Fund. Moreover, the AlphaKeys Fund, through its investments in the Underlying Fund, may be deemed to invest in certain securities, such as original issue discount obligations or preferred stock with redemption or repayment premiums that could cause the AlphaKeys Fund, and consequently the Members, to recognize taxable income without receiving any cash.

The AlphaKeys Fund will use the accrual method of accounting. The AlphaKeys Fund’s fiscal year will be the calendar year, unless the Code requires a year other than the calendar year to be used as the taxable year, in which case the fiscal year will be the taxable year required by the Code.

The AlphaKeys Fund will provide each Member with the information required to report its allocable share of the AlphaKeys Fund’s tax items for U.S. federal income tax purposes. Members will be furnished information on Schedule K-1 for preparation of their respective U.S. federal income tax returns. The furnishing of such information is subject to, among other things, the timely receipt by the AlphaKeys Fund of information from the Underlying Fund. Thus, the receipt of such information by a Member may be significantly delayed beyond the date on which a Member’s tax return is due.

The K-1s will not be available prior to April 15, and accordingly, Members will need to obtain extensions of time to file their own individual tax returns. Each Member is responsible for keeping its own records for determining such Member’s tax basis in its Interest and calculating and reporting any gain or loss resulting from the AlphaKeys Fund distribution or disposition of an Interest.

Pass-Through Items of the Underlying Fund. The remainder of this discussion describes the U.S. federal income tax consequences of the realization of items of income, gain, deduction, loss and credit by the AlphaKeys Fund and the allocations thereof to the Members. Substantially all of these items will be realized in the first instance by the Underlying Fund and allocated to the AlphaKeys Fund and subsequently reallocated to the Members. Unless otherwise specified, references in the subsequent discussion to the realization of items by the AlphaKeys Fund include a realization of such items by the Underlying Fund and the allocation of such items to the AlphaKeys Fund.

Allocations of Income, Gain, Loss, Deduction and Credit. Pursuant to the LLC Agreement, the AlphaKeys Fund's items of taxable income, gain, loss, deduction and credit are generally allocated so as to take into account the varying interests of the Members over the term of the AlphaKeys Fund. Section 704(b) of the Code provides that a partner's distributive share of items of partnership income, gain, loss, deduction and credit will be determined in accordance with the partnership agreement if such allocations have "substantial economic effect," but must otherwise be determined in accordance with such partner's economic interest in such partnership. The Member Designee believes, in general, that the allocations provided for by the LLC Agreement should have "substantial economic effect" or are otherwise in accordance with the Members' interests in the AlphaKeys Fund. It is possible that the IRS may challenge the AlphaKeys Fund's allocations as lacking "substantial economic effect" and attempt to reallocate items of income, gain, loss, deduction or credit. Any such reallocation of tax items may have adverse tax and financial consequences to a Member.

Tax Treatment of Distributions. A Member generally will not recognize gain or loss on the receipt of a distribution of cash or property from the AlphaKeys Fund or as a result of the receipt of cash or other property by the AlphaKeys Fund from the Underlying Fund. A Member, however, will recognize gain on the receipt of a distribution of money and, in some cases, marketable securities, from the AlphaKeys Fund (including any constructive distribution of money resulting from a reduction of the Member's share of the indebtedness of the AlphaKeys Fund) to the extent such cash distribution or the fair market value of certain marketable securities distributed exceeds such Member's "adjusted tax basis" (as defined below) in its Interest. Such distribution would constitute taxable income to such Member and would be treated as gain from the sale or exchange of its Interest and the AlphaKeys Fund would likewise recognize gain on such a distribution from the Underlying Fund (See "—Tax Treatment on Sale of an Interest," below.) The recognition of gain by the AlphaKeys Fund that passes through to a Member should result in an increased basis in the Interest of the Member, preventing double recognition of gain. Generally, if a Member has held its Interest (or the AlphaKeys Fund has held its interest in the Underlying Fund) for more than one year, any such gain will be long-term capital gain.

In general and with certain exceptions, a Member will recognize gain on the complete liquidation of its Interest only to the extent the amount of money received (actually or constructively) exceeds its adjusted tax basis in its Interest. Distributions of certain marketable securities may be treated as distributions of money for purposes of determining gain. Any gain recognized by a Member on the receipt of a distribution from the AlphaKeys Fund generally will be capital gain, but may be taxable as ordinary income, either in whole or in part, under certain circumstances. (See "—Tax Treatment on Sale of an Interest," below.) No loss can be recognized on a distribution in liquidation of an Interest, unless the Member received no property other than money, "unrealized receivables" and "inventory" (as those terms are defined in the Code). For purposes of this restriction, marketable securities are not treated as money, unrealized receivables or inventory.

A Member's initial tax basis in its Interest generally will be equal to such Member's initial capital contribution to the AlphaKeys Fund. A Member's adjusted tax basis in its Interest generally will be equal to such Member's initial tax basis, increased by the sum of (i) any additional capital contribution such Member makes to the AlphaKeys Fund, (ii) the Member's allocable share of the income of the AlphaKeys Fund, and (iii) increases in the Member's allocable share of the

indebtedness of the AlphaKeys Fund, and reduced, but not below zero, by the sum of (iv) the Member's allocable share of the losses of the AlphaKeys Fund, and (v) the amount of money or the adjusted tax basis of property distributed to such Member, including constructive distributions of money resulting from reductions in such Member's allocable share of indebtedness of the AlphaKeys Fund.

Limitations on Deductibility of Fund Deductions and Losses. While the AlphaKeys Fund is not intended to be a "tax shelter," it is possible that losses and expenses could exceed the AlphaKeys Fund's income and gain during a taxable year. A Member is allowed to deduct its allocable share of Fund losses (if any) only to the extent of such Member's adjusted tax basis in its Interest at the end of the taxable year in which the losses occur. In addition, Members who are individuals, trusts, partnerships or certain closely held corporations could be subject to various limitations on their ability to deduct their allocable share of deductions and losses of the AlphaKeys Fund against other income. Such limitations include those relating to "passive losses" (as defined under Section 469 of the Code), amounts "at risk" (as defined under Section 465 of the Code), "investment interest" (as defined under Section 163 of the Code and discussed more fully below), capital losses (under Section 1211 and 1212 of the Code) and miscellaneous itemized investment expenses (under Sections 67 and 68 of the Code). Because of some of these limitations, it is possible that in the situation in which the AlphaKeys Fund, through its investment in the Underlying Fund has losses, certain Members may not be able to use those losses against other income they may have. Also, if the AlphaKeys Fund has losses from some activities and income from different activities, certain Members may not be able to net such Fund losses against such Fund income. In addition, all or a portion of the interest paid or accrued by an individual Member who finances his or her investment in the AlphaKeys Fund by borrowing may be subject to the investment interest deduction limitation. Moreover, all or a portion of any interest expense incurred by the Underlying Fund and allocable to a Member will be subject to the same limitation. Under that limitation, the ability to deduct such interest is limited to the Member's net investment income for the taxable year. For this purpose, "net investment income" generally excludes net long term capital gains and "qualified dividend income" (See "—Preferential Tax Rates," below), except to the extent the taxpayer elects to forego the preferential rate of taxation on such amounts.

Certain of the AlphaKeys Fund's direct expenses (including the Administrative Fee, but not including organizational and syndication expenses which are subject to other deductibility limitations discussed below) will, and it is possible that some or all of the AlphaKeys Fund's allocable share of the Underlying Fund's expenses (including any management or similar fees paid by the Underlying Fund) may, be investment expenses rather than trade or business expenses, with the result that any non-corporate investor (directly or through a partnership or other pass-through entity) will be entitled to deduct his or her share of such investment expenses only to the extent that such share, together with such non-corporate investor's other miscellaneous itemized deductions, exceeds 2% of such non-corporate investor's adjusted gross income. Moreover, investment expenses are not deductible in determining income for alternative minimum tax purposes. In addition, in the case of individuals whose adjusted gross income exceeds certain inflation-adjusted thresholds, the aggregate itemized deductions allowable for the year will be reduced by the lesser of (i) 3% of the excess of adjusted gross income over the applicable threshold or (ii) 80% of the aggregate itemized deductions otherwise allowable for the taxable year (determined after giving effect to the 2% limitation described above and any other applicable limitations). Each prospective investor should consult with its own tax advisor regarding the application to it of these and other rules described above in respect of an investment in the AlphaKeys Fund.

Tax Benefit. There can be no assurance that AlphaKeys Fund losses will produce a tax benefit in the year incurred or that such losses will be available to offset a Member's share of income in subsequent years.

Tax Returns and Audits. The Tax Matters Partner (as defined below) will decide how items will be reported on the AlphaKeys Fund's tax returns, and all Members are required under the Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. Under current law, in the event that the income tax returns of the AlphaKeys Fund are audited by the IRS, the tax treatment of AlphaKeys Fund income and deductions generally is determined at the AlphaKeys Fund level in a single proceeding, rather than in individual audits of the Members. UBS Fund Advisor, L.L.C. or another Member appointed by the Member Designee, will be designated as the "Tax Matters Partner" for the AlphaKeys Fund, as such term is defined in Section 6231(a)(7) of the Code. In such capacity, the Tax Matters Partner has considerable authority to make decisions affecting the tax treatment and procedural rights of all Members. In addition, the Tax Matters Partner has the authority to bind certain Members to settlement agreements (unless, under certain permitted circumstances, a Member affirmatively acts to contest such proposed adjustments on its own behalf) and the right on behalf of all Members to extend the statute of limitations relating to the Members' liabilities with respect to Fund items. The Underlying Fund will have its own tax matters partner. Notwithstanding anything else in this Memorandum to the contrary, the Members may disclose to any and all persons, without limitation of any kind, information regarding the tax treatment, tax structure and tax strategies of the AlphaKeys Fund, the offering of its interests and its transactions all within the meaning of Treasury Regulation § 1.6011-4(b)(3). For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in this offering, or of any information or the portion of any materials not relevant to the tax treatment or tax structure of the offering.

The recently enacted Bipartisan Budget Act of 2015 implemented new partnership audit procedures which will generally apply to taxable years of a partnership beginning on or after January 1, 2018 (unless the partnership elects to apply the rules for an earlier year). In general, if the AlphaKeys Fund is audited under these new rules, any adjustments to items of income, gain, loss, deduction or credit of the AlphaKeys Fund (and any Member's distributive share thereof), shall be determined at the partnership level, and, unless certain elections are made, the AlphaKeys Fund will be liable for paying an imputed underpayment of tax based on such adjustments and associated penalties and interest. Adjustments reallocating the distributive share of an item from one Member to another will not be netted; instead, the imputed underpayment of tax in that case will be calculated without taking into account the decrease in a Member's share of income or gain or the increase in a Member's share of deduction or credit. Any imputed underpayment of tax generally would be assessed in the year the adjustment is finalized rather than the audited year and the amount of such tax generally would be determined using the highest statutory rates, ignoring Member-level attributes. As a result, some or all of the Members (including, without limitation, Members who were not Members during the audited year) might economically bear a greater amount of imputed tax (and associated penalties and interest) than the tax they would have borne if the adjustment had passed through to the Members.

Under certain circumstances, the AlphaKeys Fund might be able to demonstrate that the imputed underpayment of tax should be reduced with respect to specific Members. Establishing such a reduction might require that Members file amended returns, and pay tax, interest and penalties. There can be no guarantee that the AlphaKeys Fund will be able to (or if it is able to, will choose to) take any such actions to reduce the imputed underpayment of tax. Alternatively, the AlphaKeys Fund could elect to have taxes (and any associated interest and penalties) in respect of adjustments assessed and collected at the Member-level by issuing statements of adjustment to the persons who were Members during the audited year. In such case, the audited year Members would be required to pay any additional tax attributable to their share of such adjustments as an additional tax for the taxable year in which the statements are provided. Members may be required to pay interest (at an increased rate) and penalties as a result of such adjustments. There can be no guarantee that the AlphaKeys Fund will or will not make such an election, or that such an election, if made, would not

result in a greater economic cost for a particular Member. The new partnership audit rules will also apply to an audit of the Underlying Fund. There are uncertainties regarding how the new rules apply in connection with tiered partnerships. Under the new rules, a “partnership representative” is designated to represent the partnership in connection with any partnership audit. Once the new rules go into effect, it is expected that UBS Fund Advisor, L.L.C. or another Member appointed by the Member Designee shall be the partnership representative of the AlphaKeys Fund.

Tax Elections. The AlphaKeys Fund may make various elections for U.S. federal income tax purposes which could result in certain items of income, gain, loss, deduction and credit being treated differently for tax and accounting purposes.

For example, under Section 754 of the Code, the AlphaKeys Fund generally may elect to adjust the basis of its assets in the event of certain distributions to a Member, or a transfer of an Interest from a Member to a new or existing Member. A Section 754 election has not been made to date, and there can be no assurance that the AlphaKeys Fund either will, or will not, make such an election. Such an election, if made, could either increase or decrease the value of an Interest to the remaining Members or the transferee, respectively, because the election would increase or decrease the basis of the AlphaKeys Fund’s assets for purposes of computing such Members’ or such transferee’s distributive share of AlphaKeys Fund income, gains, losses and deductions.

The AlphaKeys Fund must make these basis adjustments in the case of (1) a transfer of an Interest, if the AlphaKeys Fund’s assets have a built-in loss of more than \$250,000 immediately following the transfer, or (2) a distribution of AlphaKeys Fund property, if the recipient acquires a basis in the property that exceeds by more than \$250,000 the basis the AlphaKeys Fund had in the property, or a distribution where the distributee Member recognizes a loss of more than \$250,000. To determine whether the mandatory basis adjustment rules will be triggered upon a Member’s transfer or withdrawal from the AlphaKeys Fund, the Tax Matters Partner may request such Member to provide certain information, including information regarding such Member’s tax basis in its Interest. As a result, some or all of the Members’ distributive shares of AlphaKeys Fund income, gains, losses and deductions may be adjusted in accordance with these rules.

Tax Treatment of Fund Investments

In General. The AlphaKeys Fund expects to act as an investor, and not as a trader or dealer, with respect to its investments. For purposes of this discussion, it is assumed that the Underlying Fund will also act as a trader or investor, and not as a dealer, with respect to their investments. In general, a trader and an investor are persons who buy and sell securities for their own account. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation.

Gains and Losses. Generally, the gains and losses realized by a trader or investor on the sale of assets are capital gains and losses. Thus, subject to certain currency exchange gains and certain other transactions giving rise to ordinary income (discussed below), the AlphaKeys Fund generally expects that its gains and losses attributable to the sale or exchange of investments held by the Underlying Fund typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term, depending, in general, upon the length of time that the Underlying Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. (See “—Preferential Tax Rates,” below.)

To the extent that the Underlying Fund’s investments are made in securities denominated in a foreign currency, gain or loss realized by the Underlying Fund and, in turn, the AlphaKeys Fund, frequently will be affected by the fluctuation in the value of such foreign currencies relative to the value of the dollar. Generally, gains or losses with respect to the Underlying Fund’s investments in common stock of foreign issuers will be taxed as capital gains or losses at the time of the disposition

of such stock. (But see “—Tax Treatment of Members with Respect to Foreign Investments,” below.) However, under Section 988 of the Code, gains and losses of the Underlying Fund on the acquisition and disposition of foreign currency (*i.e.*, the purchase of foreign currency and subsequent use of the currency to acquire stock) will be treated as ordinary income or loss. Therefore, if the Underlying Fund does not immediately convert any foreign currency proceeds into dollars, upon any later conversion, the AlphaKeys Fund would recognize ordinary income or loss as a result of exchange rate fluctuation in the interim. Moreover, under Section 988 of the Code, gains or losses on the disposition of debt securities denominated in foreign currency to the extent attributable to the fluctuation in the value of the foreign currency between the date of acquisition of the debt security and the date of disposition or settlement and gains or losses realized in connection with foreign currency hedging transactions will be treated as ordinary income or loss.

The AlphaKeys Fund may also realize ordinary income or loss with respect to the Underlying Fund’s investments in portfolio companies treated as partnerships that are engaged in a trade or business.

Interest. Members generally will be taxable on their allocable share of the AlphaKeys Fund’s interest income, at ordinary income tax rates, when such amounts are included in the AlphaKeys Fund’s taxable income under the accrual method of accounting. In addition, the AlphaKeys Fund, through its investments in the Underlying Fund, may be deemed to hold debt obligations with “original issue discount.” In such case, the AlphaKeys Fund would be required to include amounts in taxable income on a current basis even though the receipt of such amounts may occur in a subsequent year. The AlphaKeys Fund, through its investments in the Underlying Fund, may also be deemed to purchase contingent debt instruments. All or part of the gain on the disposition of contingent debt instruments may be treated for U.S. federal income tax purposes as ordinary income rather than as capital gain. In addition, the Underlying Fund may purchase debt instruments with market discount. If the Underlying Fund purchases a debt instrument for an amount that is less than its stated redemption price at maturity (or, in the case of a debt instrument issued with original issue discount, for an amount that is less than its adjusted issue price), the amount of the difference between the purchase price and such stated redemption price at maturity or adjusted issue price will be treated as “market discount” for U.S. federal income tax purposes, unless such difference is less than a specified *de minimis* amount. Under the market discount rules, the Underlying Fund, and in turn the AlphaKeys Fund, will generally be required to treat any principal payment (or, in the case of an original issue discount instrument, any payment that does not constitute “qualified stated interest,” which is stated interest payable at least annually at a single fixed rate or certain qualified floating rates) on, or any gain on the sale, exchange, or redemption of, a debt instrument as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such debt instrument at, or prior to, the time of such payment or disposition. In addition, if the Underlying Fund has borrowed to purchase such a debt instrument or a Member has borrowed to purchase its Interest in the AlphaKeys Fund, then the AlphaKeys Fund or such Member, respectively, may be required to defer, until the maturity of such debt instrument or the earlier disposition of such debt instrument in a taxable transaction, the deduction of a portion of the interest expense on such borrowing to the extent allocable to market discount debt instruments. Market discount in respect of a debt instrument generally is considered to accrue ratably during the period from the date of acquisition to the maturity date of such debt instrument, unless the holder elects to accrue market discount on the debt instrument under the constant yield method.

Options, Swaps and Credit-Linked Securities, Short Sales, and Other Similar Transactions. The AlphaKeys Fund, through its investment in the Underlying Fund, may be deemed to be engaged in transactions involving options, swaps and credit-linked securities, short sales, and other similar transactions. Consequently, the AlphaKeys Fund may be subject to certain rules relating to “constructive sales,” “short sales,” “straddles,” and “section 1256 contracts”, which may affect the holding period for a particular security or otherwise affect the characterization of certain capital gain or loss as long-term or short-term, or affect the timing of the recognition of certain capital

gain or loss. Moreover, the straddle rules and short sale rules may require the capitalization of interest and certain other carrying charges attributable to investments in certain securities positions. The limitation on itemized deductions described above under, "Limitations on Deductibility of Fund Deductions and Losses" may also apply to certain swap payments.

For U.S. federal income tax purposes, a "straddle" generally means the holding of "offsetting positions with respect to personal property." In general, investment positions will be treated as offsetting if there is a substantial diminution of the risk of loss from holding one position by reason of holding one or more other positions. If two or more positions constitute a straddle, a loss from one position must be deferred to the extent of any unrecognized gain in an offsetting position. Moreover, in certain circumstances, long-term capital gain may be recharacterized as short-term capital gain and short-term capital loss as long-term capital loss.

Certain regulated futures contracts, certain foreign currency contracts, and certain other contracts ("section 1256 contracts") will be subject to "mark-to-market" rules, so that any unrealized gain or loss in any section 1256 contract will generally be treated as realized for U.S. federal income tax purposes at the end of a taxable year or upon its termination or other disposition (including upon exercise). In general, such gain or loss will be 60% long-term and 40% short-term capital gain or loss. Any such gain or loss recognized by a non-corporate Member will be subject to special carryover rules. Special timing and character rules apply to certain hedging transactions, "conversion transactions," "wash sales," and options (such as equity options) that are not section 1256 contracts.

A short sale ordinarily will not result in a gain or loss until the short seller delivers property to cover its prior sale, except that, under the "constructive sale" rules of section 1259 of the Code, any gain from a short sale against certain appreciated financial positions held by the short seller generally must be recognized at the time of such short sale, rather than upon the closing of such short sale. In certain circumstances, capital gain from the closing of a short sale will be treated as short-term capital gain and capital loss from such closing will be treated as long-term capital loss. In addition to certain short sales against property owned by the taxpayer (as discussed above), under the constructive sale rules of section 1259 of the Code, a taxpayer may be required to currently recognize gain with respect to certain appreciated financial positions held by such taxpayer if the taxpayer (or a related person) (a) enters into an "offsetting notional principal contract" with respect to the same or substantially identical property constituting such appreciated financial position, (b) enters into a futures or forward contract to deliver the same or substantially identical property constituting such appreciated financial position, or (c) in the case of an appreciated financial position that is a short sale or a contract described in clause (a) or (b) with respect to any property, acquires the same or substantially identical property underlying such short position or contract.

Non-Cash Income. The Underlying Fund may participate in reorganizations, restructurings, and other transactions involving portfolio companies in which it may receive securities or other property in exchange for securities. To the extent that these transactions do not qualify as tax-free reorganizations under the Code or are otherwise subject to tax, the AlphaKeys Fund may be required to recognize income without the receipt of cash in respect of such income.

Organizational or Syndication Expenses. In general, neither the AlphaKeys Fund nor any Member may deduct organizational or syndication expenses. The AlphaKeys Fund will be deemed to have made an election to amortize organizational expenses over a 180-month period for tax purposes unless the AlphaKeys Fund timely elects to capitalize such expenses. If the AlphaKeys Fund is liquidated prior to the end of the amortization period, unamortized organizational expenses may be deducted to the extent allowable under Section 165 of the Code. Syndication expenses, which may include, without limitation, Placement Fees, brokerage fees, registration fees, certain legal fees, and certain accounting fees for preparation of offering materials, must be capitalized and cannot be amortized or otherwise deducted. As such, the capitalization of such syndication expenses may

result in increased capital loss or decreased capital gain on the disposition or liquidation of an Interest. The foregoing rules also apply to the Underlying Fund.

Preferential Tax Rates. For individuals, the maximum ordinary income tax rate is currently 39.6% and the maximum income tax rate for most long-term capital gains is currently 20%, although in either case the effective rate may be higher due to the phase out of certain tax deductions and exemptions. An individual taxpayer may, in general, offset capital losses against capital gains. To the extent the individual taxpayer's capital losses in a given year exceed his capital gains for such year, such excess may be used to offset up to an additional \$3,000 of such individual taxpayer's ordinary income in such year. Any unused portion of such excess can be carried forward to future years (but not carried back to prior years) to be offset in such future years against the individual taxpayer's capital gains plus up to \$3,000 of ordinary income. Furthermore, a 3.8% Medicare contribution tax will be imposed on the "net investment income" (as defined in Section 1411 of the Code and the Treasury Regulations thereunder) of individuals whose income exceeds certain threshold amounts and of certain trusts and estates under similar rules. Investors are advised to consult their tax advisers regarding the possible implications of this additional tax on their investment in the AlphaKeys Fund. For corporate taxpayers, capital gains are taxed at the same rates as ordinary income, with a current maximum tax rate of 35%. Capital losses may be offset only against capital gains and unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

Currently, qualified dividend income of individual taxpayers is subject to a maximum rate of tax equal to 20%. Qualified dividend income generally includes dividends received from domestic corporations, and dividends received from foreign corporations if such foreign corporations are qualified foreign corporations of a foreign country which has an income tax treaty with the United States, which the U.S. Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision, or if such dividend is paid in respect of stock which is readily tradable on an established U.S. securities market. It may also include amounts treated as constructive distributions on preferred stock under Section 305(c) of the Code, which, like original issue discount on debt instruments, must be included in the gross income of the holder on a current basis even though the receipt of such amounts may occur in a subsequent year. In order for the reduced rate of taxation to apply, certain holding period and other requirements must be met. Prospective investors should consult their own tax advisors to determine the impact, if any, such rules have on them.

Personal Holding Companies. The AlphaKeys Fund through its investment in the Underlying Fund, may be deemed to own stock or securities of corporations treated as personal holding companies ("PHCs") under the Code. Currently, PHCs are subject to an additional tax on their undistributed income equal to 20%.

Tax Treatment on Sale of an Interest

A sale of all or part of a Member's Interest generally will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such Member's adjusted tax basis for the portion of the Interest disposed of. Such Member's adjusted tax basis will be adjusted for this purpose by its allocable share of the AlphaKeys Fund's income or loss for the year of such sale. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss and will be long-term capital gain or loss if the Interest has been held for more than one year; provided that a Capital Contribution by a Member within the one-year period ending on the date of sale may cause part of such gain or loss to be short-term. To the extent that the proceeds of the sale are attributable to a Member's allocable share of certain ordinary income items (such as "inventory" or "unrealized receivables", as such terms are defined in the Code) of the AlphaKeys Fund and such proceeds exceed the Member's adjusted tax basis attributable to such ordinary income items, any gain will be treated as ordinary income. A Member will be required to recognize the full amount of any such

ordinary income even if that amount exceeds the overall gain on the sale and even if the Member recognizes an overall loss on the sale.

Tax Treatment of Members with Respect to Foreign Investments

In General. The Underlying Fund may make investments outside of the United States. Certain non-U.S. investments, including investments in "controlled foreign corporations" ("CFCs") and "passive foreign investment companies" ("PFICs") are subject to special rules and may cause a Member to recognize taxable income prior to the AlphaKeys Fund's receipt of distributable proceeds, pay an interest charge on receipts that are deemed as having been deferred, or recognize ordinary income that otherwise would have been treated as capital gain.

The Underlying Fund may make investments that subject the AlphaKeys Fund and/or the Members directly or indirectly to taxation and/or tax-filing obligations in non-U.S. jurisdictions, including withholding taxes on dividends, interest and capital gains. In particular, the Underlying Fund's non-U.S. investments may cause some of the income or gains of the AlphaKeys Fund to be subject to withholding or other taxes of non-U.S. jurisdictions, and could result in taxation on net income attributed to the jurisdiction if the AlphaKeys Fund were considered to be conducting a trade or business in the applicable country through a permanent establishment or otherwise. Such non-U.S. taxes and/or tax filing obligations may be reduced or eliminated by applicable income tax treaties, although Members should be aware that the AlphaKeys Fund may not be entitled to claim reduced withholding rates on non-U.S. taxes or may choose not to assert any such claim. The tax consequences to Members may depend in part on the activities and investments of the Underlying Fund, as well as the AlphaKeys Fund. The AlphaKeys Fund will be limited in its ability to avoid adverse non-U.S. tax consequences resulting from the Underlying Fund's underlying investments. Furthermore, some Members may not be eligible for certain or any treaty benefits. Subject to applicable limitations, a Member may be entitled to claim, for U.S. federal income tax purposes, a credit for its allocable share of certain non-U.S. income taxes incurred by the AlphaKeys Fund, including certain withholding taxes, so long as such non-U.S. tax qualifies as a creditable income tax under the applicable Treasury Regulations. Alternatively, a Member may be able to deduct (subject to certain limitations) its share of such non-U.S. taxes for U.S. federal income tax purposes.

Certain Reporting Requirements. U.S. Persons that own (directly or through the AlphaKeys Fund and the Underlying Fund) interests in foreign partnerships or stock in foreign corporations, including CFCs and PFICs, are subject to special reporting requirements under the Code and the failure to meet these reporting requirements may result in substantial penalties. For example, a U.S. Person may be required to file an IRS Form 926 upon the direct or indirect transfer by such U.S. Person of cash or property to a foreign corporation if immediately after such transfer the U.S. Person holds, directly or indirectly, at least 10% of the total voting power or total value of such foreign corporation, or if the amount of cash or the value of the property transferred by such U.S. Person during the 12-month period ending on the date of the transfer exceeds \$100,000. Under current Treasury Regulations, this reporting must be made by the AlphaKeys Fund's Members and may not be satisfied by the AlphaKeys Fund. A U.S. Person who fails to timely file a Form 926 when required could be subject to a penalty for such failure to file equaling 10% of the fair market value of the property transferred.

Certain U.S. shareholders of a PFIC are required to file an annual information return with the IRS (regardless of whether such U.S. shareholder has received a distribution from, disposed of an interest in, or made an election in respect of a PFIC). A U.S. shareholder that qualifies as a tax-exempt organization under certain provisions of the Code will not be required to file this annual information return as long as the income with respect to the PFIC would not constitute UBTI. This filing requirement is in addition to any pre-existing reporting requirements with respect to interests in a PFIC (although in certain cases relief for duplicative filings has been provided, if certain conditions are met). Investors should consult with their own tax advisers with respect to this new reporting requirement and any other reporting requirement that may apply.

In addition, subject to certain exceptions, a U.S. Member who is an individual will be required to report annually to the IRS such U.S. Member's interest in "foreign financial assets." Such reporting requirements may also apply to certain U.S. entities once the IRS releases further authority on point.

Each prospective investor should consult with its own tax advisor regarding such reporting requirements.

AMT Considerations

Prospective investors may be subject to the U.S. alternative minimum tax ("AMT") and should consider the tax consequences of an investment in the AlphaKeys Fund in view of their AMT position, taking into account the special rules that apply in computing the AMT, including the adjustments to depreciation deductions, the special limitations on the use of net operating losses, and in the case of individual taxpayers, the complete disallowance of miscellaneous itemized deductions and deductions for state and local taxes.

Special Considerations Applicable to Tax-Exempt Investors

Tax-exempt organizations are generally subject to U.S. federal income tax on a net basis on their unrelated business taxable income ("UBTI"). UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income (or certain other categories of passive income) or capital gain recognized by a tax-exempt organization so long as such income is not debt-financed, as discussed below. UBTI also includes certain insurance income derived by a CFC if a tax-exempt organization is a "United States Shareholder" (as defined in the Code) with respect to such CFC.

A tax-exempt entity deriving gross income characterized as UBTI that equals or exceeds \$1,000 in any taxable year is obligated to file a federal income tax return, even if it has no liability for that year as a result of deductions against such gross income, including an annual \$1,000 statutory deduction.

The exclusion from UBTI for dividends, interest (or other passive income) and capital gains does not apply to income from "debt-financed property," which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. Gain attributable to the sale of previously debt-financed property continues to be subject to these rules for 12 months after any acquisition indebtedness is satisfied. If the Underlying Fund incurs acquisition indebtedness, a tax-exempt Member generally would be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If a tax-exempt Member incurs indebtedness to acquire its Interest, such indebtedness generally would also be treated as acquisition indebtedness.

In addition, income arising from an investment by the Underlying Fund in a flow-through entity for U.S. federal income tax purposes that holds operating assets or that has itself incurred acquisition indebtedness generally will be UBTI. The AlphaKeys Fund will not structure its investments or alter its activities so as to avoid UBTI. In particular, the AlphaKeys Fund will not be obligated to hold any portion of its investment in the Underlying Fund through any parallel fund or non-U.S. feeder vehicle. Since neither the AlphaKeys Fund nor the Underlying Fund are required to avoid generating UBTI, tax-exempt investors may recognize a significant amount of UBTI as a result of an investment in the AlphaKeys Fund and, accordingly, are strongly urged to consult their own tax advisors regarding the advisability of an investment in the AlphaKeys Fund.

The potential for having income characterized as UBTI may have a significant effect on any investment by a tax-exempt entity in the AlphaKeys Fund and may make investment in the AlphaKeys Fund unsuitable for some tax-exempt entities. Tax-exempt investors should consult their own tax advisors regarding all aspects of UBTI.

Tax Shelter Rules

The AlphaKeys Fund or the Underlying Fund may engage in transactions or make investments that would subject the Underlying Fund, the AlphaKeys Fund, their investors and/or their advisors to special rules requiring such transactions or investments by the AlphaKeys Fund or Underlying Fund or investments in the AlphaKeys Fund or Underlying Fund to be reported and/or otherwise disclosed to the IRS, including to the IRS's Office of Tax Shelter Analysis (the "Tax Shelter Rules"). A transaction may be subject to reporting or disclosure if it is described in any of several categories of transactions, which include, among others, transactions that result in the incurrence of a loss or losses exceeding certain thresholds. In addition, an investor may have disclosure obligations with respect to its interest in the AlphaKeys Fund if the investor (or the AlphaKeys Fund or Underlying Fund, in certain cases) participates in a reportable transaction. The Tax Shelter Rules are, in part, vague and not definitive and the AlphaKeys Fund may file protective disclosures as a protection against the substantial penalties which could be imposed for failure to file. **Investors should consult their own tax advisors about their obligation to report or disclose to the IRS information about their investment in the AlphaKeys Fund and participation in the AlphaKeys Fund's and the Underlying Fund's income, gain, loss or deduction with respect to transactions or investments subject to these rules.** The AlphaKeys Fund may provide to its advisors identifying information about its investors and their participation in the AlphaKeys Fund and the AlphaKeys Fund's (and Underlying Fund's) income, gain, loss or deduction from those transactions or investments, and the AlphaKeys Fund or its advisors may disclose this information to the IRS upon its request. Significant penalties may apply for failure to comply with these rules.

State and Local Tax Considerations

In addition to the U.S. federal income tax consequences described above, prospective investors should consider the potential state and local tax consequences of an investment in the AlphaKeys Fund. State and local tax laws often differ from U.S. federal tax laws with respect to, among other things, the treatment of specific items of income, gain, loss, deduction and credit. The AlphaKeys Fund, as well as the Members, may be subject to various state and local taxes. In addition to being taxed in its own state or locality of residence, a Member may be subject to return filing obligations and income, franchise and other taxes in jurisdictions in which the AlphaKeys Fund or the Underlying Fund operates.

FATCA

Very generally and with limited exceptions, pursuant to Sections 1471 through 1474 of the Code, as modified by Treasury Regulations, intergovernmental agreements and implementing non-U.S. laws and regulations, and any current and future guidance thereunder (collectively, "FATCA"), if an investor fails to meet new requirements, including information, diligence and/or reporting requirements, that are mandated by FATCA, certain U.S. source income and potentially certain non-U.S. source income attributable to such investor will, in general, be subject to a 30% withholding tax. The U.S. source income with respect to which the 30% withholding applies includes interest (including original issue discount), whether or not the interest would qualify as "portfolio interest", dividends, compensation and gross proceeds realized upon the sale or other disposition of any property which can produce U.S. source interest or dividends ("Withholdable Payments"). The withholding tax is currently in effect with respect to payments other than gross proceeds and is expected to be in effect with respect to withholding on gross proceeds beginning after December 31, 2018.

The AlphaKeys Fund will withhold at a 30% rate on Withholdable Payments (and potentially on payments of non-U.S. source income) attributable to an investor if the investor fails to provide the AlphaKeys Fund with sufficient information, certification or documentation that is required under FATCA, including information, certification or documentation necessary for the AlphaKeys Fund to (i) determine if the investor is a non-U.S. investor or a U.S. investor and, if it is a non-U.S. investor, if

the non-U.S. investor has "substantial United States owners" and/or is in compliance with (or meets an exception from) FATCA requirements and (ii) comply with the withholding requirements of FATCA. The AlphaKeys Fund may disclose the information, certifications or documentation provided by investors to the IRS, the Treasury or other parties as necessary to comply with FATCA.

Furthermore, a non-U.S. fund (such as the Underlying Fund) will be subject to a 30% withholding tax with respect to Withholdable Payments and potentially certain non-U.S. source income if it fails to timely enter into and continue to comply with a valid agreement with the Secretary of the Treasury in which the non-U.S. fund agrees to obtain and verify certain information from each of its investors and comply with annual reporting requirements with respect to certain direct or indirect U.S. investors ("FFI Agreement"), if applicable, does not comply with the requirements of an applicable intergovernmental agreement and any implementing non-U.S. laws and regulations, or does not otherwise qualify for an exception from the foregoing requirements. In this respect, the Cayman Islands and the United States on November 29, 2013 entered into an intergovernmental agreement with respect to FATCA implementation (the "Cayman IGA"), under which the Underlying Fund may be required to obtain and provide to the Cayman Islands government certain information from each of its investors and meet certain other requirements. If the Underlying Fund complies with its obligations under the Cayman IGA, the Underlying Fund generally will not be subject to withholding under FATCA (and, for the avoidance of doubt, will not be required to enter into an FFI Agreement). Notwithstanding the foregoing, such withholding tax may still be applicable unless each applicable member of the same expanded affiliated group, if any, as the Underlying Fund also enters into and complies with the FFI Agreement, applicable intergovernmental agreement or qualifies for an exception. The economic returns from the Underlying Fund may be significantly reduced as a result of withholding tax unless it complies with or satisfies an exemption from the requirements described above.

The scope of some of the requirements of and exceptions from FATCA are complex and remain potentially subject to material changes resulting from additional IRS guidance. Investors are urged to consult their advisers about the FATCA rules (some but not all of which are described above) that may be relevant to their investment in the AlphaKeys Fund. In addition, certain other countries have passed or may in the future pass legislation similar to FATCA, which may impact the AlphaKeys Fund, the Underlying Fund and the Members.

For additional information regarding the taxation of the AlphaKeys Fund and the Underlying Fund, prospective investors are strongly urged to refer to "Regulatory, Tax, and ERISA Considerations" in the Underlying Fund Memorandum.

THE FOREGOING DISCUSSION SHOULD NOT BE CONSIDERED TO DESCRIBE FULLY THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE ALPHAKEYS FUND. EACH PROSPECTIVE INVESTOR IS THEREFORE URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ALPHAKEYS FUND.

VI. REGULATORY CONSIDERATIONS

U.S. Securities Laws

Securities Act of 1933. The Interests will not be registered under the Securities Act, or any other securities laws, including state securities or blue sky laws. Interests will be offered and sold without registration in reliance upon the Securities Act exemption for transactions not involving a public offering and will be sold only to “accredited investors,” as defined in Regulation D promulgated under the Securities Act.

Each investor will be required to make customary private placement representations, including that such investor is acquiring an Interest for his, her or its own account for investment and not with a view to resale or distribution. Further, each investor must be prepared to bear the economic risk of the investment in the Interests for an indefinite period of time, since the Interests cannot be transferred or resold except as permitted under the LLC Agreement and permitted under the Securities Act and any applicable state or non-U.S. securities laws pursuant to registration or an exemption therefrom. It is extremely unlikely that the Interests will ever be registered under the Securities Act.

Investment Company Act of 1940. It is anticipated that the AlphaKeys Fund will not be required to register under the Investment Company Act. The AlphaKeys Fund will rely on the exception contained in Section 3(c)(7) of the Investment Company Act, which exempts issuers whose outstanding securities are owned exclusively by “qualified purchasers,” as defined under the Investment Company Act. The AlphaKeys Fund will obtain appropriate representations and undertakings from the investors as to their compliance with the conditions of the exemption.

Standards for Investor Qualification. Each Eligible Purchaser must be: (i) a qualified purchaser under the Investment Company Act, (ii) an accredited investor under the Securities Act, and (iii) a U.S. Person within the meaning of Section 7701(a)(30) of the Code, unless otherwise permitted by law.

The term “qualified purchaser” is defined in Section 2(a)(51)(A) of the Investment Company Act. A qualified purchaser includes: (i) any natural person who owns not less than \$5 million in investments; (ii) any company that owns not less than \$5 million in qualifying investments that is exclusively owned directly or indirectly by or for two or more natural persons related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations or trusts established by or for the benefit of such persons; (iii) any trust not covered by clause (ii) that was not formed for the purpose of acquiring Interests in the AlphaKeys Fund, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust is a person described in clause (i), (ii) or (iv); or (iv) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests, on a discretionary basis, not less than \$25 million in qualifying investments. The determination of whether an investor has sufficient “qualifying investments” is highly complex. Accordingly, prospective investors should carefully review the materials and questionnaires contained in the Investor Application of the AlphaKeys Fund, including Annex A contained therein.

The term “accredited investor” is defined under Rule 501(a) of Regulation D promulgated under the Securities Act. An individual generally will qualify as an accredited investor only if he or she (i) has a net worth (or joint net worth with his or her spouse) in excess of \$1 million (calculated by excluding the value of such individual’s primary residence net of any related mortgage up to its fair market value, except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, the amount of such excess shall be included in the investor’s liabilities, and reducing that investor’s net worth by the amount of any indebtedness secured by that primary residence that exceeds the value of the primary residence); or (ii) had individual income of more than \$200,000 in each of the last two calendar years and

reasonably expects to have income of more than \$200,000 in the current year; or (iii) had jointly with his or her spouse income in excess of \$300,000 in each of the last two calendar years and reasonably expects to have joint income in excess of \$300,000 in the current year. A partnership, corporation or business trust will qualify as an accredited investor if either (a) it has assets in excess of \$5 million and was not formed for the specific purpose of acquiring Interests or (b) all of its equity owners are accredited investors (which can include individuals who meet the requirements of clause (i), (ii) or (iii) in the second sentence of this paragraph). A trust other than a business trust or a revocable grantor trust will qualify as an accredited investor if either (a) its trustee is a bank or savings and loan association or (b) it has assets in excess of \$5 million, it was not formed for the specific purpose of acquiring Interests, and its investment decisions are made by a person who is experienced in business and financial matters and is capable of evaluating the merits and risks of an investment in Interests. A revocable grantor trust will qualify as an accredited investor if either (a) all of its grantors are accredited investors (which can be individuals who meet the requirements of clause (i), (ii) or (iii) in the second sentence of this paragraph) or (b) it would qualify as an accredited investor as described in the preceding sentence. In general, a trust other than a business trust or a revocable grantor trust will not qualify as an accredited investor solely because all of its grantors and/or all of its beneficiaries are accredited investors (although under certain limited circumstances an irrevocable grantor trust may qualify as an accredited investor on the basis of all of its grantors being accredited investors).

U.S. Commodity Exchange Act

The Administrator is registered as a "commodity pool operator" with the CFTC and is a member of the National Futures Association ("NFA") in such capacity under the U.S. Commodity Exchange Act, as amended. With respect to the AlphaKeys Fund, the Administrator has claimed an exemption pursuant to CFTC Rule 4.13(a)(3) as a "commodity pool operator" based on the AlphaKeys Fund's limited trading in commodity interests, and will operate the AlphaKeys Fund as if the Administrator were exempt from registration with the CFTC as a registered "commodity pool operator." Pursuant to the exemption under CFTC Rule 4.13(a)(3), the Administrator is not required to deliver a disclosure document or a certified annual report to investors.

ERISA and Certain other Laws

ERISA governs the investment of the assets of certain employee benefit plans, including IRAs and entities ("Benefit Plans"). ERISA and the rules and regulations of the Department of Labor ("DOL") under ERISA contain provisions that should be considered by fiduciaries of those plans and their legal advisors. The Member Designee will require an ERISA Plan proposing to invest in the AlphaKeys Fund to represent that it, and any fiduciaries responsible for such investment, are aware of and understand the AlphaKeys Fund's investment objectives, policies and strategies, that the decision to invest plan assets in the AlphaKeys Fund was made with appropriate consideration of relevant investment factors with regard to the Benefit Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA and/or the Code.

Prohibited Transactions. ERISA and Section 4975 of the Code, under "prohibited transaction" provisions, restrict a broad range of transactions involving the assets of ERISA Plans and other plans subject to such provisions (collectively, "Benefit Plans"), and fiduciaries, service providers and certain other persons having a specified relationship with such plans (referred to as "parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code). Fiduciaries of any Benefit Plan should consult with their counsel to determine if participation in the AlphaKeys Fund is a transaction which is prohibited by ERISA or Section 4975 of the Code. Each purchaser or transferee of an Interest shall be deemed to have represented and agreed that, during the period it holds any interest in an Interest, either (i) it is not, nor is it using the assets of, a Benefit Plan or a governmental plan, foreign plan or church plan subject to any federal, state, local or foreign law that is substantially similar to the prohibited transaction provisions of Title I of ERISA or Section 4975 of the

Code ("Similar Law") to acquire and hold such Interests or (ii) its acquisition, holding and disposition of such Interests does not and will not constitute or otherwise result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code, or a violation of Similar Law.

Plan Assets. The Department of Labor ("DOL") has adopted a regulation (the "Plan Assets Regulation") that defines what constitutes the assets of a Benefit Plan that owns an equity interest in an entity for purposes of ERISA and Section 4975 of the Code. Under a look-through rule in such regulation, when a Benefit Plan owns an equity interest in an entity, such interest and a proportionate, undivided interest in each of the underlying assets of the entity are treated as if they were "plan assets" of such Benefit Plan and therefore subject to the fiduciary standards of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code, unless an exception to such look-through rule applies.

The look-through rule does not apply to an entity in which participation by "Benefit Plan Investors" (as defined below) in the aggregate is not "significant" (as such term is defined in the Plan Assets Regulation). For purposes of the Plan Asset Regulation, as modified by ERISA, the term "Benefit Plan Investor" means (i) any employee benefit plan that is subject to Part 4 of Subtitle B of Title I of ERISA or a "plan" described in Section 4975(e)(1) of the Code, and (ii) any entity that is treated as having "plan assets" of such plans by reason of the Plan Assets Regulation or otherwise. Participation by Benefit Plan Investors is "significant" if Benefit Plan Investors own, immediately after the most recent acquisition of any equity interest in the entity, at least 25% of any class of equity interest, disregarding for purposes of such calculation any interests owned by any person (excluding any Benefit Plan Investor) having discretionary control of the assets of the AlphaKeys Fund or rendering investment advice to the AlphaKeys Fund for a fee, and their affiliates (collectively, "Disregarded Parties").

The AlphaKeys Fund intends to limit participation in the AlphaKeys Fund by Benefit Plan Investors to less than 25% of the Interests therein so as to comply with the 25% test noted above. In order to effect this limitation, no purchase, redemption or transfer of an Interest by, or proposed transfer to, a person will be permitted to the extent that such purchase, redemption or transfer would result in persons that have represented that they are Benefit Plan Investors owning 25% or more of the outstanding Interests immediately after such purchase or proposed transfer (determined in accordance with the Plan Asset Regulations). Accordingly, investors in the AlphaKeys Fund will be required to represent and agree whether and to what extent they constitute or will constitute Benefit Plan Investors or Disregarded Parties, and the AlphaKeys Fund, the Member Designee and the Administrator will be entitled to exclusively rely on such representations and warranties without any inquiry or diligence. Compliance with the 25% test may require the AlphaKeys Fund to limit the transferability of Interests to Benefit Plan Investors or to Disregarded Parties.

There can be no assurance that, despite the restrictions relating to purchases or transfers and the procedures to be employed by the AlphaKeys Fund, participation by Benefit Plan Investors will not be considered significant for purposes of the Plan Assets Regulation. If the underlying assets of the AlphaKeys Fund are deemed to be "plan assets," the obligations and other responsibilities of Benefit Plan sponsors, Benefit Plan fiduciaries and Benefit Plan administrators, and of "parties in interest" and "disqualified persons" (as defined under ERISA and the Code), under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favorable statutory or administrative exemption or exception applies); in addition, various providers of fiduciary or other services to the AlphaKeys Fund, and any other parties with authority or control with respect to the AlphaKeys Fund, could be deemed to be Benefit Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

General. Governmental plans and certain church and other plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be

subject to state, federal, or other laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Interests.

Prospective Members should consult with their counsel and advisors as to the provisions of ERISA and any similar federal, state or local law applicable to an investment in the AlphaKeys Fund.

Bank Holding Company Act

The Member Designee is, for purposes of the BHC Act, a subsidiary of UBS AG, which is subject to supervision and regulation by the Federal Reserve. It is not expected that UBS AG will be deemed to control the AlphaKeys Fund for purposes of the BHC Act. There can be no assurance that the bank regulatory requirements applicable to UBS AG will not likewise apply to the AlphaKeys Fund and therefore have a material adverse effect on the AlphaKeys Fund and its operations. For example, such regulations could require the AlphaKeys Fund to dispose of its investment in the Underlying Fund earlier than anticipated by the Member Designee or the dissolution of the AlphaKeys Fund earlier than anticipated by the Member Designee, potentially having a negative impact on the returns of the AlphaKeys Fund.

The Member Designee, UBS AG and the AlphaKeys Fund may be able to rely on other statutory and regulatory provisions in order to maintain compliance with the BHC Act to the extent applicable to the AlphaKeys Fund. The Member Designee reserves the right to rely on any such applicable exemptions and to take all reasonable steps deemed necessary, advisable or appropriate in its sole discretion for the AlphaKeys Fund or the Member Designee to comply with the BHC Act, including, without limitation, refraining from voting on matters presented by the Underlying Fund and, if permitted, disposing of all or any portion of the AlphaKeys Fund's investment in the Underlying Fund or any portfolio company that does not conform to BHC Act requirements. The BHC Act and Federal Reserve regulations and interpretations thereunder may be amended over the term of the AlphaKeys Fund, which could also result in further restrictions on the activities or investments of the AlphaKeys Fund.

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OF
BLACKSTONE REAL ESTATE PARTNERS EUROPE V L.P.**

This Appendix A contains the Confidential Private Placement Memorandum of Blackstone Real Estate Partners Europe V ■ (as amended, restated or supplemented from time to time, collectively, the “Underlying Fund Memorandum”).

Each prospective investor should carefully review the Underlying Fund Memorandum, which has been furnished by Blackstone. Such information has not been prepared by or independently verified by the AlphaKeys Fund, the Placement Agent, the Member Designee, the Administrator or any of their respective affiliates and none of the foregoing makes any representation or warranty with respect to, or shall be responsible for, the accuracy or completeness of such information.

Descriptions of any rights, benefits and effects described in the Underlying Fund Memorandum will inure to the benefit of, and/or apply to, the AlphaKeys Fund as a whole and not to the Members in the AlphaKeys Fund. Purchasers of Interests will not be limited partners of the Underlying Fund, will have no direct interest in the Underlying Fund, will have no voting rights in the Underlying Fund and will have no standing or recourse against any of the Underlying Fund, the Underlying Fund General Partner, the Underlying Fund Adviser, their respective affiliates or any of their respective general partners, managers, investment advisors, officers, directors, employees, partners or members.

Performance shown in the Underlying Fund Memorandum is that of the funds managed by the Underlying Fund Adviser. Such performance is not indicative of future results.

The Underlying Fund Memorandum contains certain performance information for funds and investment products managed by Blackstone and its affiliates (including investment teams other than those responsible for the Underlying Fund) and with strategies different from the Underlying Fund and the AlphaKeys Fund. This performance information is provided solely for background and informational purposes.

The Underlying Fund Memorandum includes a variety of performance information relating to the Underlying Fund and other investment vehicles managed by the Underlying Fund General Partner and/or the Underlying Fund Adviser. Information presented about other funds or selected investments made by the Underlying Fund General Partner and/or the Underlying Fund Adviser, while informative regarding the experience of the Underlying Fund General Partner and/or the Underlying Fund Adviser, are not indicative of, and in some cases may be irrelevant to, an assessment of the potential performance or investments of the AlphaKeys Fund (in connection with its investment in the Underlying Fund). While reviewing the performance information set forth in the Appendix to the Underlying Fund Memorandum, investors should pay particular attention to the net return information provided in the endnotes to such Appendix. THE PERFORMANCE SHOWN IN THE UNDERLYING FUND MEMORANDUM IS NOT THAT OF THE ALPHAKEYS FUND. PERFORMANCE SHOWN IS NOT NET OF ADDITIONAL FEES THAT WILL BE CHARGED AT THE ALPHAKEYS FUND LEVEL. The returns of the AlphaKeys Fund will be lower, and may be materially lower, than the returns at the Underlying Fund level. Performance shown in the Underlying Fund Memorandum does not include AlphaKeys Fund-level Fees and Expenses or the Placement Fee (if charged). Such fees will reduce returns. Returns for the AlphaKeys Fund may also differ from the returns of the Underlying Fund as a result of funds invested in Temporary Investments by the AlphaKeys Fund and delayed distributions by the AlphaKeys Fund to its investors.

Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained in the Underlying Fund Memorandum are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated therein. In considering any performance information contained therein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Underlying Fund or the AlphaKeys Fund will achieve comparable results or that the Underlying Fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. In considering the performance information of BREP Global Funds (as defined in the Underlying Fund Memorandum) please also see endnote (4) to the Overview of the Underlying Fund in the Underlying Fund Memorandum. An investor in the AlphaKeys Fund may suffer significant losses. Any losses by the AlphaKeys Fund will be borne solely by the Members and not by the Member Designee, the Administrator or their affiliates.

Confidential & Trade Secret
Private Placement Memorandum

Blackstone Real Estate Partners Europe V
A Real Estate Investment Fund

**Offering of
Limited Partnership Interests**

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ER305378-MAXWELL

Confidential Offering of Limited Partnership Interests–BREP Europe V

This confidential private placement memorandum (as amended, restated or supplemented from time to time, this “Memorandum”) is furnished on a confidential basis to a limited number of sophisticated investors for the purpose of providing certain information about an investment in exempted limited partnership interests (the “Interests”) in *Blackstone Real Estate Partners Europe V* [REDACTED], a Cayman Islands exempted limited partnership (the “Partnership” and together with its Parallel Funds (defined herein), “BREP Europe V”). Capitalized terms used in this Memorandum will, unless expressly defined herein, have the meanings given to such terms in Section II – “Summary Terms of the Partnership”.

The Interests have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”) or by any other U.S. federal or state securities commission or regulatory authority or any non-U.S. securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary may be a criminal offense.

The Interests have not been registered under the U.S. Securities Act of 1933, as amended (the “1933 Act”), or the securities laws of any U.S. state or the securities laws of any other country or any other jurisdiction, nor is such registration contemplated. The Interests will be offered and sold in the United States under the exemption provided by Section 4(a)(2) of the 1933 Act and Regulation D promulgated thereunder and/or other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made, and in compliance with any applicable U.S. state or other securities laws. The Interests may not be sold or transferred (i) except as permitted under the Partnership’s Amended and Restated Agreement of Exempted Limited Partnership (as amended, restated or supplemented from time to time, the “Partnership Agreement”), and (ii) unless they are registered under the 1933 Act and under any other applicable securities laws, or an exemption from such registration thereunder is available. The Interests may also be offered and sold outside of the U.S. under the exemption provided by Regulation S under the 1933 Act. The Partnership will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”). It is not expected that the Interests will be registered under Section 12(g) or any other provision of the U.S. Securities Exchange Act of 1934, as amended and the rules promulgated thereunder (the “Exchange Act”). There is no public market for the Interests, and no such market is expected to develop in the future. This is not an offer or invitation to the public in the Cayman Islands to subscribe for Interests.

Potential investors should pay particular attention to the information in Section V: “Risk Factors and Potential Conflicts of Interest” of this Memorandum. Investment in the Partnership is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Partnership. Investors in the Partnership must be prepared to bear such risks for an extended period of time. No assurance can be given that the Partnership’s investment objectives will be achieved or that investors will receive a return of their capital.

In making an investment decision, investors must rely on their own examination of the Partnership and the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Memorandum as legal, tax, investment or, accounting advice. Each prospective investor is urged to consult with its own advisors with respect to the legal, tax, regulatory, financial, and accounting consequences of an investment in the Partnership.

This Memorandum is not a prospectus and does not purport to contain all of the information an investor may require to form an investment decision. It is not intended to be relied upon solely in relation to, and must not be taken solely as the basis for, an investment decision.

This Memorandum contains a summary of the Partnership Agreement and certain other documents referred to herein. However, the summaries set forth in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the Partnership Agreement and such other

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documents, copies of which will be provided to any prospective investor upon request and which should be reviewed for complete information concerning the rights, privileges, and obligations of investors in the Partnership. In the event that the descriptions or terms in this Memorandum are inconsistent with or contrary to the descriptions in or terms of the Partnership Agreement or such other documents, the Partnership Agreement and such other documents will control. Blackstone Real Estate Associates Europe V ■■■, a Cayman Islands exempted limited partnership and the general partner of the Partnership (the “General Partner”), reserves the right to modify the terms of the offering and the Interests described in this Memorandum. The Interests are offered subject to the General Partner’s ability to reject any prospective investor’s commitment in whole or in part in its sole discretion.

During the course of the offering and prior to a purchase of Interests by a prospective investor, each offeree of the Interests and its purchaser representative(s), if any, are invited to meet with representatives of the Partnership and to discuss with, ask questions of, and receive answers from such representatives concerning the terms and conditions of the offering, and to obtain any additional information, to the extent that such representatives possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained in this Memorandum. Subject to the foregoing, any representation or information not contained herein must not be relied upon as having been authorized by Blackstone, the Partnership, the General Partner, any placement agent, or any of their respective affiliates since no person has been authorized to make any such representations or to provide any such information. The delivery of this Memorandum does not imply that the information contained herein is correct as of any date subsequent to the date on the cover hereof or, if earlier, the date when such information is referenced.

Certain information contained in this Memorandum (including certain forward-looking statements and information) has been obtained from published and non-published sources and/or prepared by other parties and in certain cases has not been updated through the date hereof. In addition, certain information contained herein has been obtained from third parties, including companies in which investments have been made by Blackstone. While such sources are believed to be reliable, none of Blackstone, the Partnership, the General Partner, any placement agent, or any of their respective directors, officers, employees, partners, members, shareholders, or their affiliates, or any other person assumes any responsibility for the accuracy or completeness of such information.

Statements contained in this Memorandum that are not historical facts, including statements regarding trends, market conditions and the expertise or experience of Blackstone or the BREP Europe investment team, are based on current expectations, estimates, projections, opinions, and/or beliefs of Blackstone. Such statements are not facts and involve known and unknown risks, uncertainties, and other factors. Prospective investors should not rely on these statements as if they were fact. Moreover, certain information contained in this Memorandum constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “target,” “estimate,” “intend,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including, but not limited to, those set forth in Section V: “Risk Factors and Potential Conflicts of Interest” of this Memorandum, actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements. None of the individual members or any employee or director of Blackstone referred to herein hold themselves out to any person for any purpose as general partner. Statements contained herein are not made in any person’s individual capacity, but rather on behalf of the General Partner and/or Blackstone Real Estate Advisors ■■■, the Partnership’s investment advisor (the “Investment Advisor”), as applicable. References herein to “expertise” or any party being an “expert” are based solely on the belief of Blackstone, are intended only to indicate proficiency as compared to an average person and in no way limit the exculpation provisions and related standard of care as more fully described in Section V: “Risk Factors and Potential Conflicts of Interest”. Additionally, any awards, honors, or other references or rankings referred to herein with respect to Blackstone and/or any investment professional are provided solely for informational purposes

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and are not intended to be, nor should they be construed or relied upon as, any indication of future performance or other future activity. Any such awards, honors, or other references or rankings may have been based on subjective criteria and may have been based on a limited universe of participants, and there are other awards, honors, or other references or rankings given to others and not received by Blackstone and/or any investment professional of Blackstone.

The performance information, selected examples, case studies and/or transaction summaries presented in or referred to in this Memorandum are presented solely for illustrative purposes and may not be representative of all transactions of a given type or of investments generally and are intended to be illustrative of the types of investments that may be made by the Partnership employing the investment strategies detailed in Section I: “Overview of Blackstone Real Estate Partners Europe V”. Prospective investors should also note that the selected examples, case studies and/or transaction summaries presented in or referred to in this Memorandum have not involved all of the Blackstone professionals who will be involved with the management and operations of the Partnership. In addition, certain of the persons that were involved in the investment program of Blackstone Real Estate Partners Europe IV ■■■, the Partnership’s predecessor fund (together with its parallel funds and related vehicles, “BREP Europe IV”, and collectively, with its predecessor funds and their respective parallel funds and related vehicles, the “BREP Europe Funds”) (including certain members of the investment committee thereof), will not be actively involved in BREP Europe V or will function in different roles at Blackstone, which may impact the Partnership’s ability to achieve comparable returns. There can be no assurance that the Partnership will achieve comparable results, that it will be able to implement its investment strategy, achieve its investment objective or avoid substantial losses. See Section I: “Overview of Blackstone Real Estate Partners Europe V” and the more detailed information in the Appendix for information on the overall investment performance of the BREP program.

The performance information and other references to BREP Global Funds and BREP Asia presented in or referred to in this Memorandum includes pre-Blackstone Real Estate Partners investments, Blackstone Real Estate Partners ■■■ (“BREP I”), Blackstone Real Estate Partners II ■■■ (“BREP II”), Blackstone Real Estate Partners III ■■■ (“BREP III”), Blackstone Real Estate Partners IV ■■■ (“BREP IV”), Blackstone Real Estate Partners V ■■■ (“BREP V”), Blackstone Real Estate Partners VI ■■■ (“BREP VI”), Blackstone Real Estate Partners VII ■■■ (“BREP VII”) and Blackstone Real Estate Partners VIII ■■■ (“BREP VIII”) (collectively, with their respective parallel funds and related vehicles, the “BREP Global Funds”), and Blackstone Real Estate Partners Asia ■■■ (together with its parallel funds and related vehicles, “BREP Asia” and together with the BREP Europe Funds and the BREP Global Funds, in each case, together with any co-investments related thereto (as the context requires), the “BREP Funds”). In considering the performance information presented or referred to in this Memorandum, prospective investors should note that the real estate investment activities in Europe that BREP Europe V is expected to conduct and the European markets in which it will primarily invest differ significantly from both the North American investments and markets on which much of the BREP Global Funds’ investment performance described herein is principally based and the Asian investment and markets on which all of BREP Asia’s investment performance as described herein is based. The BREP Global Funds and BREP Asia have different day-to-day management personnel and the BREP Global Funds have aggregate capital commitments that materially exceed the targeted size of BREP Europe V. Moreover, the actual investments to be made by BREP Europe V differ from those investments presented or referenced herein. The performance information provided herein for the BREP Funds is solely for background purposes and should not be considered an indication of the future performance of BREP Europe V. References to co-investment or co-invested capital herein refer to capital subscribed for by third parties (including limited partners in addition to their commitments to the relevant BREP Fund) alongside certain of the BREP Funds, as the context requires. The performance information for co-investments contained herein is presented on an overall basis, representing the aggregate of discrete co-investment transactions alongside such BREP Funds, and not with respect to a particular fund or managed investment portfolio. Such net returns were calculated in a manner consistent with the calculation of the net returns for the BREP Funds

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and may not reflect the actual returns of investors in each such co-investment. Past performance of co-investments is not necessarily indicative of the results of any future co-investment opportunities that may be offered. Moreover, any information included in this Memorandum with respect to an investment by any Blackstone-sponsored investment vehicle is provided solely in connection with the offering of interests in BREP Europe V, does not constitute an offer to sell, or a solicitation of an offer to buy, any securities of any other person or any other Blackstone-sponsored vehicle and investors should bear in mind that although certain aspects of the investment programs of such other Blackstone-sponsored vehicles and the Partnership may overlap in certain respects, such other Blackstone-sponsored vehicles and the Partnership have different investment objectives and are primarily managed on a day-to-day basis by different teams of Blackstone investment professionals. The information provided herein regarding the investment performance of such other Blackstone vehicles is therefore provided solely for background purposes and should not be considered as an indication of future performance by the Partnership or relied upon as an indication of future performance of the Partnership.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Partnership will achieve comparable results, that it will be able to effectively implement its investment strategy, achieve its investment objective or avoid substantial losses. Unless otherwise indicated, all compound annual internal rates of return (“IRRs”) and multiples of invested capital (“MOICs”) are presented on a “gross” basis (*i.e.*, before management fees, organizational expenses, partnership expenses, the general partner’s allocation of profit, taxes and other expenses borne by investors in the Partnership, which in the aggregate are expected to be substantial, but after all other expenses). Net IRRs and Net MOICs, which are calculated after management fees, organizational expenses, partnership expenses, taxes and the general partner’s allocation of profit (but before tax withholdings incurred by the limited partners directly) will be materially lower. The gross and net IRRs for the Partnership may differ materially from the returns indicated for the prior BREP Funds described herein. For a description of such types of fees and expenses with respect to the Partnership, see Section II: “Summary Terms of the Partnership,” Section V: “Risk Factors and Potential Conflicts of Interest—Partnership Expenses” and Form ADV Part 2A maintained by the Investment Advisor, a copy of which will be furnished to each investor prior to its admission to the Partnership. Unrealized investments are valued in accordance with Blackstone’s valuation policies and guidelines (as described elsewhere in this Memorandum), which reflect a combination of valuation methodologies and are based on proceeds received and/or the general partner’s assumptions regarding valuation and proceeds projected or expected to be received and involve a significant degree of judgment. While the general partner’s valuations are based on assumptions that the general partner currently believes are reasonable under the circumstances, there is no guarantee that the conditions on which such assumptions are based will materialize or otherwise be applicable to such investments. Valuations of unrealized investments shown herein have been affected by changes in market conditions and currency exchange rates, prevailing conditions in the real estate and credit markets, and other macro-economic factors, and are subject to a number of risks and uncertainties. Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein.

The performance information, selected examples and transaction summaries presented in this Memorandum or otherwise available as referenced herein, as well as any information derived by you from the information contained in this document, may not be representative of all transactions of a given type or of investments generally and are intended to be illustrative of the types of investments that may be made by the Partnership employing the investment strategies detailed in Section I: “Overview of Blackstone Real Estate Partners Europe V.” Prospective investors should also note that the selected examples, case studies, and/or transaction summaries presented in or referred to in this Memorandum do

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not involve all of the Blackstone professionals who will be involved with the management and operations of the Partnership and involved other Blackstone personnel who will not be involved in the activities of the Partnership. There can be no assurance that the Partnership will be able to obtain comparable returns, be able to implement its investment strategy, achieve its investment objective or avoid substantial losses. See “Appendix: Overview of Blackstone Real Estate Investments” for information on the overall investment performance of the BREP Funds (excluding co-investments).

The benchmark data referred to herein with respect to the investment performance of the BREP Funds is based on the NCREIF-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) index. Blackstone’s funds, including all of the BREP Funds, differ from the NCREIF-ODCE in material respects and, as such, the comparison to the NCREIF-ODCE is for informational purposes only and should not be relied upon for any purpose, and is provided solely as an indication of returns that could be earned by investors by making similar investments in the basket of “core” real estate investment funds that comprise the NCREIF-ODCE index. See endnote 1 to Section I: “Overview of Blackstone Real Estate Partners Europe V” for important information regarding the methodology used to calculate NCREIF outperformance and for other important considerations regarding such information.

The distribution of this Memorandum and the offer and sale of the Interests in certain jurisdictions may be restricted by law. *Please see the various U.S. and non-U.S. securities laws legends that are found in Section VII – “Securities Law Legends” of this Memorandum.* This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy Interests in any state or other jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction. The distribution of this Memorandum and the offer and sale of the Interests in certain states and other jurisdictions may be restricted by law. Prospective non-U.S. investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile, and place of business with respect to the acquisition, holding, or disposal of Interests, and any non-U.S. exchange restrictions that may be relevant thereto. This offering does not constitute an offer of the Interests to the public and no action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. The Interests may not be offered or sold, directly or indirectly, and this Memorandum may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Interests that are acquired by persons not entitled to hold them will be compulsorily redeemed.

In this Memorandum, references to the “United States” or “U.S.” will mean the United States of America, its territories and possessions, any state thereof and the District of Columbia. References to “\$” or “Dollars” are to United States dollars and references to “€” or “Euros” are to the Euro unless the context indicates otherwise. Performance information set forth in this Memorandum is in Dollars unless otherwise specified. Gains regarding non-U.S. investments may include currency gains.

References throughout this Memorandum to “The Blackstone Group[®]” or “Blackstone[®]” represent references to The Blackstone Group ■ and/or its affiliates.

References throughout this Memorandum to “BREP International (Europe),” “BREP International (Europe) II,” “BREP Europe III,” “BREP Europe IV” and “BREP Europe” represent references to the Partnership and its predecessor funds that invested primarily in Europe. Although the predecessor funds could invest outside of Europe, only a de minimis amount was actually so invested.

This Memorandum is to be used by the prospective investor to which it is furnished solely in connection with the consideration of the purchase of the Interests described herein. This Memorandum contains confidential, proprietary, trade secret and other commercially sensitive information and should be treated in a confidential manner. Your acceptance of this document from Blackstone constitutes your agreement to (i) keep confidential all the information contained in this document, as well as any information derived by you from the information contained in this document (collectively, “Confidential Information”) and not disclose any such Confidential Information to any other person, (ii) not use any of the Confidential

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Information for any purpose other than to evaluate an investment in BREP Europe V, (iii) not to use the Confidential Information for purposes of trading any security, including, without limitation, securities of Blackstone or entities in which Blackstone or its affiliates have investments, and (iv) promptly return this document and any copies hereof to Blackstone upon Blackstone's request, in each case subject to the confidentiality provisions more fully set forth in this Memorandum and any written agreement between the recipient and Blackstone, if any.

Notwithstanding anything in this Memorandum to the contrary, to comply with U.S. Treasury Regulations Section 1.6011-4(b)(3)(i), each limited partner (and any employee, representative or other agent of such limited partner) may disclose to any and all persons, without limitation of any kind, the U.S. federal, state or local income tax treatment and tax structure of the Partnership or any transactions undertaken by the Partnership, it being understood and agreed, for this purpose, (i) the name of, or any other identifying information regarding (A) the Partnership or any existing or future investor (or any affiliate thereof) in the Partnership, or (B) any investment or transaction entered into by the Partnership, (ii) any performance information relating to the Partnership or its investments, and (iii) any performance or other information relating to previous funds or investments sponsored by Blackstone (as defined herein), do not constitute such tax treatment or tax structure information.

Blackstone Advisory Partners [REDACTED] ("BAP"), a registered broker-dealer affiliate of the General Partner, will serve as a placement agent for the Partnership in the United States. BAP will not be compensated for such services as placement agent. The General Partner expects to retain other placement agents for the Partnership that will receive compensation from the Investment Advisor or its affiliates for their placement services rendered with respect to the Partnership. A prospective investor solicited by a placement agent will be advised, and asked to acknowledge its understanding, of any such arrangement.

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vi **Blackstone Real Estate Partners Europe V**

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I. Overview of Blackstone Real Estate Partners Europe V

Blackstone's Real Estate group was founded in 1991 and is one of the largest real estate investment managers in the world, with \$93 billion of investor capital under management. Blackstone is raising its fifth European real estate opportunity fund, Blackstone Real Estate Partners Europe V (BREP Europe V or the "Partnership"). BREP Europe V will be focused solely on European real estate.

For 24 years, over the course of strikingly different economic cycles, Blackstone Real Estate has consistently generated solid results for its investors, materially outperforming industry benchmarks.¹ Blackstone's BREP Funds² have generated a net IRR of 17% since 1991 on over \$56 billion of invested capital.³

BREP Funds' Realized and Unrealized Performance **Through September 30, 2015⁴ⁱ**

(€ or \$ in thousands)

Fund	Investment Period	Invested Capital⁵	Net IRR⁶
BREP Intl	'01-05	€657,699	23%
BREP Intl II	'06-08	1,398,799	6%
BREP Europe III	'09-13	2,937,663	20%
BREP Europe IV	'13-Present	<u>3,902,316</u>	<u>21%</u>
Total Europe Funds		€8,896,477	14%
Pre BREP	'91-93	\$140,714	33%
BREP I	'94-96	467,168	40%
BREP II	'96-99	1,218,877	19%
BREP III	'99-03	1,415,422	21%
BREP IV	'03-05	2,737,219	13%
BREP V	'06-07	5,770,619	11%
BREP VI	'07-11	10,928,359	13%
BREP VII	'11-15	13,989,815	24%
BREP VIII	'15-Present	676,059	NM ⁷
BREP Asia	'13-Present	1,881,968	14%
Co-Investments	'95-Present	<u>5,709,088</u>	<u>16%⁸</u>
Total Global/Asia Funds		\$44,935,308	17%
Total BREP Funds		\$56,440,007	17%

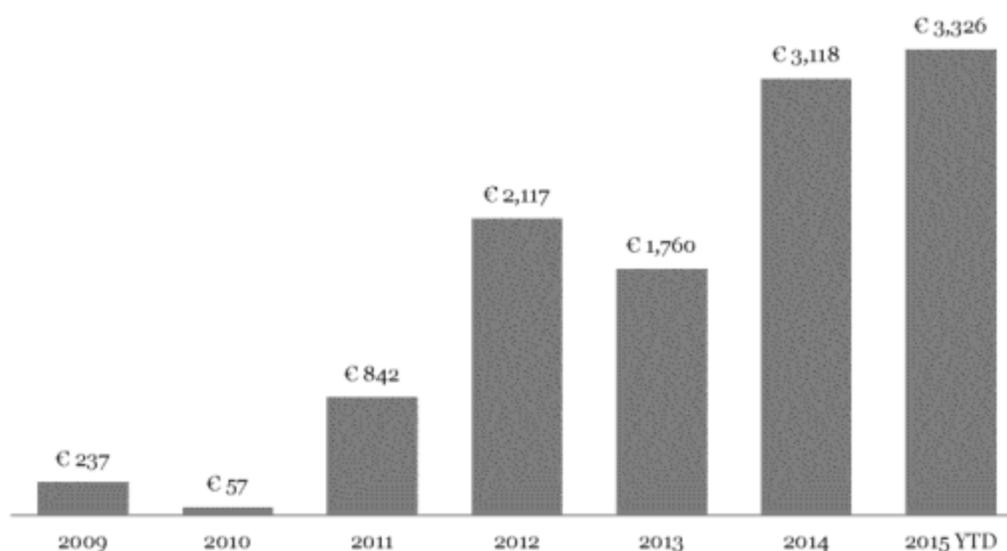
ⁱ Past performance is not indicative of future results, and there can be no assurance that the Partnership will achieve comparable results, that it will be able to implement its investment strategy, achieve its objectives or avoid losses. With respect to all investment and performance data included/and or referred to in this Section I, please see pp.i-vii of this Memorandum, the endnotes in this Section I and Appendix – "Overview of Blackstone Real Estate Investments" for the investment performance summaries and the endnotes referred to herein.

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Between 2008 and 2010 BREP's European team was patient and disciplined, investing only a limited amount of capital. Beginning in 2011 Blackstone sharply increased its investment activity in Europe as banks and distressed owners began to capitulate and aggressively market assets for sale.

BREP Europe Invested Capital Summary⁹

In Euro Millions



Blackstone's longstanding presence in the European markets and access to sizable capital enabled it to participate in recovering real estate values earlier than many of its competitors. For example Blackstone began acquiring London office buildings in 2009 with its acquisition of a 50% interest in the Broadgate Estate (16 trophy office buildings; 4.4 million square feet). Since then Blackstone acquired 25 London office buildings comprising over six million square feet, and Blackstone is now one of the largest private landlords of London office buildings.

Blackstone's current European fund, BREP Europe IV, began investing in late 2013. In only two years BREP Europe IV invested/committed €5.3 billion of capital in over 61 separate transactions across Europe.¹⁰ BREP Europe IV has now invested, committed or established reserves for the majority of its available capital. We believe conditions in Europe remain favorable for opportunistic real estate investment, characterized by:

- **Lingering Distress**

European banks still hold €531 billion¹¹ of non-core commercial real estate loans that will need to be resolved ahead of the implementation of increasingly restrictive banking regulations. Open-end funds have approximately €11 billion¹² of real estate to sell prior to scheduled fund liquidation dates. Overleveraged owners of real estate face loan maturities and in many cases are unable or unwilling to invest additional equity into their properties.

- **Diminished levels of competing opportunistic capital for large, complicated investments**

BREP Europe IV (€6.5 billion) is the only large dedicated pan-European real estate fund actively investing across all major real estate sectors, which Blackstone believes is over three times as large as its nearest pan-European competitor. We believe scale, along with BREP's well-established reputation for closing with speed and certainty, has enabled BREP Europe IV to complete over 2/3 of its 2015 transactions on an off-market basis.

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- **Favorable supply and demand fundamentals for European real estate**

New supply remains constrained in almost all real estate sectors. Capital for new development is limited, especially for speculative projects. We believe minimal new supply, combined with improving economic growth, should enable owners of real estate to benefit from declining vacancies and, over time, higher rents.

- **Modestly Improving Economy**

The Eurozone economy has begun to recover slowly, supported by quantitative easing by the European Central Bank, lower energy prices, and a weaker euro. These conditions have led to modest, albeit uneven, GDP growth and job creation across the region.

We believe Blackstone is distinctly qualified to continue to take advantage of the favorable investment environment:

- **Established and Seasoned Team in Europe**

BREP has invested in Europe for 19 years and Blackstone opened its London office in 2000. Blackstone Real Estate's Europe team has grown to 84 professionals representing 20 nationalities. We believe the international diversity of the team and its extensive relationships within specific countries and regions provide a competitive edge in sourcing and executing transactions. We believe that the team's comprehensive knowledge of each country's language, legal and regulatory framework, protocol, culture, business approach and local relationships would be extraordinarily difficult for newer or smaller fund managers to replicate.

- **Proven reputation to execute large, complicated transactions with speed and certainty**

The size of the BREP Funds continues to be a key advantage, allowing Blackstone to identify and execute large, complicated transactions with speed and certainty, often on an off-market basis. Blackstone can rapidly dedicate large and experienced teams of professionals to underwrite, conduct detailed due diligence, and negotiate comprehensive agreements to acquire sizable portfolios under extremely tight timeframes.

- **Platforms**

Blackstone's operating platforms around the world provide invaluable real-time proprietary data regarding market and property conditions and trends. This data informs our acquisition and asset management strategies and decisions. The platforms' large teams of real estate professionals also provide assistance in the day-to-day management of many of Blackstone's Europe investments as well as support BREP in its acquisition activity. BREP Europe's sector-specific operating platforms have expanded in number, size, and focus over the past three years, and now include entities dedicated to logistics, retail, office, multifamily, and REO / loan servicing.

- **Unparalleled relationships within the industry**

Blackstone's longstanding tenure in the region and around the world has reinforced extensive connections to major financial institutions, brokers, and sellers, leading to new investment opportunities.

The scale of Blackstone's capital commitments and team, combined with its execution reputation and the market conditions described above have enabled the BREP Funds to participate in compelling investment opportunities that we believe would be difficult to replicate. For example:¹³

- **GE Capital Real Estate Portfolio - \$23 billion enterprise value**

The GE Portfolio was a \$23 billion global debt and equity portfolio that represented substantially all of GE Capital's global real estate holdings. In March 2015 GE made a strategic decision to exit its real estate business. GE intended to announce a sale in connection with its first quarter earnings release in April 2015, and identified Blackstone Real Estate as

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the only potential buyer that could underwrite and commit to acquire the portfolio within this accelerated timeframe.

Blackstone brought in a partner for \$9 billion of GE's loan book, and acquired the remaining \$14 billion of assets through four Blackstone real estate vehicles, including BREP Europe IV. The size of Blackstone Real Estate's global team and its familiarity with the assets and markets enabled it to underwrite GE's highly complex portfolio (612 assets; 14 countries) in less than a month. BREP Europe IV and BREP VIII acquired substantially all of the European assets in the GE portfolio, which consisted of 222 assets located in eight countries. BREP Europe IV and BREP VIII acquired the portfolio for €1.8 billion, which represented a 28% discount to estimated replacement cost.

- **Hercules Debt Portfolio - €3.6 billion enterprise value**

The Hercules investment is a €6.4 billion face value sub- and non-performing residential mortgage loan portfolio in Spain that Blackstone acquired for €3.6 billion. The portfolio was secured by 37,229 principally occupied residential units, most of which are in densely-populated and in-fill locations in and around Barcelona.

Blackstone acquired the portfolio from CatalunyaCaixa, a nationalized Spanish savings bank under pressure to clean up its balance sheet in advance of its sale back into the private market. Blackstone's purchase price equated to a 38% discount to face, a 59% discount to the properties' original appraised values of €8.9 billion and a 31% discount to spot value. Blackstone's basis of €902 per square meter (\$89 per square foot) is equivalent to where Spanish home prices were in 2003.

- **European Logistics Portfolio - €8.1 billion enterprise value**

Blackstone assembled a 116 million square foot industrial portfolio in the U.S. between 2010 and 2014. The U.S. acquisitions were possible due to historically distressed pricing following the financial crisis in 2008/2009. Blackstone identified similar anomalies between existing and historical prices for logistics properties in Europe and in early 2012 began acquiring logistics assets in the UK, France and Poland. Blackstone now has invested or committed €2.8 billion of equity in 47 transactions to assemble a 133 million square foot portfolio, making it the largest owner of logistics assets in Europe. The properties are located across 18 countries, with 61% of the portfolio concentrated in the UK, Germany, and France. Blackstone's total consideration of €8.2 billion represents an average going-in yield of 7.3% versus public comparables that currently are trading at an implied yield of 5.2%.

Blackstone established an operating platform, Logicor, to assist in the management of the portfolio. The Logicor management team provides extensive proprietary market expertise and critical support to BREP's acquisition and asset management functions. Blackstone believes the economies of scale provided by the portfolio and the Logicor management platform have resulted in more favorable financing and streamlined operations.

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Blackstone Real Estate Approach

The BREP Funds have generated an aggregate 17% net IRR for their limited partners over the past 24 years, with only 1% realized losses to date (including realized and unrealized investments).¹⁴ Blackstone believes the BREP Funds' strong returns and their outperformance relative to competitors can be attributed to its approach to managing its business, which includes:

- **A systematic and disciplined approach to acquiring and managing** its real estate portfolio. Blackstone Real Estate has one centralized investment committee that meets weekly to carefully review and challenge investments and dispositions around the world. The committee discussions are led by Jonathan Gray, Global Head of Real Estate and Ken Caplan, Chief Investment Officer. The committee includes all other Senior Managing Directors in the Real Estate group, as well as senior executives of Blackstone, including Stephen Schwarzman, Chairman and CEO, and Hamilton James, President and COO. Blackstone manages its investments through proactive day-to-day asset management, as well as regular global asset reviews and quarterly valuation meetings.
- **A straightforward investment strategy** --"buy it, fix it, sell it" -- to acquire high quality, well located assets at discounts to replacement cost, address any property or business issues through proactive asset management, and sell the assets once BREP's objectives are accomplished.
- **The broad experience** of its senior management. The Blackstone Real Estate Group is dominated by professionals who have been with the firm for many years and those who bring their special talents and experience from other areas of the industry. Anthony Myers, Head of Real Estate Europe, has been with Blackstone for 15 years and prior to that worked for a real estate company that Blackstone acquired. Farhad Karim, Chief Operating Officer of Europe, has worked closely with Blackstone Real Estate since 1998. Andrew Lax, Head of Asset Management Europe, has been with Blackstone since 2002. Following the global financial crisis we had the opportunity to expand our team with talented professionals from competing firms that were downsizing or closing. James Seppala joined in 2008 and is now Head of Europe Acquisitions.
- **A deeply integrated global business** that relies on constant communication, frequent asset and strategy reviews with the entire global team, and relocations of professionals among its offices in order to effectively instill BREP's process and culture worldwide.
- **The scale of its real estate team and proprietary operating platforms.** With over \$180 billion in gross real estate assets under management, the breadth of Blackstone Real Estate's holdings provide valuable real-time proprietary market data. This proprietary data enables it to target specific themes with conviction and deploy significant amounts of discretionary capital. Its operating platforms enable BREP to underwrite investment opportunities and create value post-acquisition.
- **Unparalleled relationships within the industry, and access to significant equity and debt capital,** allowing Blackstone to identify and execute large complicated transactions with speed and certainty, at attractive pricing metrics. The size of the BREP Funds continues to be a key competitive advantage.
- **Disciplined Approach to Financing:** Blackstone Real Estate has had a long-standing policy of financing with flexible non-recourse debt with limited covenants. This practice enabled BREP to maintain control of its assets through the downturn and participate in valuation recovery.

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BREP Europe V Team and Platform

The Blackstone Europe real estate team consists of 84 dedicated investment and asset management professionals based in London and Madrid. The Europe team represents 20 different nationalities, including the UK, France, Germany, Spain, Italy, and the Netherlands.

Blackstone believes the diversity of the team's backgrounds and local expertise within each country is a powerful advantage relative to competing opportunistic funds in Europe. We believe our team's comprehensive knowledge of languages, legal and regulatory frameworks, protocols, cultures, business approaches and local relationships in countries across Europe provides a distinct competitive edge in sourcing and executing transactions.

The team is led by four senior executives who have worked in the real estate industry throughout their careers:

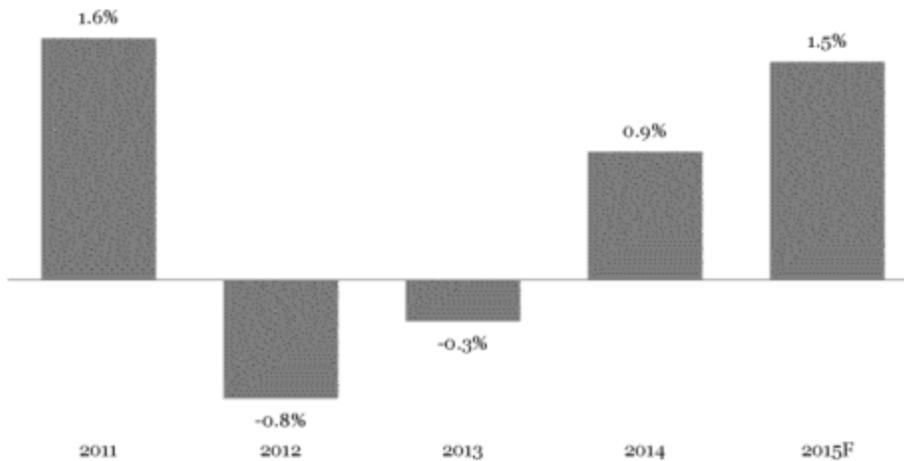
- **Anthony Myers** is the Head of Real Estate Europe and is a member of the Real Estate Executive Committee. Mr. Myers has been with Blackstone since 2000, and led a variety of real estate acquisitions and initiatives across Europe and the United States.
- **Farhad Karim** is the Chief Operating Officer of Europe. Mr. Karim has been with Blackstone since 2011 and worked closely with Blackstone Real Estate since 1998 as an attorney at Simpson Thacher & Bartlett. Mr. Karim has overseen many real estate investments in Europe, Asia, and the Americas, and plays a critical role in negotiating acquisitions and shepherding them to completion.
- **Andrew Lax** is the Head of Asset Management Europe. Mr. Lax has been with Blackstone since 2002 and has worked on investments in both the U.S. and Europe.
- **James Seppala** is the Head of Europe Acquisitions. Mr. Seppala has been with Blackstone since 2011, focusing on investments in both Europe and the United States.

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Real Estate Investment Environment in Europe

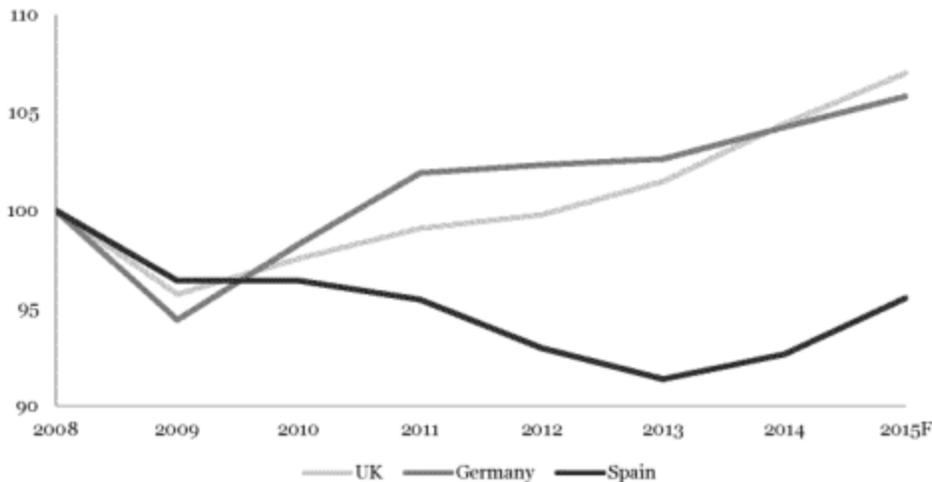
We believe the investment environment for real estate remains favorable in Europe, with limited new supply, a modestly improving economy, and a deleveraging banking system. Europe Area GDP growth was modestly positive in 2014 and is forecast to grow 1.5% in 2015.

Euro Area GDP Growthⁱⁱ



However, GDP growth rates by country vary. Growth in the UK and Germany reflect a modest economic recovery post-crisis while the Spanish economy only recently has begun to recover.

European GDP Growthⁱⁱ

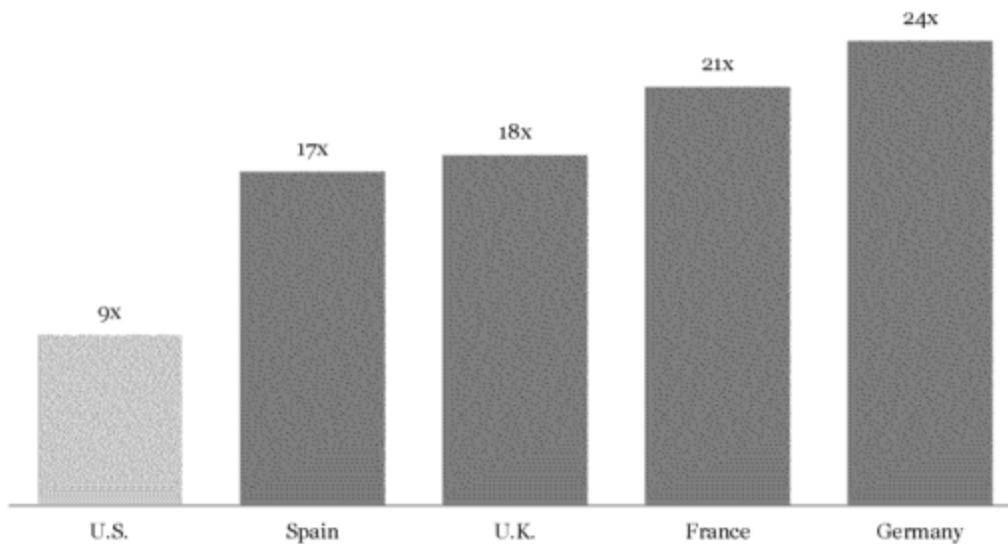


ⁱⁱ Source: IMF World Economic Outlook, October 2015.

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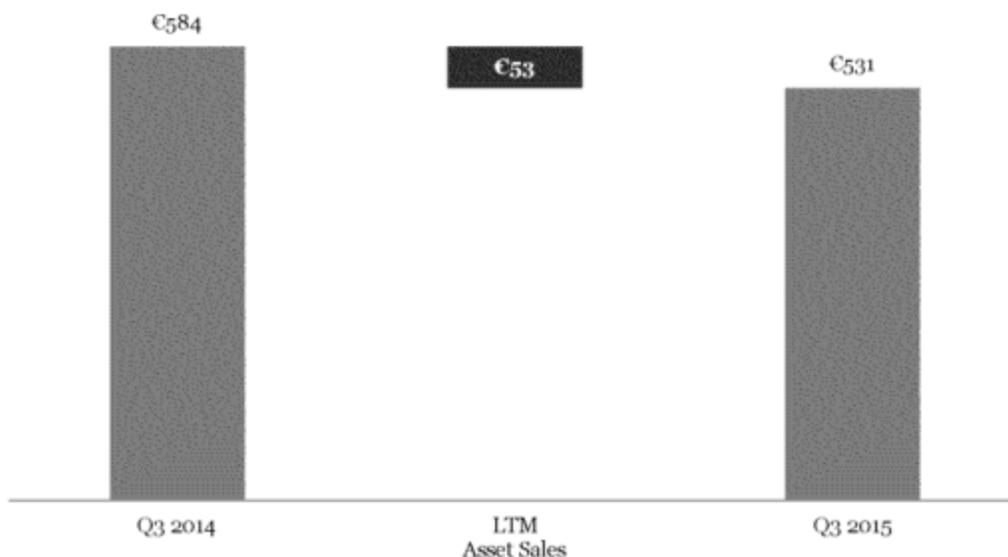
European bank leverage ratios have remained high relative to U.S. banks, suggesting the potential opportunity for further commercial real estate loan sales as well as limited availability of fresh debt capital.

Bank Common Equity Ratioⁱⁱⁱ



Blackstone believes that the high leverage ratios, as well as new regulations established by Basel III and the European Banking Authority, ultimately will force many banks to accelerate deleveraging plans. As of the third quarter of 2015, European banks had approximately €531 billion of non-core real estate exposure - down less than 10% from the third quarter of 2014.

European Bank Non-Core Real Estate Exposure^{iv}



ⁱⁱⁱ The ratio of tangible assets to tangible common equity for all banks. Source: SNL, ECB, December 2014.

^{iv} Source: Cushman & Wakefield Corporate Finance, October 2015.

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Over 90% of non-core loans are held by banks in Spain, the UK, Germany, the Netherlands, Italy, and Ireland, all countries in which BREP has been investing actively:

Non-Core Real Estate Bank Exposure^v

In Euro Billions, Total = €531 Billion



^v Source: Real Capital Analytics, October 2015.

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Consistent with BREP Europe IV's investment pace, overall transaction activity across Europe has accelerated over the last two years.

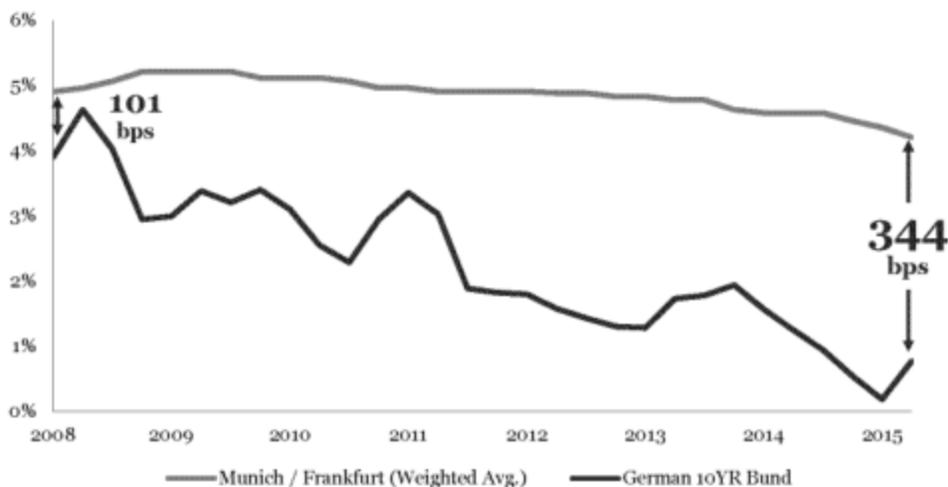
European Transaction Volume^{vi}

In Euro Billions



The historically low interest rate environment resulting from the global financial crisis has resulted in the spread between real estate yields and sovereign debt widening from 101 basis points in 2008 to 344 basis points today, which we believe may suggest that cap rates may continue to tighten across Europe.

Prime Office Yields vs. German Bund^{vii}



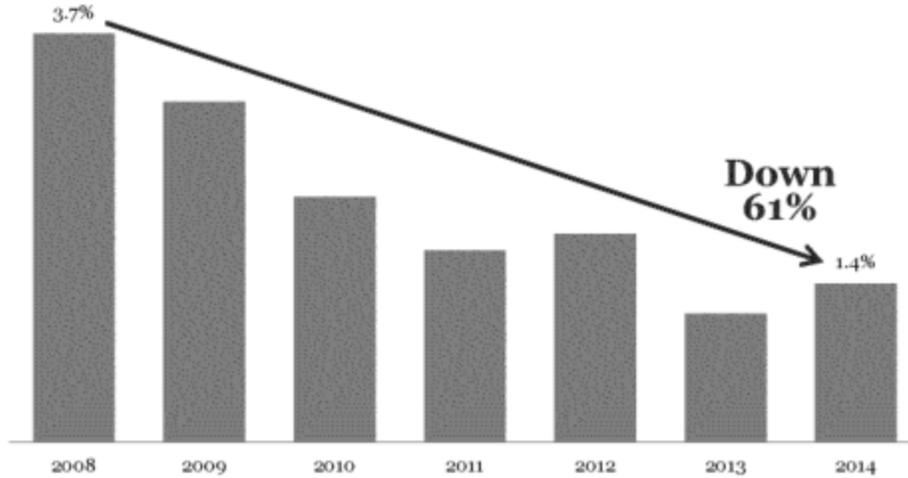
^{vi} Source: Real Capital Analytics, October 2015.

^{vii} Source: CBRE ERIX Database, October 2015.

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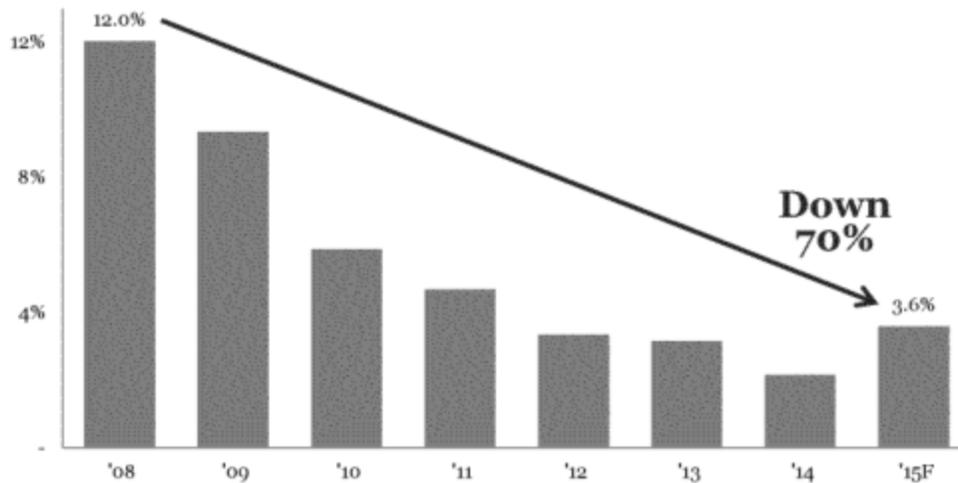
The real estate operating environment remains stable, with limited new supply in almost all sectors providing a powerful counterbalance to modest demand. Blackstone believes that this trend is likely to persist as limited capital is available to fund new development, especially speculative construction. The low levels of new supply likely should result in stable or improving occupancies, even if macroeconomic fundamentals do not generate significant demand growth.

European Office & Shopping Center Development^{viii}



Logistics New Supply^{ix}

Top Three Europe Markets, % of New Supply



^{viii} Source: Property Market Analysis; Cushman & Wakefield, April 2015; CBRE, Q4 2014. Represents Western Europe national shopping center markets and 11 key office centers throughout Europe.

^{ix} Source: Includes UK, France, and Germany, weighted by 2015 investment volumes. Source: Goldman Sachs, Oxford Economics.

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BREP Europe V Themes

BREP Europe V will be focused on European real estate. Blackstone expects the Partnership to continue several of the investment themes initiated by BREP Europe III and BREP Europe IV, and to further expand its scope in areas such as Southern Europe and Scandinavia. BREP Europe V will continue to target large, complicated situations where competition is limited and the ability to move quickly is an advantage.

BREP Europe V will seek to capitalize on the lingering financial distress. The Partnership will also seek to acquire distressed and/or undermanaged properties at attractive pricing. Investment themes may include:

- **Large, Complex Transactions.** Blackstone expects to utilize its deep expertise and scale in navigating highly complex transactions. We believe the talent, breadth and experience of its team of 387 professionals worldwide, as well as its proprietary access to information through its own portfolios, enables Blackstone to confidently underwrite and evaluate opportunities that other investors cannot. Blackstone believes it has earned a reputation in the market as the preferred buyer because it can transact quickly, with certainty, and in scale.
 - **Obligo Portfolio.** Blackstone is under contract to acquire a portfolio of assets out of ten individual funds managed by Obligo, a Norwegian fund manager, for €2.3 billion. The portfolio is comprised of 58 high quality assets/sub-portfolios in nine countries (including the U.S.) with a geographic concentration in Norway, Sweden, and Germany. The Obligo funds were approaching their maturities, and the seller was seeking a holistic solution and execution certainty. BREP deployed its large acquisition team to quickly underwrite the disparate, multi-jurisdictional portfolio and was able to commit to a transaction within three weeks. BREP's underwriting was supported by its Logicor, Multi, Equity Office Properties and hospitality platforms. As a result Blackstone was able to acquire the portfolio at pricing that equated to a 6.7% in-place NOI yield and a 40% discount to estimated replacement cost. The relationship with Obligo already has resulted in new contacts and relationships in the Nordic region, which we believe could result in further investment opportunities in these countries.¹⁵
- **Assemble Sector-specific Portfolios.** With over \$180 billion in gross real estate assets under management around the world, the breadth of Blackstone Real Estate's platforms provides valuable real-time proprietary market data, which we believe enables Blackstone to identify mispriced sectors and/or out of favor asset classes and trends more rapidly than its competitors. Blackstone expects to be able to capitalize on opportunities to assemble large sector-specific portfolios through a series of smaller acquisitions. The economies of scale provided by the larger portfolios are expected to generate synergies, such as more favorable financing and more efficient leasing and operating programs, and will broaden the range of available exit strategies.
 - **Multi.** BREP acquired Multi Corporation through a series of distressed debt acquisitions in 2012 and 2013 that ultimately led to taking control of the company. At the time Multi owned a 7.6 million square foot portfolio of prime shopping malls and development sites across Europe. Since acquiring Multi, BREP has acquired additional retail assets comprising 20 million square feet. BREP has expanded the retail platform to 120 assets including malls, outlet centers, grocery anchored shopping centers, and high street retail located across 13 countries. In aggregate the retail portfolio was acquired at a 7.3% NOI yield, over 200 basis points higher than comparable publicly traded retail companies. The portfolio is expected to benefit from improving demand for retail as the European economy recovers and improved operations under BREP's management.

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- **Dispositions by Liquidating Funds/Motivated Sellers.** Open-ended real estate funds in Europe have liquidated approximately €10.8 billion of their holdings since 2013, but still have approximately €11 billion of commercial real estate on their books. We believe closed-ended real estate funds approaching liquidation deadlines and other distressed fund managers are also seeking buyers that can offer scale, execution speed and certainty.
 - *Max Property Group.* In August 2014 BREP purchased Max Property Group, a publicly listed, closed-ended UK real estate fund approaching liquidation. BREP acquired the company for £735 million, which equated to £96 per square foot, an 8% stabilized MTM NOI yield and a 27% discount to estimated replacement cost. BREP's strong long-term relationship with the company provided it with a preferred position. BREP acquired a high-quality portfolio of assets at what we believe was effectively wholesale pricing, with a potential opportunity to capture the intrinsic value of the properties over time. The majority of the portfolio's value was concentrated in London office properties and a well-located light-industrial portfolio in the UK.
- **Transitional Assets: Pan-European City Center Office.** Blackstone continues to see opportunities to buy well-located, high quality office buildings in London and other major European cities at deep discounts to estimated replacement cost. Since 2009 Blackstone acquired 25 London office buildings comprising over six million square feet, and Blackstone is now one of the largest private landlords of London office buildings. Sellers include banks and other lenders, distressed owners, and liquidating funds. The office buildings frequently have low occupancies or face substantial near-term vacancies, rendering them challenging for core buyers. BREP's ability to acquire the office buildings at substantial discounts to estimated replacement cost and/or comparable sales enables it to dedicate capital to renovating, repositioning and re-leasing the asset. The relatively lower bases in the buildings also provide Blackstone greater flexibility to negotiate rents that generally are well below rents of competing properties. Once the buildings are renovated and stabilized Blackstone expects to sell to what it believes to be an increasingly liquid market of core buyers.
 - *Colisée.* Colisée consists of two Class A office buildings comprising 24,400 square meters located in Paris. Blackstone acquired Colisée in July 2013 through a foreclosure sale. At acquisition one of the buildings was 82% occupied through 2019 and the other was completely vacant. The €95 million purchase price equated to a 30% discount to sales comparables in 2013 and a 9% stabilized NOI yield. Following acquisition Blackstone extended leases with the existing tenants and leased the vacant space to high-credit tenants including Wolters Kluwer, Sage, and Samsung. In May 2015 Blackstone sold the stabilized buildings for €167 million, which equated to a 5.25% forward cap rate. The sale resulted in a 2.2x gross MOIC and 48% gross IRR for this investment.^x
- **Southern Europe Distress.** The economies of Spain, Italy and Portugal only recently began to recover from the global financial and sovereign debt crises. Since 2013 BREP Europe IV has acquired residential, office, retail, and logistics properties from motivated sellers and banks in Spain, Italy, and Portugal. Blackstone believes Spanish and Italian banks in particular have sizable non-core real estate loans on their balance sheets that they are beginning to address.
 - *Spanish Residential.* In late 2013 Blackstone began buying residential properties in Spain and currently owns or controls a portfolio of 38 multifamily properties comprising 5,265 units, concentrated principally in Madrid and Barcelona. New housing supply in these markets is down 96% since 2006, and home prices have declined on average 35% between 2006-2013 before increasing 4% over the past year.¹⁶ Blackstone acquired the properties in a series of transactions from government entities, banks, and distressed sellers. We believe that

^x Past performance is not necessarily indicative of future results. There can be no assurance that any BREP fund will be able to implement its investment strategy, achieve its objective, or avoid substantial losses.

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Blackstone's established reputation of providing speed and certainty of execution distinguished it from its competitors. In addition Blackstone is recognized locally as a "socially sensitive" manager as a result of its behavior during and subsequent to its acquisitions. The majority of the acquisitions were completed by our Spanish professionals who were able to leverage strong relationships in the local financial community to transact quickly.

- **Purchase Distressed Debt.** The European banking system is recovering slowly on an uneven, country by country basis. Banks continue to hold €531 billion of non-core real estate loans that they will need to sell ahead of the implementation of Basel III and other regulations. We believe the largest remaining loan exposure is in the UK, Spain, and Ireland. Blackstone expects BREP Europe V to invest in debt positions that will enable it to ultimately take control of the underlying assets or collateral and realize additional value through strategic restructuring and/or asset management opportunities.
 - **O'Flynn Portfolio.** The O'Flynn portfolio was a €1.8 billion face value loan portfolio that BREP acquired for €1.1 billion, which represented a 40% discount to face value. The portfolio was collateralized by assets in the UK, Germany, and Ireland, and was sold by NAMA, the Irish government's "bad bank". Blackstone was able to secure the portfolio by offering the execution speed and certainty that NAMA required given the complexity of the transaction. BREP's implied basis in the underlying collateral represented a 27% discount to estimated replacement cost and a 7.3% stabilized mark-to-market NOI yield on the income-producing asset base.

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BLACKSTONE REAL ESTATE PARTNERS EUROPE V
SUMMARY OF KEY TERMS

The following information is presented as a summary of certain principal terms only and is qualified in its entirety by the more detailed "Summary Terms of the Partnership" in Section II of this Memorandum and by the Partnership Agreement for BREP Europe V. Capitalized terms used below have the meanings set forth under Section II: "Summary Terms of the Partnership" and Section V: "Risk Factors and Potential Conflicts of Interest."

The Partnership:	Blackstone Real Estate Partners Europe V, a Cayman Islands exempted limited partnership and any Parallel Funds thereto.
Investment Objective:	A broad range of "opportunistic" real estate and real estate-related investments in Europe.
Blackstone Investment:	At least \$130 million, plus up to an additional 10% in each Investment on a side-by-side basis (based on an annual election).
BREP Co-Investors Co-Investment:	The BREP Co-Investors' participation in Investments will generally be 20% of the amount of each Investment to be made by the Partnership, subject to legal, tax, regulatory, accounting and other similar considerations (including, without limitation, the investment limitations of the Partnership or the BREP Co-Investors).
Right to Re-Draw Capital:	Subject to certain limitations, during the Investment Period capital contributions returned from Investments may be recalled. Distributable amounts may also be retained in lieu of a corresponding amount being drawn down.
Minimum Commitment:	€9 million in the case of a Euro Partner (and \$10 million in the case of a Dollar Partner); the General Partner has discretion to accept lesser amounts.
Investment Period:	Five years from the Last Equalization Date.
Term:	The sixth anniversary of the last day of the Investment Period, subject to two one-year extensions unless the Advisory Committee objects.
Distributions:	<p>Upon disposition of an Investment (calculated separately for each Limited Partner with respect to its <i>pro rata</i> share):</p> <ul style="list-style-type: none"> • First, 100% to the Limited Partner until it receives a return of capital contributions for the Investment that has been disposed of, Allocated Fees and Expenses that have not been recouped on all Investments that have been disposed of, unrecovered losses on Investments previously disposed of, unrealized losses on Investments not disposed of, and an 8% compound annual return on contributions with respect to Investments disposed of, plus Allocated Fees and Expenses; • Second, 80% to the General Partner and 20% to the Limited Partner until the General Partner receives its 20% carried interest with respect to Investments that have been disposed of; and • Thereafter, 80% to the Limited Partner and 20% to the General Partner. <p>Current Income is generally distributed as described above, except that distributions are made on an Investment-by-Investment basis and will not take into account a return of capital contributions or any writedowns, but will take into account actual unrecovered losses from prior dispositions.</p>
General Partner Clawback:	An interim clawback under certain circumstances during the term of the Partnership and a clawback upon winding up of the Partnership.
Management Fees:	The Applicable Management Fee Percentage of a Limited Partner's (x) Capital Commitment during the Investment Period and (y) invested capital with respect to Investments that have not been disposed of after the earlier of the end of the Investment Period and the time management fees in connection with a successor fund have begun to accrue equals (i) 1.50% per annum if such Limited Partner has aggregate Capital Commitments of less than €280 million, in the case of a Euro Partner, and \$300 million in the case of a Dollar Partner and (ii) 1.25% per annum if such Limited Partner has aggregate Capital Commitments equal to or greater than €280 million, in the case of a Euro Partner, and \$300 million in the case of a Dollar Partner. No Management Fee shall be charged for the four (4) month period following the Effective Date for any Limited Partner that participates in the Initial Closing.
Management Fee Offsets:	Management Fees will be generally reduced by an amount equal to the sum of (i) 80% of any Additional Fees, and (ii) 100% of any acquisition fees; <i>provided</i> , that such fees will be allocated among the Partnership, the BREP Funds, vehicles participating with respect to the Blackstone Co-Investment Percentage, Supplemental Capital Vehicles and, to the extent applicable, any Other Blackstone Funds (or Similar Funds) on a <i>pro rata</i> basis in applying the foregoing.
Incurrence of Indebtedness:	The Partnership may seek to incur or guarantee indebtedness (including employing leverage to finance Investments or guaranteeing portfolio company obligations), which may be secured by the unused Capital Commitments as well as the Partnership's assets in order to enable the Partnership to make Investments and/or pay expenses without unused Capital Commitments being drawn down; <i>provided</i> , that the amount of any such borrowings shall not in the aggregate exceed 25% of Capital Commitments at any time excluding any amounts expected to be repaid within six months.
Advisory Committee:	To consist of representatives of the Combined Limited Partners.

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Endnotes

- 1 The benchmark data referred to herein with respect to the investment performance of the BREP Funds is based on the NCREIF-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) index. The NCREIF-ODCE index is a fund-level capitalization-weighted, time-weighted return index that consists of 33 open-ended commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The average index leverage is approximately 30% and includes property investments at ownership share, cash balances and leverage. NCREIF returns used for purposes of such benchmark comparison are as of September 30, 2015 and have been calculated as the annual rate of return of the total contributions and dispositions (including fees, drawdown of expenses, return of capital, and recouped losses), and the corresponding annual rate of return of the NCREIF-ODCE from each contribution date to each disposition or return of capital date, or the quarter end for unrealized investments. Comparison to the NCREIF-ODCE is for informational purposes only and should not be relied upon for any purpose, and is provided solely as an indication of returns that could be earned by investors by making similar investments in the basket of “core” real estate investment funds that comprise the NCREIF-ODCE. Blackstone’s funds, including all of the BREP Funds, differ from the NCREIF-ODCE in material respects, including in that, among other factors: (i) the BREP Funds employ a different investment strategy (e.g., “opportunistic” real estate investments and, in the case of the BREP Europe Funds, real estate investments in Europe) than the investment funds comprising the NCREIF-ODCE (e.g., “core” real estate investments), (ii) the volatility of the index may be materially different from that of the BREP Funds; (iii) the index employ different investment guidelines than the BREP Funds and accordingly holdings in the index will vary materially from the investments made by the BREP Funds; and (iv) the BREP Funds are actively managed entities that bear fees and use leverage. The results of the BREP Funds and the NCREIF-ODCE over a different time period could differ from the information presented. The performance of the NCREIF-ODCE may not necessarily have been selected to represent an appropriate benchmark or index to compare to the BREP Funds, but rather is chosen to allow for comparison of the BREP Funds’ performance to that of a well-known index in the core space. Further information relating to the methodologies and other related information referred to is available upon request.
- 2 As used herein, the “BREP Funds” include: (i) Blackstone Real Estate Partners International ████ (“BREP International”), Blackstone Real Estate Partners International II ████ (“BREP International II”), Blackstone Real Estate Partners Europe III ████ (“BREP Europe III”) and Blackstone Real Estate Partners Europe IV ████ (“BREP Europe IV”) (collectively, with their respective parallel funds and related vehicles, the “BREP Europe Funds”), (ii) pre-Blackstone Real Estate Partners investments, Blackstone Real Estate Partners ████ (“BREP I”), Blackstone Real Estate Partners II ████ (“BREP II”), Blackstone Real Estate Partners III ████ (“BREP III”), Blackstone Real Estate Partners IV ████ (“BREP IV”), Blackstone Real Estate Partners V ████ (“BREP V”), Blackstone Real Estate Partners VI ████ (“BREP VI”), Blackstone Real Estate Partners VII ████ (“BREP VII”) and Blackstone Real Estate Partners VIII ████ (“BREP VIII”) (collectively, with their respective parallel funds and related vehicles, the “BREP Global Funds”), and (iii) Blackstone Real Estate Partners Asia ████ (together with its parallel funds and related vehicles, “BREP Asia”) and, in each case, as the context requires, any co-investments related thereto. Please refer to endnote 8 below for information about the co-investments presented or referred to in this Memorandum.
- 3 Past performance is not necessarily indicative of future results. There can be no assurance that the Partnership will achieve comparable results, that it will be able to implement its investment strategy, achieve its objectives or avoid losses. With respect to all investment and performance data included and/or referred to in this Section I, please see additional disclosures at pp. i-vii of this Memorandum, the other endnotes to this Section I, and Appendix - “Overview of Blackstone Real Estate Investments” for the investment performance summaries and the endnotes referred to herein.
- 4 Past performance is not indicative of future results. There can be no assurance that the Partnership will achieve comparable results, that it will be able to implement its investment strategy, achieve its objectives or avoid losses. With respect to all investment and performance data included and/or referred to in this Section I, please see additional disclosures at pp. i –vii of this Memorandum, the other endnotes to this Section I, and Appendix - “Overview of Blackstone Real Estate Investments” for the investment performance summaries and the endnotes referred to herein. Pre-BREP through BREP III and BREP International are substantially realized funds, and BREP International II, BREP Europe III, BREP IV, BREP V, BREP VI, BREP VII, BREP VIII and BREP Asia represent realized and unrealized values as of September 30, 2015. In considering the performance information of BREP Global Funds and BREP Asia presented herein, prospective investors should note that the real estate investment activities in Europe that BREP Europe V is expected to conduct and the European markets in which it will primarily invest differ significantly from both the North American investments and markets on which much of the BREP Global Funds’ investment performance described herein is principally based and the Asian

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- investment and markets on which all of BREP Asia's investment performance as described herein is based. The BREP Global Funds and BREP Asia have different day-to-day management personnel and the BREP Global Funds have aggregate capital commitments that materially exceed the targeted size of BREP Europe V. Moreover, the actual investments to be made by BREP Europe V differ from those investments presented or referenced herein. The performance information provided herein for the BREP Funds is solely for background purposes and should not be considered an indication of the future performance of BREP Europe V.
- 5 Includes amounts invested by the applicable BREP funds and Blackstone (including its side-by-side investments).
- 6 The net compound annual rate of return ("IRR") is after management fees, organizational and partnership expenses, and the general partner's allocation of profit but before taxes or withholdings incurred by limited partners directly or indirectly through withholdings by the applicable BREP Fund. The net IRRs are calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to limited partners, or through September 30, 2015, for unrealized investments.
- 7 The September 30, 2015 net IRR for BREP VIII, which commenced its investment activities in April 2015, is not meaningful and is likely to decline over time.
- 8 References to co-investment or co-invested capital herein refer to capital subscribed for by third parties (including limited partners in addition to their commitments to the relevant BREP Fund) alongside certain of the BREP Funds, as the context requires. The performance information for co-investments contained herein is presented on an overall basis, representing the aggregate of discrete co-investment transactions alongside such BREP Funds, and not with respect to a particular fund or managed investment portfolio. Such net returns were calculated in a manner consistent with the calculation of the net returns for the BREP Funds and may not reflect the actual returns of investors in each such co-investment. Past performance of co-investments is not necessarily indicative of the results of any future co-investment opportunities that may be offered. Please also refer to Section V: "Risk Factors and Potential Conflicts of Interest—Other Blackstone Funds; Allocation of Investment Opportunities; "Investments in Which Other Blackstone Funds Have A Different Principal Investment," for important information regarding co-investment alongside BREP Europe V.
- 9 Representative of capital invested by BREP Europe III, BREP Europe IV and the respective BREP Global Funds. Past performance is not necessarily indicative of future results. There can be no assurance that any BREP fund will be able to implement its investment strategy, achieve its objective, or avoid substantial losses.
- 10 BREP Europe IV invested/committed capital as of November 20, 2015.
- 11 European CRE Loan REO Sales Market Q3 2015, Cushman & Wakefield Corporate Finance, October 2015.
- 12 CW Insight GOEFs in Liquidation October 2015, Cushman & Wakefield, October 2015.
- 13 Past performance is not necessarily indicative of future results. These examples were selected to demonstrate Blackstone's experience with transactions according to the themes it is currently seeing in the marketplace. These selected examples may not be representative of all investments of given type or of investments generally both with respect to performance and operation metrics and it should not be assumed that Blackstone will make comparable or equally successful investments in the future. With respect to all investment and performance data included and/or referred to in this Section I, please see additional disclosures at pp.i-vii of this Memorandum, the other endnotes to this Section I and Appendix - "Overview of Blackstone Real Estate Investments" for the investment performance summaries and the endnotes referred to herein.
- 14 The BREP Europe Funds have generated an aggregate 14% net IRR since inception, as of September 30, 2015. Past performance is not indicative of future results. There can be no assurance that any BREP fund will be able to implement its investment strategy, achieve its objectives or avoid substantial losses.
- 15 There can be no assurance that this transaction will close as expected or at all.
- 16 INE and Ministerio de Fomento, as of October 2015.

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II. Summary Terms of the Partnership

The following information is presented as a summary of principal terms and is qualified in its entirety by reference to the Partnership's Amended and Restated Exempted Limited Partnership Agreement (as amended, restated or otherwise modified from time to time, the "Partnership Agreement"), the subscription agreement relating thereto (the "Subscription Agreement") and the investment advisory agreement between the Partnership and the Investment Advisor (defined below) (as amended, restated or otherwise modified from time to time, the "Investment Advisory Agreement", and together with the Partnership Agreement and the Subscription Agreement, the "Agreements"), copies of which will be provided to each prospective investor upon request. The forms of such Agreements should be reviewed carefully. In the event of a conflict between the terms of this summary and the Agreements, the Agreements will prevail.

The Partnership: Blackstone Real Estate Partners Europe V ██████ P., a Cayman Islands exempted limited partnership (the "Partnership" or "BREP Europe V"). The general partner of the Partnership is Blackstone Real Estate Associates Europe V ██████, a Cayman Islands exempted limited partnership (the "General Partner" and, together with the Limited Partners (defined below), the "Partners"). The General Partner is an affiliate of Blackstone.

The initial closing of the Partnership is expected to take place as soon as practicable (the "Initial Closing Date"). The Partnership will not engage in investment activities prior to, and Management Fees (defined below) will not become payable until (i) the Initial Closing Date or (ii) such other date as deemed appropriate by the General Partner (the "Effective Date").

Overview of the Offering: The Partnership is offering prospective investors the opportunity to make capital commitments to the Partnership ("Capital Commitments").

The Partnership will be denominated in Euros. Limited Partners may elect to make Capital Commitments in either Euros or U.S. dollars as more fully provided in "—Capital Commitments; Additional Closings."

BREP Europe V will serve as Blackstone's primary investment fund for control-oriented European "opportunistic" real estate investments as more fully provided under "—Allocation of Investment Opportunities; Similar Funds" below.

Blackstone Capital Commitment: Blackstone will make a minimum Capital Commitment of at least \$130 million (such amount, the "Blackstone Capital Commitment"), which may be held, in whole or in part, as a general partner interest in the Partnership and the Parallel Funds (defined below) and/or as a Capital Commitment and/or Parallel Fund Capital Commitment of a Limited Partner that is an affiliate of the General Partner. The Blackstone Capital Commitment will not bear Management Fees or be subject to Carried Interest Distributions (defined below). Blackstone is also permitted to invest additional amounts in each Investment (defined below) as provided under "—Blackstone Side-by-Side Investment Rights" below.

Investment Objectives: The Partnership may invest in any equity, debt or other interests (or options related thereto) in, or relating to, real estate assets (including pools thereof) of any type or real estate companies and real-estate related companies (including publicly traded securities thereof) as more fully set forth below

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("Investments"). Investments may include companies that are engaged in businesses which in significant part, as determined by the General Partner, in its sole discretion, are engaged in the ownership or operation of, or the provision of services relating to, real estate-related companies or assets. The Partnership may acquire Investments on a leveraged basis, hold and operate the Investments and sell or otherwise realize on the Investments with the objective of achieving investment returns above those traditionally available from real estate and real estate-related investments.

Investment Limitations: *Diversification.* Not more than 20% of the aggregate amount of Capital Commitments may be invested in any one Investment at any time, except that up to 37.5% of Capital Commitments may be invested only in one Investment at any given time under circumstances where the General Partner believes in good faith that the amount invested in such Investment can be reduced to no more than 20% thereof within 180 days from the date of the initial investment therein; *provided*, that the foregoing limitations will not apply to an Investment comprising assets located in five or more different geographic sub-markets so long as the Capital Commitments invested in any individual asset do not exceed 10% of the aggregate amount of Capital Commitments.

Geographic Limitation. Investments will be made in Europe. Investments outside of Europe may be made only if the non-European component of such Investment comprises a minority of the overall Investment. Not more than 30% of the aggregate Capital Commitments may be invested by the Partnership at any time in Investments in (A) real estate assets (or pools thereof) located primarily in any one country in Europe (excluding for this purpose, France, the United Kingdom and Germany) or (B) real estate companies that have a majority of their assets or derive a majority of their most recently completed fiscal year's revenues from sources in any one country in Europe (excluding for this purpose, France, the United Kingdom and Germany).

Open Market Purchases. Not more than 25% of the aggregate amount of Capital Commitments may be invested at any time by means of open market purchases of publicly traded securities of real estate operating companies or other real estate-related companies; *provided*, that the foregoing limitation will not apply to open market purchases of securities made in connection with proposed transactions in relation to which it is the intent of the General Partner to seek to take the relevant business private by terminating the public listing or trading of such securities within one year of the purchase thereof.

Blind Pool Funds. The Partnership will not invest in any "blind pool" investment funds.

Development. Not more than 15% of the aggregate amount of Capital Commitments may be invested at any time in Investments that consist primarily of non-income producing land, other than entitled land relating to the development of single and/or multi-family homes, which will not be subject to the foregoing limitation.

Oil and Gas. The Partnership will not make Investments in properties acquired principally for the purpose of oil and gas exploration.

Derivative Instruments. The Partnership will not make Investments in derivative instruments acquired solely for speculative purposes (although it

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may utilize derivative instruments to replicate the risks and benefits of holding an asset that would otherwise qualify as a permitted Investment(s)).

**Capital Commitments;
Additional Closings:**

A Limited Partner may elect to make its Capital Commitment in U.S. dollars (a "Dollar Partner") or Euros (a "Euro Partner"); however, (i) for purposes of determining the amount to be contributed by a Dollar Partner, the General Partner will generally convert U.S. dollars into the relevant currency of a proposed Investment and (ii) all calculations under the Partnership Agreement, including calculations of Management Fees and Carried Interest, will be done in Euros irrespective of whether a Limited Partner is a Dollar Partner.

Each investor admitted as a limited partner in the Partnership (a "Limited Partner") will be required to make a minimum Capital Commitment of €9 million in the case of a Euro Partner (and \$10 million in the case of a Dollar Partner), subject to the right of the General Partner, in its sole discretion, to accept lesser Capital Commitments.

The General Partner will have the discretion to admit additional Limited Partners and/or permit any existing Limited Partner to increase its Capital Commitment following the Initial Closing Date. Each Limited Partner that is admitted and/or increases its Capital Commitment within six months following the Effective Date (the "Last Equalization Date") will participate in unrealized Investments and bear its share of Partnership Expenses and Organizational Expenses (each defined below) incurred through that date. In connection with its admission, such Limited Partner will make a Capital Contribution (defined below) equal to its *pro rata* share of (i) Capital Contributions previously made for unrealized Investments and (ii) Capital Contributions or direct payments previously made for Organizational Expenses and Partnership Expenses, in each case as though such Limited Partner and all other Limited Partners were admitted on the Effective Date (excluding any previously realized Investments). Each such Limited Partner will also pay an additional amount on the amounts described in the previous sentence at a rate of 10% per annum, which will be allocated among the existing Limited Partners. Any Limited Partner that is admitted or increases its Capital Commitment after the Last Equalization Date will not participate in any existing Investment (or any "follow-on" Investment therein) for which Capital Contributions were drawn prior to such Limited Partner's admission or increase, but will bear its share of Partnership Expenses (including those expenses related to such existing Investment (or any "follow-on" Investment therein) for which Capital Contributions were not drawn prior to such Limited Partner's admission or increase) and Organizational Expenses (including additional amounts thereon as described above) incurred prior to that date, (which will be allocated among the existing Limited Partners), plus the additional Organizational Expenses incurred in connection with its admission. Such amounts allocated among the existing Limited Partners (excluding the additional amounts and amounts for Organizational Expenses) will increase unused Capital Commitments of such Limited Partners and will correspondingly reduce the amount of Capital Contributions such existing Limited Partners are deemed to have made.

Investment Advisor:

Pursuant to an investment advisory agreement, the investment advisor to the Partnership will be Blackstone Real Estate Advisors [REDACTED], a Delaware limited

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partnership (the “Investment Advisor”) and a Blackstone affiliate. The Investment Advisor may delegate all or any portion of its responsibilities to one or more affiliates. In any event, however, the General Partner will remain responsible for the management and control of the Partnership’s affairs.

Investment Period:

The investment period for which drawdown notices to fund new Investments may be given will expire five years from the Last Equalization Date (the “Investment Period”) unless terminated earlier by the General Partner in its sole discretion at such time as (i) at least 90% of the Capital Commitments have been drawn down, committed or reserved, (ii) the General Partner deems it impracticable to continue to seek out Investments, or (iii) upon the vote of the Limited Partners following a Key Person Event as set forth under “—Key Person Rights” below.

After the end of the Investment Period, the General Partner may continue to issue drawdown notices with respect to unused Capital Commitments to (a) pay Partnership Expenses and Management Fees (b) make “follow-on” Investments, and (c) repay borrowings or satisfy guarantees or other obligations of the Partnership (whether incurred before or after the end of the Investment Period); *provided*, that the amount so drawn down for “follow-on” Investments made after the end of the Investment Period will not exceed the lesser of (i) 10% of Capital Commitments (in the aggregate), excluding amounts committed or reserved for specific Investments as of the end of the Investment Period (with notice thereof to the Limited Partners), and (ii) unused Capital Commitments; *provided*, that to the extent the General Partner determines any such amounts committed to or reserved for specific Investments prior to the end of the Investment Period are not or will not be used as so specified, the General Partner may reallocate such amounts for use with respect to “follow-on” Investments without being included in such 10% limitation.

**Right to
Re-Draw Capital
Contributions;
Recycling:**

During the Investment Period, the amount of Capital Contributions applied to an Investment or Partnership Expenses with respect thereto that has been disposed of may be recalled by the General Partner at its option as long as the Limited Partner has not realized a loss on the disposition of such Investment (including Allocated Fees and Expenses (defined below)). Any distributable amounts may also be retained by the Partnership (and will reduce unused Capital Commitments to the extent not recallable) in lieu of a corresponding amount being drawn down, or used on the Limited Partner’s behalf to pay such Limited Partner’s share of Management Fees, Partnership Expenses, Organizational Expenses, Servicing Fees (if applicable) and placement fees otherwise then due from such Limited Partner.

Term:

The term of the Partnership will end on the sixth anniversary of the last day of the Investment Period, with an option on the part of the General Partner to extend the term of the Partnership for up to two additional one-year periods, if the ■■■ Advisory Committee (as defined below) does not object to such extension within 30 days’ notice thereof.

Termination:

The Partnership will be wound up and subsequently dissolve prior to the expiration of its term as more fully described in the Partnership Agreement, including (i) after the termination of the Investment Period following the

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disposition of all of its Investments, (ii) upon the bankruptcy, dissolution or other “event of withdrawal” with respect to the General Partner (unless at the time of such “event of withdrawal” there is at least one remaining General Partner that carries on the business of the Partnership), (iii) upon the vote of at least 75% in interest of the Limited Partners and the limited partners of the Parallel Funds (collectively, the “Combined Limited Partners”), or (iv) upon the determination that “cause” has occurred (and the lapse of any cure period with respect to such event of cause) by a vote of 66 2/3% in interest of the Combined Limited Partners.

Drawdowns of Capital Commitments:

The General Partner will give at least ten business days’ written notice prior to any drawdown of unused Capital Commitments (each such drawing, a “Capital Contribution”). Funds will be taken down as needed *pro rata* based generally on unused Capital Commitments, to make Investments (including to pay fees and expenses payable by the Partnership associated therewith), to pay Partnership Expenses, Organizational Expenses and Management Fees and to make additional Capital Contributions to existing Investments, to repay borrowings, or to satisfy guarantees or other obligations of the Partnership. No Capital Contributions or payments in respect of the Management Fee will be required to be made prior to the Effective Date. Capital contributions or payments made directly by the Limited Partners for the Management Fee and Organizational Expenses (see “—Management Fee; Other Fees” and “—Expenses” below) are in addition to their Capital Commitments.

Blackstone Side-by-Side Investment Rights:

In addition to the Blackstone Capital Commitment described above, Blackstone (which is expected to include Blackstone professionals and employees and may include participation by Other Blackstone Funds (defined below) or entities and other key advisors/relationships of Blackstone) will be permitted to invest in Investments an amount equal to a certain specified percentage (the “Blackstone Co-Investment Percentage”), not to exceed 10% of the amount otherwise available to the Partnership for investment on an annual basis. Any such side-by-side investment will generally be made on the same basis and terms as the Partnership’s investment therein (except that it will not bear Management Fees or be subject to Carried Interest Distributions). The Blackstone Co-Investment Percentage will be determined by the General Partner with written notice to the Limited Partners prior to (or, solely in the case of the initial period, promptly following) February 1st of each year with respect to the twelve-month period beginning with that date; *provided*, that if the Partnership invests more than a ratable portion (based on the length of the Investment Period) of the Capital Commitments in any such twelve-month period, then the General Partner may elect to reduce the Blackstone Co-Investment Percentage with respect to all additional Investments made during the balance of such 12-month period.

Joint Ventures:

Blackstone may enter into one or more joint ventures with strategic partners that have significant expertise in a particular segment of the real estate industry (“Joint Venture Partners”). Investments made with Joint Venture Partners may involve carried interests and/or other fees payable to such Joint Venture Partners (as determined by the General Partner in its sole discretion).

Opt-Out Rights;

A Limited Partner may “opt-out” of a proposed Investment if within seven business days of notification of the identity thereof it delivers an opinion of

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Exclusion: counsel that demonstrates, in the reasonable opinion of the General Partner, that there is a reasonable likelihood that such Limited Partner's participation in such Investment would violate any law, regulation, license, permit or other similar approval to which it or any of its affiliates is or may be subject (which includes, among other things, a violation of any investment policy or organizational document of a Limited Partner identified and accepted prior to the Limited Partner's admission date). The General Partner may exclude a Limited Partner from all or part of a proposed Investment if the General Partner concludes that the participation of such Limited Partner would (i) based on an opinion of counsel, result in the consequences stated in the previous sentence, (ii) result in a significant delay, extraordinary expense or material adverse effect with respect to such Investment or the Partnership, or (iii) cause a serious risk of jeopardizing such Investment. In any of the circumstances described in the previous two sentences, each other Limited Partner may be requested to make an additional Capital Contribution in respect of such Investment, subject to certain limitations.

Management Fee; Other Fees: As compensation for services rendered to the Partnership, the Investment Advisor will be entitled to receive from the Partnership an annual management fee with respect to each Limited Partner (the "Management Fee"), calculated and paid quarterly in arrears. During the Investment Period, the Management Fee with respect to a Limited Partner will equal the Applicable Management Fee Percentage of such Limited Partner's Capital Commitment. After the earlier of (i) the end of the Investment Period and (ii) the time management fees in connection with a successor fund have begun to accrue, the Management Fee with respect to a Limited Partner will equal the Applicable Management Fee Percentage multiplied by such Limited Partner's Capital Contributions with respect to Investments that have not been disposed of. The "Applicable Management Fee Percentage" with respect to a Limited Partner (together with its affiliates) means (i) 1.50% per annum if such Limited Partner has aggregate Capital Commitments and capital commitments to Parallel Funds ("Parallel Fund Capital Commitments") of less than €280 million, in the case of a Euro Partner, and \$300 million in the case of a Dollar Partner and (ii) 1.25% per annum if such Limited Partner has aggregate Capital Commitments and Parallel Fund Capital Commitments equal to or greater than €280 million, in the case of a Euro Partner, and \$300 million in the case of a Dollar Partner; *provided*, that notwithstanding the foregoing, the "Applicable Management Fee Percentage" with respect to a Limited Partner that itself is an investment vehicle formed for the purpose of aggregating unaffiliated investors for purposes of investing in the Partnership (a "Feeder Vehicle Limited Partner") means 1.50% per annum irrespective of its Capital Commitments; *provided, further*, that the Capital Commitments and Parallel Fund Capital Commitments of the Limited Partners and limited partners of the Parallel Funds that are affiliates solely as a result of having a common investment manager shall be aggregated for all such clients of such common investment manager for purposes of the foregoing calculations solely if such affiliation is acknowledged by the General Partner upon such Limited Partners admission to the Partnership and if such investment manager has sole discretionary investment authority pursuant to a binding agreement that was utilized in making and responsible for such Capital Commitment and/or Parallel Fund Capital Commitment. No Management Fee shall be charged for

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the four (4) month period following the Effective Date for any Limited Partner that participates in the Initial Closing.

After the Investment Period, binding commitments to make Investments will be deemed amounts invested for purposes of calculating the Management Fee; *provided*, that to the extent Capital Contributions are never made with respect to such commitments, the Management Fees relating to such amounts will be refunded by the Investment Advisor.

Blackstone may be entitled to receive an acquisition fee borne by the Partnership. Fees received by Blackstone relating to an Investment but not borne directly or indirectly by the Partnership shall not be deemed to be such an acquisition fee. Blackstone may also receive fees for Property Management Services (defined below) and fees for advisory services (including investment banking) services (“Company Advisory Services”) provided to companies in which the Partnership has an interest. Additionally, if Blackstone performs additional services for the Partnership or any entity owned by the Partnership (directly or indirectly), it may receive additional fees at market rates for such services, subject to the approval (or deemed approval) of the [REDACTED] Advisory Committee (“Additional Fees”). The Management Fee with respect to each Limited Partner will be reduced by an amount equal to the sum of (i) 80% of such Limited Partner’s pro rata share of any such Additional Fees and (ii) 100% of such Limited Partner’s pro rata share of acquisition fees; *provided*, that such fees will be allocated among BREP Europe V, Blackstone Real Estate Partners VIII [REDACTED] and its parallel, predecessor and successor funds and their respective alternative investment vehicles (collectively, “BREP VIII” or the “BREP Co-Investors”), Blackstone Real Estate Partners Europe IV [REDACTED] and its parallel funds (collectively, “Fund IV”) and its predecessor funds and their respective alternative investment vehicles, Blackstone Real Estate Partners Asia [REDACTED] and its alternative investment vehicles (collectively with BREP VIII, the “BREP Funds”), and vehicles participating with respect to the Blackstone Co-Investment Percentage described above or additional general partner investments relating thereto, any newly created investment vehicle relating to investments in persons in which the Partnership invests (or a specified group of such investments) and formed for the purpose of making such investment(s) (each, a “Supplemental Capital Vehicle”) and, to the extent applicable, the investment funds, managed accounts and/or other similar arrangements otherwise advised, managed or operated by Blackstone (and including such future investment funds, managed accounts and/or other similar arrangements) and any successors thereto (collectively “Other Blackstone Funds”) (or Similar Funds) (defined below) on a pro rata basis in applying the foregoing; *provided further*, that no such fees will be allocated to an interest in the Partnership held by the General Partner or an affiliate of the General Partner. As a result, it is intended that Limited Partners do not directly or indirectly bear on a net basis any portion of the payment of such acquisition fees.

The Partnership may retain third parties for necessary services relating to the Investments, including any management, construction, leasing, development, and other property management services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, loan servicing, property, title and/or other types of insurance, management consulting and other similar operational

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matters ("Property Management Services") and Company Advisory Services. Such third parties may also include Joint Venture Partners or their affiliates. Affiliates of the Investment Advisor may also provide such Property Management Services, Company Advisory Services or such other services, which will not cause a reduction in the Management Fee. Such arrangements will be on arm's-length terms and at competitive market rates.

For those Limited Partners admitted after the Effective Date and on or prior to the Last Equalization Date, Management Fees will be calculated as though such Limited Partner was admitted as of the Effective Date (other than for purposes of determining the Applicable Management Fee Percentage).

Servicing Fee:

In the event the General Partner accepts a Capital Commitment of less than €9 million in the case of a Euro Partner (and \$10 million in the case of a Dollar Partner) as provided in "—Capital Commitments; Additional Closings" above, such Limited Partner will be subject to a servicing fee (the "Servicing Fee") equal to 0.50% per annum of such Limited Partner's Capital Commitment (payable quarterly in arrears), subject to the right of the General Partner, in its sole discretion, to reduce or waive such fee. During the Investment Period, the Servicing Fee with respect to a Limited Partner will be calculated as a percentage of such Limited Partner's Capital Commitment. After the earlier of (i) the end of the Investment Period and (ii) the time management fees in connection with a successor fund have begun to accrue, the Servicing Fee with respect to a Limited Partner will be calculated as a percentage of such Limited Partner's Capital Contributions with respect to Investments that have not been disposed of. Capital Contributions by a Limited Partner in respect of the Servicing Fee will not reduce such Limited Partner's unused Capital Commitment and will not be taken into account in any calculation of Allocated Fees and Expenses (as defined below) or distributions.

Distributions:

The Partnership will make distributions to its Partners out of two categories: Current Income and Disposition Proceeds.

"Current Income" means all amounts from Investments (other than Disposition Proceeds), that can be and are distributed to the Partners, net of Partnership Expenses, reserves for Partnership Expenses and other obligations allocable to such income (including the repayment of principal and interest on Partnership borrowings and required tax withholdings). "Disposition Proceeds" means all amounts received by the Partnership upon the sale, exchange, refinancing or other disposition by the Partnership of an Investment or portion of an Investment for cash or marketable securities that can be and are distributed to the Partners, net of Partnership Expenses, reserves for Partnership Expenses and other obligations (including the repayment of principal and interest on Partnership borrowings and required tax withholdings) allocable thereto.

The Partnership will distribute its Disposition Proceeds from an Investment to the Limited Partners and the General Partner *pro rata* in proportion to each of their Capital Contributions with respect to such Investment. Notwithstanding the foregoing, a portion of each Limited Partner's share of cumulative Disposition Proceeds (other than of those Limited Partners affiliated with the General Partner) will be distributed to the General Partner ("Carried Interest Distributions"). In that regard, each Limited Partner's share of Disposition

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Proceeds (other than of those Limited Partners affiliated with the General Partner) will be distributed in the following amounts and order of priority:

- (a) first, to the Limited Partner, until the Limited Partner has received distributions generated by such Investment equal to the sum of (i) the Limited Partner's Capital Contribution applied to such Investment, *plus* (ii) Allocated Fees and Expenses not previously recouped, *plus* (iii) unrecouped losses on Investments that have previously been disposed of;
- (b) second, to the Limited Partner, until cumulative distributions of Current Income and Disposition Proceeds from Investments that have been disposed of, *minus* the total Capital Contributions to those Investments and Allocated Fees and Expenses, with respect to such Limited Partner (the "Limited Partner's Excess Cumulative Distributions"), equal a 8% per annum return on the Limited Partner's Capital Contributions applied to Investments that have been disposed of *plus* Allocated Fees and Expenses;
- (c) third, 20% to the Limited Partner and 80% to the General Partner until Carried Interest Distributions generated by Investments that have been disposed of equal 20% of the sum of (i) the Limited Partner's Excess Cumulative Distributions and (ii) the Carried Interest Distributions, in each case with respect to such Investments; and
- (d) thereafter, 80% to the Limited Partner and 20% to the General Partner.

In making the above calculations for distribution of Disposition Proceeds, Investments that have not been disposed of but that have a fair market value less than their cost (or adjusted cost due to prior writedowns) will be written down to fair market value, and the resulting loss will be deemed to be additional losses on Investments that have been disposed of for purposes of the calculations as set forth above. Any increases in the fair market value of an Investment previously written down will be considered additional realized profits in connection with subsequent distributions (not to exceed the amount of prior writedown(s)).

"Allocated Fees and Expenses" means the product of (i) the sum of Capital Contributions or payments made by such Limited Partner for Partnership Expenses (including, for greater certainty and without duplication, Organizational Expenses and placement fees) and Management Fees with respect to such Limited Partner as of the date of such distribution, *multiplied by* (ii) a fraction, the numerator of which is such Limited Partner's Capital Contributions with respect to Investments that have been disposed of as of such date and the denominator of which is the aggregate amount of such Limited Partner's Capital Contributions for all Investments as of such date (including for this purpose amounts of unused Capital Commitments reserved for additional investment with respect to an existing Investment). Any Limited Partner's Allocated Fees and Expenses with respect to an Investment that has been the subject of a disposition will equal such Limited Partner's Allocated Fees and Expenses at the time of the distribution of Disposition Proceeds in connection with such Investment, *minus* such Limited Partner's Allocated Fees and Expenses at the time of the immediately preceding distribution of Disposition Proceeds.

The Partnership will distribute its Current Income from an Investment to its

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Partners generally in the manner described above relating to the distribution of Disposition Proceeds, except that distributions will be made on an Investment-by-Investment basis and will not take into account a return of Capital Contributions or any writedowns, but will take into account losses from prior dispositions not otherwise recouped (including previously unrecouped Allocated Fees and Expenses). The General Partner will be entitled to withhold from any distributions amounts necessary to create, in its discretion, appropriate reserves for expenses (including Management Fees, Partnership Expenses, Organizational Expenses, Servicing Fees (if applicable) and placement fees) and liabilities of the Partnership as well as for any required tax withholdings. Subject to certain limits, tax credits and tax payments made by or allocated to the Partnership (or any entity in which the Partnership invests that is treated as a flow-through entity for U.S. federal income tax purposes) will, except in certain circumstances in the case of tax-exempt Limited Partners, be deemed to have been distributed to the Limited Partners.

The Partnership may make distributions to the General Partner in an amount sufficient to permit the payment of the tax obligations of the General Partner and its partners in respect of allocations of income related to the Carried Interest Distributions to the extent not previously taken into account for such purpose or distributed to the General Partner. Any such distributions will be taken into account in making subsequent distributions to the Partners.

Current Income from an Investment will be distributed no later than 60 days following the fiscal quarter in which such Current Income is received by the Partnership. Disposition Proceeds from an Investment will be distributed within 30 days after the date such Disposition Proceeds are received by the Partnership. If the Partnership disposes of a portion of an Investment, the sold and retained portions of the Investment will be treated as two separate Investments for purposes of the above calculations. Distributions of short term net income from temporary investments will be made among all Partners in proportion to their respective proportionate interests in the Partnership property or funds that produced such income, as reasonably determined by the General Partner. See “—Right to Re-Draw Capital Contributions; Recycling” above.

Per annum returns referred to above will be compounded on an annual basis (taking into account the timing of all Capital Contributions and distributions).

All cash distributions will be made in Euros in the case of Euro Partners and in U.S. dollars in the case of Dollar Partners.

**General Partner
Clawback:**

Upon winding up of the Partnership, if the General Partner has received Carried Interest Distributions with respect to a Limited Partner in excess of 20% of the sum of (i) the Limited Partner’s Excess Cumulative Distributions and (ii) Carried Interest Distributions with respect to such Limited Partner, the General Partner will recontribute to the Partnership for distribution to such Limited Partner an amount (the “Clawback Amount”) equal to the lesser of (x) the amount of such excess and (y) the total amount of Carried Interest Distributions with respect to such Limited Partner (calculated on an after-tax basis).

If a disposition of an Investment results in a realized loss and there remains an unrecouped loss relating to such Investment upon the earlier of (i) the one-

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year anniversary of such loss and (ii) the winding up of the Partnership, the General Partner will be obligated to return to the Partnership for distribution to such Limited Partner an amount with respect to such Limited Partner as though the Clawback Amount applied as of such time (determined after giving effect to all transactions through such date).

The Clawback Amount will be secured by the several guarantees of the partners of the General Partner who receive Carried Interest Distributions.

In-Kind Distributions: In the discretion of the General Partner, certain marketable securities may be distributed to the Partners prior to the winding up of the Partnership. No such securities will be distributed unless they would be freely tradable in the hands of the Limited Partners in accordance with applicable securities laws and regulations. Upon winding up and as provided under “—Transfer by or Withdrawal of ERISA, Private Foundation or BHC Limited Partners” below, distributions of other assets may be made in-kind.

The General Partner may, in its sole discretion, offer each Partner a choice to receive either cash or an in-kind distribution of marketable securities in connection with any disposition thereof.

Upon a withdrawal of a Limited Partner from the Partnership (which may occur only in limited circumstances) and upon the winding up of the Partnership, the General Partner may receive Carried Interest Distributions with respect to a distribution of in-kind securities. The valuation of such securities for such purposes will be determined by the General Partner as set forth in the Partnership Agreement.

Partner Giveback: The General Partner may require a Partner to return distributions made to such Partner for the purpose of meeting such Partner’s *pro rata* share of any Partnership obligations or liabilities arising from the sale or other disposition of any Investment (including any indemnification obligations), subject to certain limitations. The obligation to return distributions will cease upon the termination of the Partnership, unless notice of the potential claim was given to the Partners prior to such termination.

Allocations of Profits and Losses: Profits and losses of the Partnership will be allocated among the Partners in a manner consistent with the foregoing distribution provisions and the requirements of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

Expenses: Organizational Expenses. In addition to Capital Contributions or direct payments for the Management Fee, Limited Partners will be required to make Capital Contributions or direct payments for their *pro rata* share, based on Capital Commitments of each Partner (except as provided under “—Capital Commitments; Additional Closings” above), of third-party and out-of-pocket expenses (including travel and related expenses of the Investment Advisor or the General Partner) incurred by the General Partner in connection with the organization of the Partnership and the offering of interests therein (“Organizational Expenses”). Limited Partners admitted at subsequent closings will bear their share of the Organizational Expenses and organizational expenses relating to Parallel Funds based upon their *pro rata* share of Capital Commitments as of the date of each such Partner’s admission

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to the Partnership, but the Limited Partners participating in closings prior to the Last Equalization Date will not share in the Organizational Expenses associated with subsequent closings after the Last Equalization Date.

To the extent the Partnership incurs placement fees with respect to a Limited Partner, such Limited Partner will bear such placement fees and its Management Fees will be reduced on a dollar-for-dollar basis.

Partnership Expenses. The Partnership will bear (i) all expenses of operating the Partnership, including without limitation taxes, fees and expenses for and/or relating to attorneys, accountants, fund administrators (including as more fully described below), and custodians, expenses related to compliance-related matters and regulatory filings (including, without limitation, regulatory filings of the Investment Advisor and its affiliates relating to the Partnership and its activities, including reporting on Form PF or other reports to be filed with the U.S. Commodity Futures Trading Commission and reports, disclosures, filings and notifications prepared in accordance with the Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers), expenses and fees charged or specifically attributed or allocated by the Investment Advisor or its affiliates to provide administrative services to the Partnership, and expenses, charges and/or related costs incurred by the Partnership, the Investment Advisor or its affiliates in connection with such provision of administrative services to the Partnership; *provided*, that any such expenses, fees, charges or related costs shall not be greater than what would be paid to an unaffiliated third party for substantially similar services, accounting expenses, and related costs, technology, research and reporting expenses, expenses of loan servicers and other service providers, auditing, other professional expenses, expenses of the ■ Advisory Committee, insurance, interest, and other expenses incurred in respect of Partnership borrowings and guarantees, other expenses associated with the acquisition, holding, monitoring and disposition of Investments (including without limitation any brokerage, custody or hedging costs and travel and related expenses in connection with the Partnership's investment activities), and the costs and expenses of any litigation involving the Partnership or a portfolio company and the amount of any judgments or settlements paid in connection therewith ("Operational Expenses") and (ii) to the extent not reimbursed by a third party, all third-party expenses incurred in connection with a proposed Investment that is not ultimately made or a proposed disposition that is not actually consummated, including travel and related expenses ("Broken Deal Expenses" and, together with the Operational Expenses, "Partnership Expenses").

General Partner/Investment Advisor Expenses. The Partnership will not bear any general overhead expenses of the Partnership, the General Partner or the Investment Advisor, unless expressly provided for.

Allocation of Investment Opportunities & Investment Opportunities to the BREP Co-Investors; Similar Funds:

Except as provided herein, Blackstone will not, directly or indirectly, make outside of BREP Europe V any control-oriented "opportunistic" investments in real estate assets or real estate companies located in Europe until the expiration of the Investment Period, except (i) as permitted under "—Blackstone's Side-by-Side Investment Rights" above; (ii) transactions that would be precluded or materially limited by the investment limitations or other requirements hereof or applicable law or regulation (including the U.S.

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Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (iii) investments with respect to which the General Partner makes a good faith determination that such opportunity is not expected to yield returns on investment within the range of returns expected to be provided by the Investments in which the Partnership was organized to invest, based on the terms thereof and the information available relating to such opportunity at the time of its evaluation by the General Partner (including investments made by a real estate core fund or vehicle (which includes Blackstone Property Partners ■■■, Blackstone Property Partners International – A ■■■, and their parallel and successor funds and alternative investment vehicles and other funds and separate managed account arrangements related to real estate and real estate related investments within the “core”, “core+” or value-add investment space (including such future investment funds, managed accounts and/or other similar arrangements, the “BPP Funds”)), a real estate mezzanine fund or a mortgage REIT or a real estate fund primarily making debt investments or non-controlling investments in public and private debt and equity securities); (iv) strategic acquisitions or investments by Blackstone itself, whether in financial institutions or otherwise; (v) as otherwise approved by the ■■■ Advisory Committee; and (vi) if otherwise an investment fund managed by Blackstone has investment objectives or guidelines in common with those of the Partnership, then investment opportunities which are within such common objectives and guidelines will be allocated between the Partnership and such other vehicle by the General Partner on a basis that the General Partner believes in good faith to be fair and reasonable. The General Partner will determine in good faith whether an investment opportunity is within the investment objectives of the Partnership, as described under “—Investment Objectives” above.

The BREP Co-Investors will participate in Investments alongside the Partnership. Such participation (the “BREP Co-Investment Participation Percentage”) will be 20% of the amount of each Investment otherwise available to be made by the Partnership, subject to: (i) legal, tax, regulatory, accounting and other similar considerations (including, without limitation, any investment limitations of the Partnership or the BREP Co-Investors), (ii) the BREP Co-Investors or the Partnership having available capital with respect thereto, (iii) ability of the BREP Co-Investors to increase the BREP Co-Investment Participation Percentage with respect to an Investment if such Investment would otherwise exceed 7% of the Capital Commitments to the Partnership and (iv) the General Partner changing the BREP Co-Investment Participation Percentage for a particular Investment or prospective Investments generally if (x) it considers such change appropriate in its reasonable business judgment, (y) it obtains the approval of the ■■■ Advisory Committee and (z) any necessary approval required under the partnership agreement of the BREP Co-Investors is obtained. In addition, if an Investment would otherwise exceed 7% of the Capital Commitments to the Partnership, Blackstone may allocate such excess as it determines, including to Other Blackstone Funds, or other co-investors.

The BREP Co-Investors will invest on the same economic and other material terms available to BREP Europe V (including sharing of fees and expenses) and will exit Investments at the same time and on the same economic and other material terms as the Partnership, and on a *pro rata* basis with the

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Partnership subject to legal, tax, regulatory, accounting or similar considerations.

Blackstone will not close on any investment fund having the primary purpose of making control-oriented “opportunistic” investments in real estate assets or real estate companies located in Europe (a “Similar Fund”), which will in no way include the BREP Funds, the BPP Funds or in each case, any other investment vehicles that generally invest alongside such entities, (collectively, the “Real Estate Funds”), or any other fund described herein, until at least 75% of the Capital Commitments have been invested in or committed in writing or reserved for Investments or until the end of the Investment Period. Any Similar Fund closed on or prior to the end of the Investment Period will invest in Investments only to the extent that the Partnership has invested the maximum amount that the Partnership is permitted to invest therein and on the same terms as the Partnership until the end of the Investment Period unless the [REDACTED]. Advisory Committee otherwise consents or the investment by the Partnership is legally or contractually prohibited or, as a result of the application of any law, regulation or governmental order, could have a material adverse effect on the Partnership, the General Partner or any of their affiliates.

If Blackstone organizes a Similar Fund, Limited Partners will be offered a reasonable opportunity to become limited partners of such fund, the terms of which may vary in any and all respects from those of the Partnership. After the Effective Date, Fund IV will only be permitted to make investments with respect to which (i) the limited partners of Fund IV have received a drawdown notice or other written notice of reservation prior to such date, or (ii) Fund IV has an existing investment.

The General Partner and its affiliates may, but will not be required to, present to the Partnership any opportunity relating to (i) investments in companies with substantial real estate holdings that are required by the terms of the partnership agreements of the Other Blackstone Funds to be presented to such funds, (ii) investments in properties containing premises of Blackstone or any affiliate, (iii) transactions that would be precluded or materially limited by applicable law or regulation, and (iv) investments that individually do not exceed €20,000,000 of equity. (See Section V: “Risk Factors and Potential Conflicts of Interest—Other Blackstone Funds; Portfolio Companies,” “—Conflicting Fiduciary Duties to Debt Funds” and “—Other Real Estate Funds.”)

**Limited Partners’
Co-Investment Rights:**

The General Partner may offer Limited Partners and other third parties the opportunity to co-invest in particular Investments alongside the Partnership and any Parallel Funds. Co-investment opportunities offered to Limited Partners will be allocated as determined by the General Partner in its discretion. The terms and conditions of any co-investment opportunities will be determined by the General Partner in its discretion but also may be negotiated by the General Partner and the potential co-investor on a case-by-case basis.

**Opportunity
to Provide Financing:**

The General Partner may, in its sole discretion, request proposals from certain Limited Partners or their affiliates to provide debt financing in connection with any Investment for any amount up to the full amount being sought by the

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General Partner. Any such financing would be in addition to funds provided in accordance with such Limited Partners' Capital Commitments and will not reduce the unused Capital Commitment of such Limited Partner. The General Partner, in its sole discretion, will determine which proposals, if any, are acceptable to the Partnership.

Alternative Investment Vehicles; Parallel Funds; Feeder Funds:

Alternative investment vehicles in which one or more Limited Partners make a particular Investment outside of the Partnership may be used if it is determined by the General Partner to be in the best interests of a Partner or the Partners, subject to certain restrictions. (See Section VI: "Regulatory, Tax, and ERISA Considerations.")

Additional partnerships or other vehicles (referred to herein as "Parallel Funds") may be formed to invest with the Partnership to accommodate the special legal, tax, regulatory, accounting or other needs or considerations of certain investors. Such arrangements will have economic terms no more favorable than those of the Partnership. All references herein to the Partnership will also be references to the Parallel Funds unless the context otherwise indicates.

In addition, the General Partner expects to form one or more non-U.S. entities ("Feeder Funds") available to certain tax-exempt and certain other investors for the purpose of making their investment in BREP Europe V or an alternative investment vehicle through such non-U.S. entity. Such a Feeder Fund will elect to be treated as a non-U.S. corporation for U.S. federal income tax purposes. Investors in a Feeder Fund will have indirect interests in BREP Europe V or an alternative investment vehicle on the same economic terms as other investors in BREP Europe V or an alternative investment vehicle. U.S. tax-exempt investors that invest through a Feeder Fund will generally derive returns from Investments in the form of dividends or capital gain, which are generally excluded from "unrelated business taxable income" so long as such investors' acquisition of interests in a Feeder Fund are not debt financed. A Feeder Fund generally will not be subject to U.S. taxes and will otherwise generally be treated as a non-U.S. investor. (See Section VI: "Regulatory, Tax, and ERISA Considerations.")

**General Partner/
Investment Advisor
Structure:**

The General Partner cannot assign its responsibilities to the Partnership nor can it be substituted for or replaced as the General Partner of the Partnership (other than to an affiliate) without the consent of 66 2/3% in interest of the Combined Limited Partners. A majority-in-interest in interest of the Combined Limited Partners may remove the General Partner without "cause" and 75% in interest of the Combined Limited Partners may cause the dissolution of the Partnership or terminate the Investment Advisory Agreement with the Investment Advisor.

**█. Advisory
Committee:**

The General Partner will select an advisory committee (the "█. Advisory Committee") consisting of representatives of Combined Limited Partners that are not affiliates of Blackstone. The purpose of the █. Advisory Committee will be, among other things, (i) to review and approve the General Partner's valuations for the purposes of determining writedowns (and subsequent adjustments thereto), if any, relating to Investments for use in calculating Carried Interest Distributions, (ii) to review and approve or disapprove any potential conflicts of interest between the Partnership and the General Partner

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or Blackstone, (iii) to review certain fees received by the Investment Advisor and its affiliates in connection with Investments, (iv) to give consents required of the "client" under the U.S. Investment Advisers Act of 1940, as amended, and (v) to provide guidance on other issues brought to it by the General Partner. No fees will be paid to the members of the [REDACTED] Advisory Committee.

The [REDACTED] Advisory Committee will serve for the term of the Partnership. The General Partner may remove any member of the [REDACTED] Advisory Committee by written notice thereto, subject to applicable notice and objection requirements.

**Incurrence of
Indebtedness:**

The Partnership may seek to incur or guarantee indebtedness (including employing leverage to finance Investments or guaranteeing portfolio company obligations), which the General Partner will generally seek to structure on a basis that is non-recourse to the Partnership; *provided*, that the amount of any such cash borrowings by the Partnership shall not in the aggregate exceed 25% of Capital Commitments at any time excluding any amounts expected to be repaid within six months. However, the Partnership may enter into one or more credit facilities, guarantees or similar obligations that are recourse to the Partnership and may be secured by the Limited Partners' unused Capital Commitments as well as the Partnership's assets in order to enable the Partnership to make Investments or pay expenses without unused Capital Commitments being drawn down.

To the extent that Partnership borrowings, guarantees or similar obligations are recourse to the Limited Partners (but solely to the extent of their unused Capital Commitments) or otherwise secured by their unused Capital Commitments (which includes an obligation of the General Partner to draw down unused Capital Commitments to satisfy such obligations), their unused Capital Commitments will be reduced by their *pro rata* share of such obligations while such obligations remain outstanding. A Limited Partner may be required to acknowledge its obligations to pay its share of such obligations up to the amount of its unused Capital Commitment.

The General Partner may pledge the assets of the Partnership and convey a security interest to a lender of the obligations of the Partners to make Capital Contributions to the Partnership, any alternative investment vehicle, feeder, blocker and/or any Parallel Fund and perfect such security interest. The General Partner will give written notice to the Limited Partners if the Partnership enters into a credit facility that requires by its terms that a mandatory drawdown with respect to any borrowing or guarantee outstanding will occur if the Combined Limited Partners vote to remove the General Partner or cause the dissolution of the Partnership.

The General Partner will make reasonable efforts to avoid any cross-guarantees or similar obligations for any Other Blackstone Fund that may invest with the Partnership as permitted herein (other than Parallel Funds and alternative investment vehicles).

Following the date that is eighteen months following the Initial Closing Date, the General Partner shall not, without the consent of the [REDACTED] Advisory Committee, cause the Partnership to acquire an Investment on any date if, after giving effect thereto, it would cause the Aggregate Investment Leverage Ratio on such date to exceed 85%, unless at the time of making such Investment the General Partner reasonably expects the Aggregate Investment

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Leverage Ratio to be reduced to 85% or below within one hundred twenty (120) days thereafter. The "Aggregate Investment Leverage Ratio" means, on any date, the quotient obtained by dividing the Aggregate Investment Leverage on such date by the Base Capital Amount on such date. "Aggregate Investment Leverage" means, on any date, an amount equal to the sum of (i) the amount of aggregate outstanding borrowings and guarantees of loans by the Partnership on such date (other than those secured by the right to draw down unused Capital Commitments) the proceeds of which were used to acquire Investments and (ii) without duplication, the Partnership's pro rata share of the amount of aggregate outstanding borrowings and guarantees of loans on such date of any person controlled by the Partnership and in which the Partnership invests. "Base Capital Amount" on any date means an amount equal to the sum of (i) the amount of aggregate Capital Contributions (including, solely for this purpose, the proceeds from borrowings and guarantees secured by the right to draw down Unused Capital Commitments and which were invested in such Investments) for all Investments that have not been Disposed of on such date, and (ii) the amount of Aggregate Investment Leverage on such date.

For purposes hereof, any Investment where, at the time of the Partnership's acquisition thereof, the Aggregate Investment Leverage Ratio specific to such Investment (*i.e.*, calculated as provided above but in each respect solely with reference to such Investment and its related Capital Contributions, and any borrowings or guarantees of loans specific thereto) is greater than 85% shall be excluded and disregarded from all calculations therein as if the Partnership had not made such Investment, to the extent and only to the extent the borrowings and guarantees of loans of the person in which the Partnership invests are solely those incurred prior to such Investment (and are therefore merely assumed as part of the transaction to which the Investment is subject).

The General Partner shall not, in connection with the incurrence of any borrowings and/or guarantees of loans by the Partnership or persons in which the Partnership has made Investments, pledge or grant security interests in the Partnership's interests in more than one Investment (or the underlying assets of such Investments) on a combined basis unless (i) the General Partner determines in good faith that the Investments in question are of the same character or asset class (*e.g.*, hotel, office, industrial, retail) (including for this purpose any *de minimis* additional assets related thereto or managed under any common platform) and (ii) aggregate Capital Contributions to the Investments in question so combined do not exceed an amount equal to 25% of the aggregate amount of the Capital Commitments and Parallel Fund capital commitments.

Hedging:

The Partnership may, but is not required to, enter into any *bona fide* hedging transactions (including derivative contracts or instruments) in connection with the acquisition, holding, financing, refinancing, restructuring or disposition of any Investment. Any amounts paid by the Partnership for or resulting from short sales and other derivative contracts or instruments entered into for hedging purposes and permitted pursuant to the Partnership Agreement will be considered a Partnership Expense relating to such Investment. Any distributions resulting from such sales, contracts, instruments or arrangements will be treated as Current Income or Disposition Proceeds, as reasonably

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determined by the General Partner, from the Investment hedged thereby. If two or more Investments are hedged thereby, such payments or distributions will be allocated among such Investments as reasonably determined by the General Partner (Capital Contributions relating thereto will be similarly allocated.) In addition, if the General Partner deems it necessary or advisable, the General Partner may, in lieu of holding an Investment, structure an Investment as a derivative contract, instrument or similar arrangement designed to substantially replicate the benefits and risks of holding the otherwise permissible Investment.

Defaults:

The failure of a Limited Partner to pay its Capital Contributions or other obligations or any amount otherwise due pursuant to the Partnership Agreement within ten business days after notice of default is given to it will result in one or more of the following consequences (to be exercised in the sole discretion of the General Partner): (i) such Limited Partner will lose its right to transfer or vote its interest in the Partnership; (ii) such Limited Partner (A) will not be entitled to make any further Capital Contributions to the Partnership, (B) will be assessed up to a 75% reduction in its adjusted capital account and percentage interest in Investments, and/or (C) will forfeit to the Partnership (to be allocated to the other Partners) all distributions that it would otherwise receive for Investments in excess of Capital Contributions made by such Limited Partner less any actual or anticipated expenses, deductions or losses allocated to such Limited Partner (calculated taking into account the up to 75% reduction in its adjusted capital account and percentage interest described above); and (iii) the General Partner will have the right to cause the transfer, effective immediately upon written notice, of the defaulting Limited Partner's interest in the Partnership (see "—Transferability of Interests and Withdrawal" below), in which event the defaulting Limited Partner will be required to transfer its interest in the Partnership at a transfer price equal to the amount of Capital Contributions made by such Limited Partner less any expenses, deductions, losses or distributions allocated to such Limited Partner and reduced by a percentage of up to 75% (which will first be offered to the other Partners on a *pro rata* basis). The General Partner reserves the right to pursue other remedies (including specific performance) in the event of a default and may apply and/or waive any of the foregoing remedies with respect to any defaulting Limited Partner in its sole discretion.

With respect to defaults on Capital Contributions, in such case, each other Limited Partner may be requested to make an additional Capital Contribution or other payment with respect thereto, subject to certain limitations (including that the aggregate of the additional amount and such Limited Partner's Capital Contributions otherwise required to be made with respect thereto may not exceed 150% of the amount that otherwise was required to be contributed by such Limited Partner).

Transferability of Interests and Withdrawal:

Except as described below under "—Transfer by or Withdrawal of ERISA, Private Foundation or BHC Limited Partners" below, no Limited Partner will be permitted to withdraw from the Partnership or to withdraw any portion of its capital account. A Limited Partner may not assign, sell, exchange, grant a security interest over or transfer its interest in the Partnership without the consent of the General Partner (which consent may not be unreasonably withheld), except that certain assignments by operation of law or to affiliates

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will be permitted without the General Partner's consent; *provided*, that no such assignee will be admitted as a substituted Limited Partner without the consent of the General Partner (which consent may be given or withheld in its sole discretion). Transfers to non-affiliates of a Limited Partner will be subject to a right of first offer. Notwithstanding the foregoing or the transfer circumstances described in below under "—Transfer by or Withdrawal of ERISA, Private Foundation or BHC Limited Partners", no transfer of a Limited Partner's interest may be made unless the General Partner determines such transfer would not, among other factors more fully described in the Partnership Agreement, violate applicable law or regulation applicable to the Partnership or the interest to be transferred or cause the Partnership to be subject to certain law or regulation. A Limited Partner's unused Capital Commitment may be reduced to zero in certain limited circumstances solely relating to legal and regulatory matters.

The General Partner may, subject to certain limitations, cause a withdrawal of a Limited Partner from the Partnership if such Limited Partner's continued participation would be reasonably likely to violate any law or regulation applicable to the Partnership or a written policy or established practice to which a Limited Partner is subject and which was adopted by such Limited Partner to comply with applicable U.S. state law.

**Transfer by or
Withdrawal of ERISA,
Private Foundation or
BHC Limited Partners:**

Under certain circumstances, the General Partner may permit or require the complete or partial withdrawal of, or the transfer of the interests in the Partnership of, Limited Partners that are (or their assets are deemed to be the assets of) employee benefit plans, or other retirement plans or arrangements or may take certain other actions, in order to prevent the assets of the Partnership from being considered "plan assets." (See Section VI: "Regulatory, Tax, and ERISA Considerations.") In addition, in the case of private foundation Limited Partners, the General Partner may permit or require, under certain circumstances, the withdrawal of such Limited Partners in order to prevent the imposition of certain excise taxes or a material violation of, or a material breach of the fiduciary duties by its trustees or governing board under, any U.S. federal or state law applicable to private foundations or any rule or regulation adopted thereunder by any agency, commission or authority having jurisdiction thereon or certain investment policies. The General Partner may also permit the withdrawal of, or the transfer of the interest in the Partnership of, Limited Partners that are subject to the U.S. Bank Holding Company Act (the "BHC Act") or related rules, or may take certain other actions in order to prevent any violation of the BHC Act.

The Partnership may issue a subordinated note to a withdrawing Limited Partner in order to evidence the Partnership's obligation to such Limited Partner if cash and/or securities are not available at the time of such withdrawal.

Key Person Rights:

If both (a) Jonathan Gray ceases to devote the Required Involvement and (b) there are not at least two of Kenneth Caplan, Anthony Myers and James Seppala devoting the Required Involvement (any such event being referred to herein as a "Key Person Event"), then the General Partner will give each Limited Partner written notice of the Key Person Event within five (5) business days thereof. Within sixty days of the Key Person Event, 66 2/3% in

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interest of the Combined Limited Partners may vote to cause a termination of the Investment Period; *provided*, that such vote will not prevent the Partnership from closing on commitments it entered into prior to such determination by the Limited Partners or making “follow-on” Investments.

“Required Involvement” shall mean (x) with respect to Jonathan Gray, such person is actively involved in the business of the Partnership, the Real Estate Funds and their respective investments and Blackstone’s real estate activities generally; and (y) with respect to each of Kenneth Caplan, Anthony Myers and James Seppala, such person is devoting substantially all of his business time to the Partnership, the Real Estate Funds and their respective investments and Blackstone’s real estate activities generally and, in each case, matters relating thereto.

Structure of Investments:

The Partnership may invest directly in Investments or may acquire Investments through one or more affiliated companies, partnerships, limited liability companies, real estate investment trusts or other vehicles, although the Partnership reserves the right to utilize other investment structures if such structures are in the best interests of the Partners.

Limitation of Liability; Indemnification:

None of the General Partner, the Investment Advisor, their affiliates or any of their respective members, partners, directors, officers, employees, agents, or certain other persons who serve at the request of the General Partner or the Investment Advisor on behalf of the Partnership (“Indemnitees”) will be liable to the Partnership or any Limited Partner for any act or omission by it in the absence of actual fraud, willful misconduct, a material violation of securities laws, breach of fiduciary duty (it being understood that, subject to applicable law, taking or omitting to take any actions that the General Partner was expressly permitted or required to take or omit for its own account pursuant to the Partnership Agreement will not be deemed a breach of fiduciary duty), a material breach of the Partnership Agreement or the Investment Advisory Agreement or gross negligence (within the meaning of New York law) on its part, or for losses due to the negligence, dishonesty, actual fraud or bad faith of brokers or other agents of the General Partner or the Partnership and provided they act in a manner in which they in good faith believe to be in or not opposed to the best interests of the Partnership, and, in the case of a criminal action or proceeding where the person involved had no reasonable cause to believe his conduct was unlawful. The Partnership will indemnify each Indemnitee against any loss, damage or expense incurred by it on behalf of or in connection with the affairs of the Partnership, except to the extent arising out of its actual fraud, willful misconduct, a material violation of securities laws, breach of fiduciary duty (it being understood that, subject to applicable law, taking or omitting to take any actions that the General Partner was expressly permitted (other than the general authority of the General Partner to operate the Partnership) or required to take or omit for its own account pursuant to the Partnership Agreement will not be deemed a breach of fiduciary duty), a material breach of the Partnership Agreement or the Investment Advisory Agreement or gross negligence (within the meaning of New York law) and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful or such liabilities did not arise solely out of a dispute between or among members of the General Partner, the Investment Advisor or their affiliates. The General Partner may

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have the Partnership purchase, at the Partnership's expense, insurance to insure the Partnership and any Indemnitee against liability in connection with the activities of the Partnership.

Members of the [REDACTED] Advisory Committee (and the Limited Partners that appointed them) and any other advisory committee formed by the General Partner will be entitled to the protection of customary indemnification and limitation of liability provisions.

Reports:

The Partnership will use its reasonable efforts to send all Partners within 90 days after the end of each fiscal year of the Partnership (subject to reasonable delays in the event of late receipt of any necessary information) an audit report including a balance sheet and statements of income and changes in Partners' equity and changes in cash flows, prepared in accordance with U.S. generally accepted accounting principles plus a schedule and summary description of the Investments owned by the Partnership at year-end and a statement for each Partner of its capital account and tax information necessary for completion of its tax returns (subject to reasonable delays in the Partnership receiving information needed to prepare such tax information from entities in which it holds a direct or indirect interest). The Partnership will also send the Partners reports regarding the activities of the Partnership on a quarterly basis.

**Amendments to the Partnership Agreement;
Entire Agreement:**

The Partnership Agreement may be amended from time to time with the consent of the General Partner and generally a majority in interest of the Combined Limited Partners, except that no amendment may increase any Partner's Capital Commitment, reduce its share of the Partnership's distributions, income, gains or losses, increase the Management Fees payable with respect to the Limited Partners to the Investment Advisor, or change the amendment provisions in a manner adverse to a Partner, without the consent of such Partner, and except that certain amendments may also require the vote of a specific group of Limited Partners uniquely affected by such amendment. The General Partner may also amend the Partnership Agreement without the consent of any Limited Partner in connection with any negotiations with Limited Partners that are admitted to the Partnership after the Initial Closing Date so long as such changes do not adversely affect the interests, rights or obligations of any existing Limited Partner; *provided*, that any such amendments will be sent to the Limited Partners at least 10 calendar days prior to their effectiveness, and if at least 15% in interest of the Limited Partners object in writing thereto during such 10-day period, then any such amendments will be subject to approval in the manner described in the Partnership Agreement.

The General Partner may enter into a side letter or other similar agreement with a particular Limited Partner in connection with its admission to the Partnership as a Limited Partner therein without the approval of any other Limited Partner, which would have the effect of establishing rights under or altering or supplementing the terms of the Partnership Agreement with respect to such Limited Partner. Any rights established, or any terms of the Partnership Agreement altered or supplemented, in a side letter with a Limited Partner shall govern solely with respect to such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the Partnership Agreement.

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(See Section V: “Risk Factors and Potential Conflicts of Interest—Side Agreements.”)

ERISA Considerations: The General Partner will use reasonable best efforts to either (i) limit equity participation by “benefit plan investors” (within the meaning of Section 3(42) of ERISA) to less than 25% of the total value of each class of equity interests in the Partnership or (ii) structure investments of the Partnership and operate the Partnership in such a manner so as to qualify the Partnership as a “venture capital operating company” or “real estate operating company”, so that the underlying assets of the Partnership should not constitute “plan assets” of plans subject to Title I of ERISA or Section 4975 of the Code which invest in the Partnership.

Prior to the closing date of the Partnership’s first Investment (the “Initial Investment Date”), Partners that are benefit plan investors subject to Title I of ERISA or Section 4975 of the Code (“ERISA Partners”) and other Limited Partners may be required to make direct payments for Partnership Expenses, Organizational Expenses and/or Management Fees; provided that, if on any payment date which is prior to the Initial Investment Date ERISA Partners hold 25% or more of the total value of any class of equity interests in the Partnership, then in lieu of being required to make direct payments for Management Fees which would otherwise be required to be made on such payment date, each ERISA Partner will, and other Limited Partners may be required to, make a capital contribution for such Management Fees on the Initial Investment Date. ERISA Partners may also be required to fund their capital contributions for the Partnership’s first Investment, Management Fees, Organizational Expenses and/or Partnership Expenses into an escrow account as set forth in the Partnership Agreement. Potential investors should carefully review the ERISA matters discussed under Section VI: “Regulatory, Tax, and ERISA Considerations” and should consult with their own advisors as to the consequences of making an investment in the Partnership. Potential investors should also consult with their own advisors as to the consequences of making an investment indirectly in an alternative investment vehicle through an intermediate entity. (See Section VI: “Regulatory, Tax, and ERISA Considerations”)

Risk Factors and Potential Conflicts of Interest:

Prospective investors should carefully review the matters discussed under Section V: “Risk Factors and Potential Conflicts of Interest.”

Tax Considerations:

It is intended that, for U.S. federal income tax purposes, the Partnership will be treated as a partnership and not as a “publicly traded partnership” taxed as an association within the meaning of Section 7704 of the Code.

Income or gain of the Partnership may be subject to withholding, income or other tax in the jurisdictions where Investments are made. This Memorandum does not address these tax consequences.

An investment in the Partnership has many tax consequences. Investors should carefully review the matters discussed in Section VI: “Regulatory, Tax, and ERISA Considerations” and are advised to consult with their own advisors as to the consequences of making an investment in the Partnership.

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Auditors: Deloitte & Touche LLP.

U.S. Counsel for the Partnership and General Partner: Simpson Thacher & Bartlett LLP.

Cayman Counsel for the Partnership and General Partner: Maples and Calder.

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III. Management of Blackstone Real Estate Partners Europe V

Blackstone Real Estate Advisors ■■■, a Delaware limited partnership, is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Pursuant to an investment advisory agreement, Blackstone Real Estate Advisors ■■■ and/or one or more of its affiliates (the “Investment Advisor”) will provide investment advisory services to BREP Europe V and/or one or more holding companies through which BREP Europe V invests. The Investment Advisor will be responsible for initiating, structuring, and negotiating investments to be made by BREP Europe V. In addition, the Investment Advisor intends to manage each investment to seek to maximize cash flow and, ultimately, the disposition value of each investment.

BREP Europe V’s investment activity will be led by the three Senior Managing Directors in Europe. Anthony Myers is Head of Blackstone Real Estate Europe, James Seppala is Head of Europe Acquisitions, and Farhad Karim is the Chief Operating Officer of Blackstone Real Estate Europe. Andrew Lax is the Head of Asset Management Europe.

In addition to the locally-based senior management team, BREP Europe V’s investment activity will be overseen by Jonathan Gray, Global Head of Real Estate, Ken Caplan, Global Chief Investment Officer, Kathleen McCarthy, Global Chief Operating Officer, and William Stein, Global Head of Asset Management.

All investment and disposition decisions of BREP Europe V will be reviewed and approved by the Investment Committee of its General Partner, which includes Stephen Schwarzman and Hamilton (“Tony”) James as members. The Investment Committee process for BREP Europe V is the same process as all of the BREP Funds since inception, which emphasizes a consensus-based approach to decision making among the members.

The senior Blackstone professionals expected to be involved in BREP Europe V’s investment process are:

Jonathan Gray is the Global Head of Real Estate and a member of the Board of Directors of Blackstone and is based in New York. He also sits on the firm’s Management Committee. Since joining Blackstone in 1992, Mr. Gray has helped build the largest real estate platform in the world with \$93 billion in investor capital under management. Blackstone’s portfolio includes hotel, office, retail, industrial and residential properties in the United States, Europe, Asia and Latin America. Mr. Gray currently serves as Chairman of the Board of Hilton Worldwide, Chairman of the Board of Harlem Village Academies, and is a board member of the Trinity School. Mr. Gray and his wife, Mindy, established the Basser Research Center at the University of Pennsylvania School of Medicine, focused on the prevention and treatment of certain genetically-caused breast and ovarian cancers. Mr. Gray received a BS in Economics from the Wharton School, as well as a BA in English from the College of Arts and Sciences at the University of Pennsylvania, where he graduated magna cum laude and was elected to Phi Beta Kappa.

Kenneth Caplan is a Senior Managing Director and Global Chief Investment Officer of the Real Estate group and is based in New York. Mr. Caplan is responsible for overseeing our investment strategy globally. Since joining Blackstone in 1997, Mr. Caplan played a key role in a variety of real estate acquisitions and initiatives in the United States, Europe and Asia. Before joining Blackstone, Mr. Caplan was at Lazard Frères & Co. in the real estate investment banking group. Mr. Caplan is a Trustee of Prep for Prep. Mr. Caplan received an AB in Economics from Harvard University, where he graduated magna cum laude, was elected to Phi Beta Kappa and received the John Harvard Scholarship for highest academic achievement.

Anthony Myers is a Senior Managing Director and Head Real Estate Europe and is based in London. Mr. Myers is responsible for the day-to-day management of the Real Estate group’s investment activities and personnel in Europe. Since joining Blackstone in 2000, Mr. Myers has been involved in

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a number of real estate investments, both in Europe and in the United States. Prior to joining Blackstone, Mr. Myers was Executive Vice President and COO at Balfour Holdings, Inc., a residential and commercial land development company acquired by affiliates of Blackstone in 1997. Before joining Balfour, Mr. Myers was an Associate Director in the Bear Stearns Real Estate group. Mr. Myers received a BSc with Honors in Civil Engineering from the University of Cape Town and an MBA from Columbia University.

James Seppala is the Head of Europe Acquisitions and is based in London. Since joining Blackstone in 2011, Mr. Seppala has been involved in a number of Blackstone's investments in the United States and in Europe. Prior to joining Blackstone in 2011, Mr. Seppala was a Vice President at Goldman Sachs & Co, where he spent 10 years focused on equity and debt investment opportunities in Europe and the United States on behalf of Goldman Sachs's real estate private equity group. Mr. Seppala graduated magna cum laude from Harvard College.

Farhad Karim is a Senior Managing Director and Chief Operating Officer of Real Estate Europe and is based in London. Since joining Blackstone in 2011, Mr. Karim has been involved in a number of real estate acquisitions, dispositions, and other initiatives throughout Europe. Prior to joining Blackstone, Mr. Karim was a partner at Simpson Thacher & Bartlett LLP where he worked on a variety of real estate transactions in Asia, Europe, and North America. Mr. Karim received a BA (Honors) from McGill University and both a Master in International Affairs and a JD from Columbia University.

A.J. Agarwal is a Senior Managing Director in the Real Estate group and leads Blackstone's U.S. Core+ real estate business, Blackstone Property Partners, and is based in New York. Mr. Agarwal oversees the US Core+ business for the Real Estate group. He has been directly involved in a number of the Real Estate group's investments. Mr. Agarwal joined Blackstone in 1992. Prior to joining the Real Estate group in 2010, Mr. Agarwal was a member of Blackstone's Financial Advisory Group, leading the firm's advisory practice in a number of areas, including real estate and leisure/lodging. Mr. Agarwal graduated from Princeton University, where he graduated magna cum laude and Phi Beta Kappa and received an MBA from Stanford University Graduate School of Business.

Michael Casey is a Senior Managing Director and Head of Investor Relations and Business Development for the Real Estate group. Before joining Blackstone in 2007, Mr. Casey worked at Cliffwood Partners LLC from 1998 to 2007, where he was the President of the firm. Prior to joining Cliffwood Partners LLC, he was a Managing Director and Senior Portfolio Manager of Heitman Capital Management. Prior to Heitman, he spent twelve years with JMB Realty Corporation and its affiliates on the investment side of the business. Mr. Casey received a BBA in Real Estate and Finance in 1980 and an MBA in Real Estate in 1983 from the University of Wisconsin-Madison. He serves on the Dean's Advisory Board for the University of Wisconsin-Madison School of Business.

Frank Cohen is a Senior Managing Director and the Global Head of Core+ Real Estate and is based in New York. Since joining Blackstone in 1996, Mr. Cohen has been involved in a variety of investments across all property types. He received a BA from Northwestern University, where he graduated from the Honors Program in Mathematical Methods in the Social Sciences, with a double major in political science. He serves as a Trustee of the Urban Land Institute, as well as on the Kellogg Real Estate Advisory Council and WCAS Board of Visitors, both at Northwestern University.

Giovanni Cutaia is a Senior Managing Director and Chief Operating Officer of Asset Management in the Real Estate group and is based in New York. Prior to joining Blackstone in 2014, Mr. Cutaia was at Lone Star Funds where he was a Senior Managing Director and Co-Head of Commercial Real Estate Investments Americas. Prior to Lone Star, Mr. Cutaia spent over 12 years at Goldman Sachs

in its Real Estate Principal Investments Area as a Managing Director in its New York and London offices. Mr. Cutaia received a BA from Colgate University and an MBA from the Tuck School of Business at Dartmouth College.

Stuart Grant is a Senior Managing Director and Head of Real Estate Asset Management Asia and is based in Hong Kong. He is responsible for the asset management of the Real Estate group's investments in Asia as well as the MB Asia Real Estate Fund. Before joining Blackstone in 2000, Mr. Grant was an International Executive at the Jardine Matheson Group based in Asia from 1990 to 1999. He is a Director of DLF Southern Homes Ltd., is a former Trustee of The Great Steward of Scotland's Dumfries House Trust and also serves as a member of the North Asia Executive Committee of the Urban Land Institute. Mr. Grant holds a BSc (Honors) degree from the University of St. Andrews and a master's degree from New York University.

Rob Harper is a Senior Managing Director and the Head of Europe for Blackstone Real Estate Debt Strategies and is based in London. Since joining Blackstone in 2002, Mr. Harper has been involved in analyzing Blackstone's real estate equity and debt investments across all property types. Mr. Harper previously worked for Blackstone in both New York and Los Angeles. Prior to joining Blackstone, Mr. Harper worked for Morgan Stanley's real estate private equity group in Los Angeles and San Francisco. Mr. Harper received a BS from the McIntire School of Commerce at the University of Virginia.

Christopher Heady is a Senior Managing Director and Head of Real Estate Asia and is based in Hong Kong. Mr. Heady is responsible for the day-to-day management of the Real Estate group's investment activities and personnel in Asia. Since joining Blackstone in 2000, Mr. Heady has been involved in a variety of real estate acquisitions and initiatives in the U.S., Europe and Asia and played a key role in the Real Estate group's expansion in Asia, including investments in China, India, Japan and Australia. Before joining Blackstone, Mr. Heady was with Morgan Stanley in London, where he was involved in real estate private equity. Mr. Heady received a BA in Public Policy from the University of Chicago, where he graduated with honors. He currently serves on the Board of ANREV.

Tyler Henritze is a Senior Managing Director in the Real Estate group and the Co-head of U.S. Acquisitions and is based in New York. Mr. Henritze helps oversee Blackstone's efforts to identify new investment opportunities in North America and has been involved in real estate investments across all property types. Before joining Blackstone in 2004, Mr. Henritze worked at Merrill Lynch, where he was an Analyst in the Real Estate Investment Banking group and was involved in a variety of debt, equity and █████ transactions. Mr. Henritze currently serves as a board member of Hilton Worldwide, Motel 6 and BRE Select Hotel Corp. He also helped found and serves on the investment community board of CityYear New York. Mr. Henritze received a BS in Commerce from The McIntire School at the University of Virginia where he graduated with distinction.

Kathleen McCarthy is a Senior Managing Director and Global Chief Operating Officer in the Real Estate group and is based in New York. Ms. McCarthy oversees Real Estate Investor Relations and Business Development, Human Resources, Legal & Compliance and Finance. Previously she was responsible for marketing Blackstone's real estate private investment funds. Before joining Blackstone in 2010, Ms. McCarthy worked at Goldman Sachs, where she was a Vice President focused on investments for the Real Estate Principal Investment Area. Ms. McCarthy began her career at Goldman Sachs as an Analyst in the Mergers & Strategic Advisory Group within the Investment Banking Division. Ms. McCarthy received a BA with Distinction from Yale University.

Nadeem Meghji is a Senior Managing Director in the Real Estate group and the Co-head of U.S. Acquisitions and is based in New York. Since joining Blackstone in 2008, Mr. Meghji has been involved in analyzing Blackstone's real estate investments across all property types. Before joining

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Blackstone, Mr. Meghji worked as an Associate at the Lionstone Group. Mr. Meghji received a BS in Electrical Engineering from Columbia University, where he graduated summa cum laude. He received a JD from Harvard Law School and an MBA from Harvard Business School.

Alan Miyasaki is a Senior Managing Director in the Real Estate group and the Head of Asia Acquisitions and is based in Singapore. Since joining Blackstone in 2001, Mr. Miyasaki has been involved in transactions across all property types and since 2007 Mr. Miyasaki has worked to build Blackstone's real estate business in Asia. Before joining Blackstone, Mr. Miyasaki was with Starwood Capital Group, where he worked in acquisitions. Mr. Miyasaki received a BS in Economics from The Wharton School of the University of Pennsylvania, where he graduated cum laude.

Michael Nash is a Senior Managing Director and the Global Head of Blackstone Real Estate Debt Strategies and is based in New York. Mr. Nash is a member of the Real Estate Investment Committee for both Blackstone Real Estate Debt Strategies and Blackstone Real Estate Advisors. He is also Executive Chairman of Blackstone Mortgage Trust, a NYSE listed REIT, and is the Chief Executive Officer and the Chairman of the Board of the Blackstone Real Estate Income Funds, which is a complex of registered closed-end funds. Prior to joining Blackstone, Mr. Nash was with Merrill Lynch from 1997 to 2007 where he led the firm's Real Estate Principal Investment Group - Americas. Prior to 1997, Mr. Nash held various positions with Barclays Bank, Bank of Nova Scotia and Deloitte Haskins & Sells. Mr. Nash received a B.S. in Accounting from State University of New York at Albany, as well as an [REDACTED] in Finance from the Stern School of Business at New York University. He currently serves as a member of the Board of Directors of Hudson Pacific Properties, Inc. and Landmark Apartment Trust of America, Inc.

Tuhin Parikh is a Senior Managing Director in the Real Estate group and is based in Mumbai. Mr. Parikh is responsible for Blackstone's Real Estate operations in India. Since joining Blackstone in 2007, Mr. Parikh has been involved in identifying and evaluating Indian real estate investments across all property types. Before joining Blackstone, Mr. Parikh was the CFO and subsequently CEO of TCG Urban Infrastructure Holdings Ltd., a national level office developer and asset owner in India. Mr. Parikh received a Bachelor in Accountancy from Mumbai University and an MBA from the Indian Institute of Management (Ahmedabad).

Stephen Plavin is a Senior Managing Director in the Real Estate Debt Strategies group and Chief Executive Officer of Blackstone Mortgage Trust and is based in New York. Before joining Blackstone in 2012, Mr. Plavin was Chief Executive Officer of CT Investment Management Co., LLC, a commercial real estate investment manager and rated special servicer that was wholly owned by Capital Trust, Inc. and acquired by Blackstone. Mr. Plavin remains the Chief Executive Officer of Capital Trust, Inc. Prior to joining Capital Trust in 1998, Mr. Plavin was co-head of Global Real Estate for The Chase Manhattan Bank and Chase Securities Inc. During his tenure at Chase, from 1984 to 1998, Mr. Plavin also led business units responsible for commercial real estate loan origination, syndication, structured finance, portfolio management and REO sales. Mr. Plavin received a BA in English from Tufts University and an MBA in Finance, Accounting and Marketing from the J.L. Kellogg Graduate School of Management at Northwestern University.

Jonathan Pollack is a Senior Managing Director and Chief Investment Officer of the Blackstone Real Estate Debt Strategies group and is based in New York. Since joining Blackstone in 2015, Mr. Pollack has been responsible for overseeing our debt investment strategy. Prior to Blackstone, Mr. Pollack was a Managing Director and Global Head of Commercial Real Estate, as well as Head of Risk for Structured Finance, at Deutsche Bank. Mr. Pollack joined Deutsche Bank in 1999 from Nomura Group. Mr. Pollack received a BA in Economics from Northwestern University.

David Roth is a Senior Managing Director in the Real Estate group and is based in New York. Since joining Blackstone in 2006, Mr. Roth has been involved in sourcing and analyzing Blackstone's real estate investments in the U.S. and Latin America across all property types. Before joining Blackstone, Mr. Roth was a Principal in the acquisitions group at Walton Street Capital where he was involved in numerous real estate transactions. Mr. Roth received a BA with a major in Government from Dartmouth College, where he graduated Phi Beta Kappa and magna cum laude. He also received a JD from New York University School of Law. Mr. Roth is also a Certified Financial Analyst Charterholder.

William Stein is a Senior Managing Director and Global Head of Asset Management in the Real Estate group and is based in New York. Since joining Blackstone in 1997, Mr. Stein has been involved in the direct asset management and oversight of Blackstone's real estate investments globally. Before joining Blackstone, Mr. Stein was a Vice President at Heitman Real Estate Advisors and JMB Realty Corp. Mr. Stein received a BBA from the University of Michigan and an MBA from the University of Chicago.

Stephen A. Schwarzman is Chairman, CEO and Co-Founder of Blackstone. Mr. Schwarzman has been involved in all phases of the firm's development since its founding in 1985. The firm is a leading global asset manager with \$334 billion Assets Under Management (as of September 30, 2015). Mr. Schwarzman is an active philanthropist with a history of supporting education and schools. Whether in business or in philanthropy, he has always attempted to tackle big problems and find transformative solutions. In 2015, Mr. Schwarzman donated \$150 million to Yale University to establish the Schwarzman Center, a first-of-its-kind campus center in Yale's historic "Commons" building. In 2013, he founded an international scholarship program, "Schwarzman Scholars," at Tsinghua University in Beijing to educate future leaders about China. At \$450 million, the program is modeled on the Rhodes Scholarship and is the single largest philanthropic effort in China's history coming largely from international donors. In 2007, Mr. Schwarzman donated \$100 million to the New York Public Library on whose board he serves. Mr. Schwarzman is a member of The Council on Foreign Relations, The Business Council, The Business Roundtable, and The International Business Council of the World Economic Forum. He serves on the boards of The Asia Society, The Board of Directors of The New York City Partnership and The Advisory Board of the School of Economics and Management at Tsinghua University, Beijing. He is a Trustee of The Frick Collection in New York City and Chairman Emeritus of the Board of Directors of The John F. Kennedy Center for the Performing Arts. In 2007, Mr. Schwarzman was included in TIME's "100 Most Influential People." Mr. Schwarzman was awarded the Légion [REDACTED] of France in 2007 and promoted to Officier in 2010. Mr. Schwarzman holds a B.A. from Yale University and an [REDACTED] from Harvard Business School. He has served as an adjunct professor at the Yale School of Management and on the Harvard Business School Board of Dean's Advisors. In 2012, he was awarded an Honorary Degree from Quinnipiac University.

Hamilton ("Tony") James is President and Chief Operating Officer of Blackstone, and a member of the board of directors of its general partner, Blackstone Group Management L.L.C. He is also a member of Blackstone's Management and Executive Committees and sits on each of the firm's investment committees. Before joining Blackstone in 2002, Mr. James was Chairman of Global Investment Banking and Private Equity at Credit Suisse First Boston and a member of the Executive Board. Prior to the acquisition of Donaldson, Lufkin & Jenrette by Credit Suisse First Boston in 2000, Mr. James was the Chairman of DLJ's Banking Group, responsible for all the firm's investment banking and merchant banking activities. Mr. James joined DLJ in 1975 as an Investment Banking associate. He became head of DLJ's global [REDACTED] group in 1982, founded DLJ Merchant Banking, Inc. in 1985, and was named Chairman of the Banking Group in 1995. He is a Director of Costco Wholesale Corporation and Swift River Investments, Inc., and has served on a number of other corporate Boards. Mr. James is Trustee and member of The Executive Committee of The

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Second Stage Theatre, Trustee of The Metropolitan Museum of Art, Vice Chairman of Trout Unlimited's Coldwater Conservation Fund, Trustee of Woods Hole Oceanographic, Trustee of Wildlife Conservation Society, Advisory Board member of The Montana Land Reliance and Chairman Emeritus of the Board of Trustees of American Ballet Theatre. He is also a former member of the President's Export Council Subcommittee on Technology & Competitiveness. Mr. James graduated magna cum laude with a BA from Harvard College in 1973 and was a John Harvard Scholar. He earned an MBA with high distinction from the Harvard Business School and graduated as a Baker Scholar in 1975.

In addition, the European Real Estate team consists of the following professionals:

Abhishek Agarwal is a Principal in the Real Estate group and is based in London. Since joining Blackstone, Mr. Agarwal has been involved in analyzing real estate investments in various property sectors across Europe. Mr. Agarwal serves on the board of Broadgate. Before joining Blackstone in 2008, Mr. Agarwal worked as a software developer with Microsoft, and was involved in the development of Microsoft Windows' Vista. Mr. Agarwal received a B. Tech. in Information Technology from the Indian Institute of Information Technology (IIIT), Allahabad, where he was placed on the Deans Merit List. He completed his MBA from the Indian Institute of Management (IIM) Bangalore where he graduated with the Gold medal.

Samir Amichi is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2011, Mr. Amichi has been involved in analyzing real estate investments across several property types in Europe. Previously, Mr. Amichi spent seven years in Goldman Sachs' International real estate private equity group focused on equity and debt investment opportunities in Europe. Prior to that, he spent two years at The Richemont Group where he helped oversee the set-up and growth of its global real estate investment business. Mr. Amichi received an MSc in Management from the HEC business school in Paris, where he majored in Economics.

Marc-Antoine Bouyer is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2006, Mr. Bouyer has been involved in a variety of European real estate acquisitions, disposals, financings, restructurings, and asset management across various property types. Before joining Blackstone, Mr. Bouyer worked at Lehman Brothers as an Analyst in the Paris-based corporate finance team for two years. Mr. Bouyer received an MSc in Management from the HEC business school in Paris, where he majored in Finance. Mr. Bouyer also holds a Master in International Management from the Community of European Management Schools (CEMS).

Simon Davies is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2007, Mr. Davies has been involved with tax structuring and compliance matters relating to Blackstone Real Estate Partners' Europe funds. Before joining Blackstone, Mr. Davies was a Senior Manager in the Investment Management and Real Estate team at PricewaterhouseCoopers. Mr. Davies received an [REDACTED] in Chemical Engineering from Imperial College London and is a member of the Institute of Chartered Accountants of England and Wales.

Jean-Christophe Dubois is a Managing Director in the Real Estate group and is based in London. Mr. Dubois is involved with portfolio, asset management and transaction activities across Europe. Prior to joining Blackstone in 2012, Mr. Dubois was a Managing Director at Archon, Goldman Sachs' European real estate and distressed loan management platform. Prior to that, Mr. Dubois held multiple leadership positions at Archon, including Head of Italian Management Platform (2009-2012), Head of European Acquisition (2004-2009), Head of Loan Management (2000-2004) and Asset Manager (1996-2000). Mr. Dubois received a degree in engineering from Ecole Centrale de Marseille and a Master in Finance from ESCP Europe.

Alia Elgazzar is a Principal in the Real Estate group and is based in London. Since joining Blackstone in 2012, Ms. Elgazzar has been involved in analyzing real estate investment opportunities across all property types in Europe. Before joining Blackstone, Ms. Elgazzar was a Vice President at Morgan Stanley, where she spent seven years focusing on equity and debt investment opportunities in Europe on behalf of Morgan Stanley's real estate private equity group. Ms. Elgazzar received a Bachelor of Laws with honors from University of London, U.K.

Louis-Simon Ferland is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2010, Mr. Ferland has been involved in evaluating real estate investments across several property types throughout Europe. Before joining Blackstone, Mr. Ferland was an Associate at Merrill Lynch Global Principal Investments where he was involved in a variety of real estate acquisitions, primarily in Central and Eastern Europe. Prior to Merrill Lynch, Mr. Ferland was a corporate attorney in New York City. Mr. Ferland received a dual degree in Common and Civil Law from McGill University, where he graduated with Great Distinction, and an MBA from Columbia University.

Alessandro Fiascaris is a Principal in the Real Estate group and is based in London. Since joining Blackstone in 2004, Mr. Fiascaris has been involved in real estate activities in Europe and Asia. Mr. Fiascaris received a BA in Mathematics from Cambridge University and an MBA from Stanford.

Lama Kanazeh is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2008, Ms. Kanazeh has focused her efforts on raising capital for Blackstone's private real estate and investment funds. Prior to joining Blackstone, Ms. Kanazeh worked at Credit Suisse in London where she was an Associate in the Real Estate Finance group focusing on distribution of CMBS and high yield commercial real estate debt products. Prior to that, Ms. Kanazeh was an Analyst in the Consumer Products group, where she was involved in the analysis and execution of merger transactions and equity financings. Ms. Kanazeh received a BA in Economics and Political Science from Columbia University.

Gemma Katakya is a Principal in the Real Estate group and is based in London. Since joining Blackstone in 2015, Ms. Katakya has been involved with asset management and transaction activities across Europe. Before joining Blackstone, Ms. Katakya was an Associate Director in The Carlyle Group's European real estate platform, where she spent seven years focused on investment opportunities across Europe. Ms. Katakya received a First Class (Honors) degree in Economics from the University of Durham.

Anil Khera is a Managing Director in the Real Estate group and is based in London. Mr. Khera oversees the financing/capital markets activities of all of Blackstone's European real estate investments. Prior to joining Blackstone in 2006, Mr. Khera worked in the acquisitions team at Credit Suisse / DLJ Real Estate Capital Partners, Inc. in Los Angeles. Mr. Khera received an HBA from the Richard Ivey School of Business at the University of Western Ontario and is a trustee of Holy Trinity Swiss Cottage Church in London.

Andrew Lax is a Managing Director and the Head of Asset Management Europe in the Real Estate group and is based in London. Since joining Blackstone in 2002, Mr. Lax has been involved in analyzing Blackstone's real estate investments in all property types, in both the United States and Europe. Before joining Blackstone, Mr. Lax worked in TD Securities' real estate group in Toronto where he was involved in the valuation of investments across all asset classes. Mr. Lax received a BC from the University of British Columbia, where he graduated with honors.

James Lock is a Managing Director in the Real Estate group and is based in London. Mr. Lock leads asset management efforts for our London office portfolio. Since joining Blackstone in 2011, Mr. Lock has been involved in a number of Blackstone's investments in the office and retail sectors.

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Prior to joining Blackstone, Mr. Lock was Head of Capital Markets at Ballymore Group and a Senior Director at CB Richard Ellis. Mr. Lock received honors in Real Estate Management from Oxford Brookes University.

Jonathan Lurie is a Managing Director in the Real Estate group and is based in London. Mr. Lurie oversees the asset management of U.K. and European real estate equity and debt investments across all sectors, including residential, commercial office, retail and logistics. Prior to joining Blackstone in 2012, Mr. Lurie worked in a variety of real estate investment and management positions at Goldman Sachs / Whitehall Funds, Tishman Speyer and Morgan Stanley, in both New York and in London. Mr. Lurie holds an A.B. (highest honors) in economics from Princeton University and an MBA (honors) in Real Estate from the Wharton School, University of Pennsylvania

Laurent Machenaud is a Principal in the Real Estate group and is based in London. He is involved with asset management and transaction activities across Europe. Before joining Blackstone in 2012, Mr. Machenaud was a Vice President at Archon, Goldman Sachs' European real estate management platform, where he spent eight years focused on equity and debt investment opportunities in Europe. Mr. Machenaud received a Master in Management from Bordeaux Business School.

David McClure is a Principal in the Real Estate group and is based in London. Mr. McClure is involved in asset management activities across Europe, predominantly in the logistics and office sectors. Before joining Blackstone in 2014, Mr. McClure was an Investment Manager at Silverpeak Real Estate Partners, where he was responsible for the asset management of various French and U.K. investments. Prior to that, he worked at Deloitte, where he spent six years in Corporate Finance and Audit. Mr. McClure is a Chartered Accountant and has a degree in Law from Edinburgh University, U.K.

██████ **McKie** is a Managing Director in the Real Estate group and is based in London. Since joining Blackstone in 2010, Mr. McKie has been involved with the fund administration and accounting of the Blackstone Real Estate Partners' Europe funds. Before joining Blackstone, Mr. McKie was Head of Finance at Land Securities Group Plc. Prior to that, he was a Senior Manager in the Insurance and Investment Management team at PricewaterhouseCoopers. Mr. McKie received a BA (Hons) in Accounting and Financial Management from the University of Sheffield and is a member of the Institute of Chartered Accountants of England and Wales.

Duco Merkens is a Principal in the Real Estate group and is based in London. Mr. Merkens is involved in analyzing real estate investments across several property types in Europe. Before joining Blackstone in 2010, Mr. Merkens was an Analyst at Goldman Sachs in the Real Estate & Leisure Investment Banking team for three years. Mr. Merkens received an MSc in Finance and an MSc in International Economics & Business from the University of Groningen in the Netherlands.

Gabriel A. Petersen is a Managing Director in the Real Estate group and is based in London. Mr. Petersen is responsible primarily for asset management activities and oversees the firm's hospitality investments in Europe. He is also involved in acquisitions with a focus on the hospitality sector. Before joining Blackstone in 2007, Mr. Petersen worked for Westmont Hospitality Group as Director of Corporate Strategy and was involved in several aspects of the group's business worldwide, focusing on strategic and investment matters. Prior to Westmont, Mr. Petersen was with InterContinental Hotels where he worked in a number of corporate positions in both Europe and Asia. Mr. Petersen studied economics as an undergraduate and holds a Master Degree in Real Estate from Reading University Business School. He also studied Corporate Finance at London Business School.

Diego San Jose is a Managing Director in the Real Estate group and is based in Madrid. Since joining Blackstone in 2005, Mr. San Jose has been involved in acquisitions across Europe, most recently focusing on acquisitions in Spain. Before joining Blackstone, Mr. San Jose worked in the leveraged finance group at BNP Paribas. Mr. San Jose received master's degrees from Universidad Autonoma de Madrid and Paris Dauphine, with an exchange program at LMU in Munich.

Elmar Schoonbrood is a Principal in the Real Estate group and is based in London. Mr. Schoonbrood is involved in asset management activities across Europe and Turkey, predominantly in the retail and office sectors. Before joining Blackstone in 2014, Mr. Schoonbrood was with Sabal Financial Group [REDACTED] (Oaktree Capital Management) where he was responsible for the European non-performing loan workout team. Prior to that, Mr. Schoonbrood was at Morgan Stanley and was with Credit Suisse where he worked in a variety of real estate and structured finance positions at Fitch Ratings and IPD. Mr. Schoonbrood holds an MA in Real Estate from Kingston University and a BA in Business Administration from Fontys Hogescholen.

Michael Slattery is a Managing Director in the Real Estate group and is based in London. Mr. Slattery is involved with portfolio, asset management and transaction activities across Blackstone Real Estate's European business. Before joining Blackstone in 2011, Mr. Slattery was a Director at Terra Firma Capital Partners focusing on private equity and real estate acquisitions, financings and restructurings. Prior to that, Mr. Slattery worked as an attorney at Clifford Chance based in London and Paris. Mr. Slattery holds a LLB (Hons) in law from Trinity College Dublin.

Michael Vrana is a Principal in the Real Estate group and is based in London. Since joining Blackstone in 2013, Mr. Vrana has been involved in analyzing real estate investment opportunities across all property types in Europe. Before joining Blackstone, Mr. Vrana was a Vice President at Goldman Sachs & Co., where he spent eight years focused on equity and debt investment opportunities in North America on behalf of Goldman Sachs' real estate private equity group. Mr. Vrana graduated from Duke University, where he was elected to Phi Beta Kappa, and received an MBA from Stanford Graduate School of Business.

John Wong is a Principal in the Real Estate group and is based in London. Since joining Blackstone in 2010, Mr. Wong has been involved in asset and portfolio management activities across several property types in Europe. Before joining Blackstone, Mr. Wong worked at Tishman Speyer in London. Prior to that, he was with the Global Principal Investments Division at Merrill Lynch, where he was involved in a range of investment transactions. Mr. Wong received a BA in Economics from Cambridge University.

In addition to the above, the team includes 35 dedicated acquisition and asset management Associates and Analysts, and is further supported by the Chief Financial Officer and Chief Compliance Officer of the Global Real Estate Group.

Paul Quinlan is a Managing Director and Chief Financial Officer of the Blackstone Real Estate group and is based in New York. He is also the CFO of Blackstone Mortgage Trust. Mr. Quinlan was previously the CFO for the Blackstone Real Estate Debt Strategies group. Prior to this, he was a member of Blackstone Finance, where he served as Head of Financial Planning & Business Development. Mr. Quinlan also served as the CFO for Blackstone Advisory Partners [REDACTED]. Prior to joining Blackstone in 2010, Mr. Quinlan worked at Bank of America Merrill Lynch, focusing on strategic corporate [REDACTED] and private equity investments. Mr. Quinlan received a BS in Finance from Georgetown University, where he graduated cum laude, and an MBA with Distinction from the Stern School of Business at New York University.

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Judy Turchin is a Managing Director, General Counsel and Chief Compliance Officer of the Real Estate group and is based in New York. Since joining Blackstone in 2010, Ms. Turchin has been responsible for the oversight and coordination of the legal affairs and compliance responsibilities relating to Blackstone's global real estate business. Prior to joining Blackstone, Ms. Turchin was a Senior Vice President and Legal Officer at Lehman Brothers Real Estate Private Equity. Prior to that, she was with the law firm of Wachtell Lipton Rosen & Katz in the real estate department. Ms. Turchin received a BA with Honors from Rutgers College, a Certificate in Government Studies from the Eagleton Institute of Politics and a JD from Fordham Law School.

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IV. Overview of Blackstone

The Blackstone Group is one of the world's leading investment firms. Blackstone is based in New York, with offices in Beijing, Dubai, Dublin, Dusseldorf, Hong Kong, Houston, London, Los Angeles, Mexico City, Mumbai, Paris, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Tokyo and Toronto. Blackstone's alternative asset management businesses include investment vehicles focused on private equity, real estate, hedge fund solutions, non-investment grade credit, secondary funds and multi asset class exposures falling outside of other funds' mandates. The firm was founded in 1985 by Stephen A. Schwarzman, its current Chairman and CEO, and Peter G. Peterson (who retired from the firm in 2008). Hamilton E. "Tony" James serves as Blackstone's President and Chief Operating Officer and J. Tomilson Hill serves as Vice Chairman. As of September 30, 2015, Blackstone had 106 Senior Managing Directors (including the above named individuals) and employed approximately 2,037 other investment professionals.

The Blackstone Group [REDACTED] is a publicly traded limited partnership that has common units which trade on the New York Stock Exchange under the symbol "BX." Information about the firm, including certain ownership, governance and financial information, is disclosed in the firm's periodic filings with the SEC, which can be obtained from the firm's website at [REDACTED] or the SEC's website at www.sec.gov.

Blackstone has a distinguished record as both investor and advisor. Through its different investment businesses, as of September 30, 2015, Blackstone had total assets under management of approximately \$333.9 billion. This is comprised of \$93.2 billion in real estate funds, \$91.5 billion in private equity funds, \$68.4 billion in hedge fund solutions, and \$80.8 billion in credit businesses.

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V. Risk Factors and Potential Conflicts of Interest

Risk Factors

The following considerations should be carefully evaluated before making an investment in the Partnership. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Partnership's investment objectives will be achieved or that an investor will receive a return of the amount it invested. Prospective investors should be aware that an investment in the Partnership involves a high degree of risk. An investor should only invest in the Partnership as a part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment.

No Assurance of Investment Return. The General Partner, the Investment Advisor and/or any of their affiliates cannot provide assurance that they will be able to choose, make, and realize investments in any particular Investment. There can be no assurance that the Partnership will be able to generate returns for its Partners or that the returns will be commensurate with the risks of investing in the types of properties or companies and transactions described herein. There can be no assurance that any Partner will receive any distribution from the Partnership. All Investments involve the risk of loss of capital. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment. **Past performance of investment entities associated with Blackstone and/or entities associated with the Partnership's investment professionals is not necessarily indicative of future results or performance and provides no assurance of future results.**

Real Estate Risks Generally. The Partnership's Investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. Deterioration of real estate fundamentals generally, and in Europe in particular, may negatively impact the performance of the Partnership. These risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic conditions, changes in environmental and zoning laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy, operating income and room rates for hotel properties, the financial resources of tenants, changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, political events, changes in government regulations (such as rent control), changes in real property tax rates and operating expenses, changes in interest rates, and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy or political climate that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, acts of God, terrorist attacks, war and other factors that are beyond the control of Blackstone, the General Partner, or the Investment Advisor. In addition, in acquiring a property or stock in a public company, the Partnership may agree to lock-out provisions that materially restrict it from selling that property or stock for a period of time or that impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. There can be no assurance that there will be a ready market for the resale of Investments because Investments will generally not be liquid. Illiquidity may result from the absence of an established market for the Investments, as well as legal or contractual restrictions on their resale by the Partnership.

Investments in Land/New Development; Risk of Fraud. The Partnership may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing; *provided*, that not more than 15% of the aggregate amount of Capital Commitments may be invested at any time in non-income producing land (excluding entitled land for single and/or multi-family homes). To the extent that the Partnership invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of the Partnership, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Partnership and on the amount of funds available for distribution to the Partners. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

In addition, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Partnership invests, the Partnership may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Partnership's other Investments.

Risks of Acquiring Real Estate Property. In addition, the Partnership's Investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before the Partnership will begin receiving rental payments under a replacement lease. During that period, the Partnership will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the Partnership's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Partnership to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that the Partnership undertakes may divert cash that would otherwise be available for distribution to Limited Partners. Ultimately, to the extent that the Partnership is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Partnership's operating results.

The Partnership may be required to expend funds to correct defects or to make improvements before an Investment in a property can be sold. No assurance can be given that the Partnership will have funds available to correct those defects or to make those improvements. In acquiring a property, the Partnership may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede the Partnership's ability to respond to adverse changes in the performance of its properties could significantly affect the Partnership's financial condition and operating results.

In some instances, the principal asset of the lessee of a Partnership property may be only the tenant's improvements thereon, or the liability of the lessee may be limited to its interest in such improvements. In those cases, the Partnership will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, the

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Partnership may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value. In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on the Partnership's ability to collect rent payments and, accordingly, on its ability to make distributions to Limited Partners. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of the Partnership. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect.

Residential Real Estate Investments. The Partnership may invest from time to time in residential development projects and financing opportunities relating to certain residential real estate assets or portfolios thereof. In such circumstances, the performance of such investments may become increasingly susceptible to adverse changes in prevailing economic and employment conditions in Europe. Blackstone's ability to invest in residential real estate-related opportunities (including providing financing for potential owners and operators of residential real estate assets or portfolios thereof) may depend upon its ability to strategically partner with established and sophisticated operating partners and third parties. Any downturn in the European or global economies may adversely affect the financial condition of residential owners and tenants, making it more difficult for them to meet their periodic repayment obligations relating to certain residential real estate properties, which could adversely impact the Partnerships' investment performance. In addition, there can be no assurance that the Partnership will be able to effectively partner with suitable operating partners and third parties in connection with its residential real estate-related investment activities, which may impact the Partnership's ability to effectively identify and consummate such investments.

The Partnership may make investments directly or indirectly in residential mortgage loans (including loans that may be in default). If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process and may involve significant expenses. The ultimate disposition of a foreclosed property may yield a price insufficient to cover the cost of the foreclosure process and the balance attached to the defaulted mortgage loan. In addition, politicians, regulators, journalists, housing advocates and others have been critical of private investment firms such as Blackstone that have made investments in residential mortgage loans. Such scrutiny has included adverse media reports, protests and social media campaigns critical of Blackstone and other private investment firms, and may decrease the value and liquidity of the Partnership's investments, inhibit the Partnership's ability to make future investments, cause the Partnership to forego investment opportunities relating to residential mortgage loans and/or subject the Partnership to new legislation, litigation, changes in regulatory oversight and/or other consequences that could have a substantial negative effect on the anticipated return of the Partnership. For example, housing advocates in certain Spanish cities have sought to prohibit foreclosure practices through local ordinances. Although Blackstone has sought to ameliorate such scrutiny, including by providing more transparency to homeowners, there remains a material risk that continued social and political pressures may result in the adoption of burdensome laws or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the residential mortgage sector, or other changes that could adversely affect the Partnership and its investments.

Ground Lease Investments. The Partnership may invest from time to time in real estate properties that are subject to ground leases. As a lessee under a ground lease, the Partnership may be exposed to the possibility of losing the property upon termination, or an earlier breach by the Partnership, of the ground lease, which may adversely impact the Partnership's investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, the Partnership will

generally need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

Highly Competitive Market for Investment Opportunities; Operators and Other Partners. The activity of identifying, completing and realizing attractive real estate investments that fall within the Partnership's investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investments may not be available to the Partnership on terms that are as attractive as the terms on which opportunities were available to the BREP Funds and any of their respective predecessor funds. The Partnership will be competing for Investments with other real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts ("REITs"), financial institutions (such as investment and mortgage banks, pension funds and real estate operating companies), hedge funds, sovereign wealth funds and other institutional investors. Further, over the past several years, many real estate investment funds and publicly traded REITs have been formed and others have been consolidated (and many such existing funds have grown in size) for the purpose of investing in real estate assets, including distressed real estate assets, and which may invest in Europe. Additional real estate funds, vehicles and REITs with similar investment objectives may be formed in the future by other unrelated parties and further consolidations may occur (resulting in larger funds and vehicles). Consequently, it is expected that competition for appropriate investment opportunities will increase, thus reducing the number of investment opportunities available to the Partnership and adversely affecting the terms upon which Investments can be made. Purchasers of the Interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the Investments to be made by the Partnership and, accordingly, will be dependent upon the judgment and ability of the General Partner and the Investment Advisor in sourcing transactions and investing and managing the capital of the Partnership. Furthermore, there can be no assurance that the Partnership will be able to locate, complete and exit Investments which satisfy the Partnership's rate of return objectives, or realize upon their values, or that the Partnership will be able to invest fully its committed capital. In addition, Blackstone's investment strategies in certain investments depend on its ability to enter into satisfactory relationships with joint venture or operating partners. There can be no assurance that Blackstone's current relationship with any such partner or operator will continue (whether on currently applicable terms or otherwise) with respect to the Partnership or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Partnership.

Prior Performance of Blackstone Real Estate Investments. The investment objectives of the Partnership are different from the investment objectives of BREP VIII and its predecessor funds in that only a portion of those vehicles' investments were in European investments. In addition, the European markets in which the Partnership will primarily invest may differ significantly from the markets in which BREP Europe IV and its predecessor funds made their investments. Therefore, the investment performance of such funds (and, in particular, BREP VIII and its predecessor funds as it relates to non-European investments) is not necessarily relevant to an investment decision with respect to the Partnership.

Investment in Troubled Assets. The Partnership may make substantial Investments in nonperforming, underperforming, other troubled assets or undercapitalized real estate companies which involve a degree of financial risk and are experiencing or are expected to experience severe financial difficulties that may never be overcome and, as a result, may lead to a loss of some or all of the Partnership's Investment. The investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected. For example, under U.S. law, in certain circumstances, lenders that have inappropriately exercised control of the management and policies of a debtor may have

their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances under U.S. law, payments to the Partnership and distributions by the Partnership to the Limited Partners may be required to be returned if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Non-U.S. (including European) jurisdictions may present analogous or different credit issues. Bankruptcy laws may delay the ability of the Partnership to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination. In addition, portfolio companies located in European jurisdictions may be involved in restructurings, insolvency proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide the Partnership with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, the Partnership's Investments in any such portfolio company may be adversely affected. Bankruptcy laws may, in certain jurisdictions, result in a restructuring of the debt without the Partnership's consent under the "cramdown" provisions of applicable bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Partnership.

Investments in Open Market Purchases; Publicly Traded Securities. Although not anticipated to be a meaningful component of its investment strategy, the Partnership has the ability to invest in securities that are publicly traded and are, therefore, subject to the risks inherent in investing in public securities. In particular, the Partnership may not invest more than 25% of the aggregate amount of Capital Commitments at any time by means of open market purchases of publicly traded securities of real estate operating companies or other real estate-related companies; *provided*, that the foregoing limitation will not apply to open market purchases of securities made in connection with proposed transactions in relation to which it is the intent of the General Partner to seek to take the relevant business private by terminating the public listing or trading of such securities within one year of the purchase thereof. When investing in public securities, the Partnership may be unable to obtain financial covenants or other contractual rights, including management rights that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the Partnership may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, the Partnership may be limited in its ability to make investments, and to sell existing investments, in public securities because Blackstone may be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to sell public securities in these circumstances could materially adversely affect the investment results of the Partnership. In addition, an Investment may be sold by the Partnership to a public company where the consideration received is a combination of cash and stock of the public company, which may, depending on the securities laws of the relevant jurisdiction, be subject to lock-up periods.

No Market for Limited Partnership Interests; Restrictions on Transfers. Interests in the Partnership have not been registered under U.S. Securities Act of 1933, as amended from time to time (the "1933 Act"), the securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be sold unless they are subsequently registered under the 1933 Act and other applicable securities laws, or an exemption from registration is available. It is not contemplated that registration under the 1933 Act or other securities laws will ever be effected. There is no public market for the Interests in the Partnership and one is not expected to develop. Each Limited Partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its Interest for investment purposes and not with a view to resale or distribution and that it will only sell and transfer its Interest to a qualified investor under applicable securities laws or in a manner permitted by the Partnership Agreement and consistent with such laws. A Limited Partners will not be permitted to assign, sell, exchange or transfer any of its interest, rights or obligations with respect to its Interest, except by operation of law,

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without the prior written consent of the General Partner, which consent may not be unreasonably withheld. In addition, the Partners, including the General Partner, will have a right of first offer with respect to transfers to non-affiliates of a Limited Partner. Except in extremely limited circumstances, voluntary withdrawals from the Partnership will not be permitted and will only ever be permitted with the consent of the General Partner. Limited Partners must be prepared to bear the risks of owning Interests for an extended period of time.

Illiquid and Long-Term Investments. Investment in the Partnership requires a long-term commitment with no certainty of return. Most of the Investments will be highly illiquid, and there can be no assurance that the Partnership will be able to realize on any Investments in a timely manner. Although Investments by the Partnership may generate some current income, the return of capital and the realization of gains, if any, from an Investment will generally occur only upon the partial or complete disposition or refinancing of such Investment. While an Investment may be sold at any time, it is not generally expected that this will occur for a number of years after the Investment is made. Moreover, an Investment that initially consists of an interest in property may be exchanged, contributed or otherwise converted into private or publicly-traded stock of a corporation, interests in a limited liability company or other interests or property (and vice-versa), and any such exchange, contribution or conversion will likely not constitute a disposition under the Partnership Agreement of the type that results in investors receiving distributions, whether in-kind or otherwise. In addition, the Partnership will generally not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Partnership may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time.

The Partnership's Investments in commercial real estate properties are relatively illiquid in that there may not be ready buyers available and willing to pay fair value at the time the Partnership desires to sell. Over the longer term, if the Partnership were required to liquidate parts of its property portfolio for any reason, including in response to changes in economic or real estate market conditions, or as a result of the need to raise funds to support the Partnership's operations or to repay outstanding indebtedness, the Partnership may not be able to sell any portion of its portfolio on favorable terms or at all.

Risk of Limited Number of Investments; Lack of Diversification. The Partnership is subject to restrictions on the size of Investments such that not more than 20% of the aggregate amount of Capital Commitments may be invested in any one Investment at any time (as more fully set forth in Section II: "Summary Terms of the Partnership—Investment Limitations") except that up to 37.5% thereof may be invested only in one Investment at any given time under circumstances where the General Partner believes in good faith that the amount invested in such Investment can be reduced to no more than 20% thereof within 180 days from the date of the initial investment therein; *provided*, that the foregoing limitations will not apply to an Investment comprising assets located in five or more different geographic submarkets so long as the Capital Commitments invested in any individual asset does not exceed 10% of the aggregate amount of Capital Commitments. As such, the Partnership may participate in a limited number of Investments and, as a consequence, the aggregate return of the Partnership may be substantially affected by the unfavorable performance of even a single Investment. For Investments where the General Partner intends to refinance all or a portion of the capital invested (directly or by selling assets), there is a risk that such refinancing may not be completed, which could result in the Partnership holding a larger percentage of Capital Commitments in a single Investment and asset type than desired and could result in lower overall returns. As described in "Investments in Land/New Development; Risk of Fraud" above, the Partnership is also subject to restrictions such that not more than 15% of the aggregate amount of Capital Commitments may be invested at any time in non-income producing land (excluding entitled land for single and/or multi-family homes). In addition, not more than 30% of the aggregate Capital Commitments may be invested by the Partnership at any time in Investments in (A) real estate assets (or pools thereof) located primarily in any one country in Europe

(excluding for this purpose, France, the United Kingdom and Germany) or (B) real estate companies that have a majority of their assets or derive a majority of their most recently completed fiscal year's revenues from sources in any one country in Europe (excluding for this purpose, France, the United Kingdom and Germany). Other than such restrictions, investors have no assurance as to the degree of diversification in the Partnership's Investments, either by geographic region or asset type. In addition, the [REDACTED] Advisory Committee may waive any of the investment limitations with respect to any specific Investment.

Future Investments Unspecified. As of the date of this Memorandum, none of the Partnership's Investments have been identified. Limited Partners will therefore be relying on the ability of the General Partner and the Investment Advisor to select the Investments to be made.

Non-Controlling Investments; Investments with Third Parties. The Partnership may hold a non-controlling interest in certain Investments and, therefore, may have a limited ability to protect its position in such Investments, although as a condition of investing in an Investment, the General Partner expects that appropriate rights generally will be sought to protect the Partnership's interests. In such cases, the Partnership will typically be significantly reliant on the existing management, board of directors and other shareholders of such companies, who may not be affiliated with the Partnership and whose interests may conflict with the interests of the Partnership. The Partnership may also co-invest with third parties through partnerships, joint ventures or other similar arrangements. Such Investments may involve risks in connection with such third-party involvement, including the possibility that a third-party partner or co-venturer may have financial difficulties, resulting in a negative impact on such Investment, may have economic or business interests or goals which are inconsistent with those of the Partnership, or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objectives, or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. In addition, the Partnership may in certain circumstances be liable for the actions of its third party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such Investments, including incentive compensation arrangements.

Market Conditions. The Partnership's strategy in some Investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by the Partnership at prices that the General Partner and the Investment Advisor consider favorable. Further, the Partnership's strategy relies, in part, upon local market recoveries continuing during the term of the Partnership. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will remain stable, recover or continue to improve, as the case may be, since this will depend, in part, upon events and factors outside the control of the General Partner and the Investment Advisor. In addition, there can be no assurance that current market conditions may not deteriorate during the life of the Partnership, which could have a materially adverse effect on the assets of the Partnership. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

Volatility of Credit Markets May Affect Ability to Finance and Consummate Investments. The volatility of the global credit markets (and in particular, the recent deterioration, disruption and extraordinary volatility of the credit markets in Europe) has made it more difficult for financial sponsors like Blackstone to obtain favorable financing for investments. A widening of credit spreads, coupled with the extreme volatility of the global debt markets (in particular, in Europe) and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Partnership's ability to generate attractive investment returns for its Limited Partners will be adversely affected to the extent the Partnership is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the

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availability of credit to businesses generally and could lead to an overall weakening of European, as well as U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Partnership has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Partnership may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Partnership's returns. Such marketplace events also may restrict the ability of the Partnership to sell or liquidate investments at favorable times or for favorable prices.

Leverage. The Partnership intends to utilize significant leverage to finance the Partnership's Investments in a manner the General Partner believes is prudent. (See Section II: "Summary Terms of the Partnership—Incurrence of Indebtedness.") The use of leverage involves a high degree of financial risk and will increase the exposure of the Investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Investments. The General Partner may also obtain leverage at the fund level on a deal by deal basis. (See Section II: "Summary Terms of the Partnership—Incurrence of Indebtedness.") Although borrowings by the Partnership have the potential to enhance overall returns that exceed the Partnership's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Partnership's cost of funds. In addition, borrowings by the Partnership may be secured by the Limited Partners' Capital Commitments as well as by the Partnership's assets; *provided*, that the aggregate amount of any such borrowings or guaranties by the Partnership of cash borrowings by an entity in which an Investment is held will not in the aggregate exceed 25% of capital commitments at any time, excluding any amounts expected to be repaid within six months. In connection with one or more credit facilities entered into by the Partnership, distributions to the Limited Partners may be subordinated to payments required in connection with any indebtedness contemplated thereby. If the Partnership defaults on secured indebtedness, the lender may foreclose and the Partnership could lose its entire Investment in the security for such loan and/or the lender may issue a drawdown notice for the purpose of repaying the secured indebtedness. A credit facility at the fund level may place restrictions on payments to equity holders, including prohibitions on payments in the event of any default (or continuance thereof) under the credit facility. (See also "—Other Blackstone Funds; Allocation of Investment Opportunities" below.)

The Partnership expects to incur indebtedness and/or guarantees to fund Investments using proceeds derived through fund-level borrowings (e.g., a secured subscription credit facility) on a long-term basis and/or in advance of calling capital from Limited Partners, which may be on a several, joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio wide basis) with the BREP Co-Investors and/or Other Blackstone Funds. While such arrangements may be joint and several with respect to the Partnership, such arrangements may not necessarily impose reciprocal joint and several obligations on such other vehicles. The costs and expenses of any such borrowings will generally be allocated among the Partnership and such other vehicles or funds pro rata (and to the Limited Partners pro rata), which will increase the expenses borne by Limited Partners and would be expected to diminish net investment returns. Furthermore, as a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Partnership may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, the Partnership could also lose its interests in performing Investments in the event such performing Investments are cross-collateralized with poorly performing or non-performing Investments.

After the eighteen month anniversary of the Initial Closing Date, the Partnership will not be permitted to acquire an Investment on any date if, after giving effect to such Investment, the Aggregate Investment Leverage Ratio on such date exceeds 85%, unless the [REDACTED] Advisory Committee consents or if at the time such Investment is made the General Partner reasonably expects the Aggregate Investment Leverage Ratio to be reduced to 85% or below within one hundred twenty (120) days thereafter. Moreover, in connection with the incurrence of any borrowings and/or guarantees of loans by the Partnership or its

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portfolio companies, the Partnership will not be permitted to pledge or grant security interests in its interests in more than one Investment (or the underlying assets of such Investments) on a combined basis unless (i) the General Partner determines in good faith that the Investments in question are of the same character or asset class (*e.g.*, hotel, office, industrial, retail) and (ii) aggregate Capital Contributions to the Investments in question so combined do not exceed 25% of the aggregate Capital Commitments and Parallel Fund Capital Commitments. (See Section II: “Summary Terms of the Partnership—Incurrence of Indebtedness.”) As such, the Partnership may be restricted in participating in certain Investments and, as a consequence, the aggregate return of the Partnership may be substantially affected.

Tax-exempt investors should note that the use of leverage by the Partnership may create “unrelated business taxable income” and should refer to the discussion of “Certain Tax Considerations—Certain U.S. Tax Considerations—Tax-Exempt U.S. Investors” in Section VI: “Regulatory, Tax, and ERISA Considerations,” including the discussion therein relating to the Feeder Fund that the General Partner expects to form for these purposes.

Bridge Financings. From time to time, the Partnership may lend to one of its properties or companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Partnership’s control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such events, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Partnership. In addition, Blackstone may extend such loans to the Partnership or a portfolio vehicle or entity or operating platform and its respective assets (each, a “Portfolio Vehicle”) on a short-term basis on terms which are as favorable to the Partnership as the terms that could have been obtained at the time of such lending from a third-party lender and which will be disclosed to the [REDACTED] Advisory Committee.

Reliance on the General Partner and Investment Advisor. The General Partner and the Investment Advisor will have exclusive responsibility for the Partnership’s activities, and, other than as set forth herein and in the Partnership Agreement, Limited Partners will not be able to make investment or any other decisions concerning management of the Partnership. In this regard, investors should note that as of the date of this Memorandum none of the Partnership’s Investments have been identified. Accordingly, Limited Partners will be relying on the ability of the General Partner and the Investment Advisor to select the Investments to be made using the capital available to the Partnership. In addition, in connection with its activities on behalf of the Partnership, it is expected that the Investment Advisor will appoint The Blackstone Group International Partners LLP (“BGIP”) as a sub-investment adviser to advise the Investment Advisor with respect to the Partnership’s investment program, general advice and information relating to property markets and to assist in arranging transactions by or on behalf of the Partnership. Therefore, in managing the Partnership’s activities the Investment Advisor will be relying on BGIP’s advice and judgments. No person should purchase an Interest unless such person is willing to entrust all aspects of the management of the Partnership to the General Partner and the Investment Advisor (including for such purposes, BGIP).

Recycling; Reinvestment. During the Investment Period, under certain circumstances and subject to certain conditions, proceeds distributable (or previously distributed) to the Partners that constitute a return of Capital Contributions may be retained and reinvested (or recalled for reinvestment) by the General Partner or used (or recalled for use) by the General Partner for any other proper purpose. Accordingly, a Partner may be required to fund for Investments an aggregate amount in excess of its Capital Commitment during the term of the Partnership, and to the extent such recalled or retained amounts are reinvested in Investments, a Limited Partner will remain subject to investment and other risks associated with such Investments.

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Failure to Make Payments. If a Limited Partner fails to pay when due installments of its Capital Commitment to the Partnership or its portion of Management Fees, Organizational Expenses or any amount otherwise due under the Partnership Agreement, and the Capital Contributions made by non-defaulting Limited Partners and borrowings by the Partnership are inadequate to cover the defaulted Capital Contribution, the Partnership may be unable to pay its obligations when due. As a result, the Partnership may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in the Partnership Agreement, including, without limitation, reductions in its capital account balance/percentage interest, a forced sale of its Interest at a discount and preclusion from participation in any further investments made in the Partnership. A default by a Limited Partner may also limit the Partnership's availability to incur borrowings and avail itself of what would otherwise have been available credit. The General Partner may, subject to certain limitations, require an additional funding of Capital Contributions from the non-defaulting Limited Partners to fund the shortfall caused by the defaulting Limited Partner(s). (See Section II: "Summary Terms of the Partnership—Defaults.")

Dilution from Subsequent Closings. Limited Partners that are admitted or increase their Capital Commitment at subsequent closings on or prior to the Last Equalization Date will generally participate in existing Investments of the Partnership, diluting the interest of existing Limited Partners therein. Although such Limited Partners will contribute their respective *pro rata* share of previously made Capital Contributions (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of the Partnership's existing Investments at the time such additional Limited Partners subscribe for Interests.

Role of Real Estate Professionals. The success of the Partnership will depend in part upon the skill and management expertise of Blackstone's real estate professionals. The interests of these professionals in the General Partner and the Investment Advisor should tend to discourage them from withdrawing from participation in the Partnership's investment activities. However, there is ever increasing competition among alternative asset firms, financial institutions, private equity firms, investment advisors, investment managers, real estate investment companies, real estate investment trusts and other industry participants for hiring and retaining qualified investment professionals and there can be no assurance that such professionals will continue to be associated with the General Partner, the Investment Advisor or their affiliates throughout the life of the Partnership or that replacements will perform well. In addition, all decisions directly related to specific Investments must be approved by the Investment Committee. If Blackstone's real estate professionals cannot agree on any aspects of decisions with respect to the Partnership and its actual or potential Investments, the investment results of the Partnership may be adversely impacted. Certain of the senior and other professionals involved in the BREP Funds and their predecessors will not be part of the Blackstone team working on BREP Europe V. In addition, members of the investment team will work on other projects for Blackstone and its affiliates. Conflicts of interest may arise in allocating management time, services or functions, and the ability of the General Partner, the Investment Advisor and the members of the investment team to access other professionals and resources within Blackstone for the benefit of the Partnership as described in this Memorandum may be limited. Such access may also be limited by the internal compliance policies of Blackstone or other legal or business considerations, including those constraints generally discussed herein.

Investments in Certain Jurisdictions. The Partnership will make Investments in Europe. Investments in jurisdictions outside of Europe may be made only if the non-European component of such Investment comprises a minority of the overall Investment in Europe and may involve certain risks not typically associated with investing in real estate businesses and assets in Europe, including risks relating to (i) currency exchange matters for investments, including fluctuations in exchange rates, and costs associated with conversion of investment principal and income from one currency into another (See "—Currency

and Exchange Rate Risks” below); (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between each of the European real estate markets, on the one hand, and those of other jurisdictions, on the other hand, including potential price volatility in and relative illiquidity of some European securities markets; (iv) certain economic, political and social risks, including potential exchange-control regulations, potential restrictions on foreign investment and repatriation of amounts invested, the risks associated with political, economic or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation or the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, and adverse economic and political developments; (v) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation; (vi) less developed corporate laws regarding stakeholder rights, creditors’ rights (including the rights of secured parties), fiduciary duties and the protection of investors; (vii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (viii) political hostility to investments by foreign or private equity investors; and (ix) less publicly available information. While the General Partner intends, where deemed appropriate, to manage the Partnership in a manner that will minimize exposure to the foregoing risks (although the General Partner does not in the ordinary course expect to hedge long-term currency risks), there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Partnership that are held in certain countries. Prospective investors should also note the considerations discussed in Section VI: “Regulatory, Tax, and ERISA Considerations—Certain U.S. Tax Considerations—Tax Treatment of U.S. Limited Partners.”

While Investments in (A) real estate assets (or pools thereof) located primarily in any one country in Europe (excluding for this purpose, France, the United Kingdom and Germany) or (B) real estate companies that have a majority of their assets or derive a majority of their most recently completed fiscal year’s revenues from sources in any one country in Europe (excluding for this purpose, France, the United Kingdom and Germany) will be subject to a cap of 30% of aggregate Capital Commitments at any time, subject to such limitation the Partnership may invest in certain markets, which may include the following heightened risks (in addition to the other risks set forth herein with respect to the Partnership’s investments generally).

Political/Sovereign Risks in Certain Markets in Europe. The economies of certain individual markets in Europe, in particular, Eastern Europe and Turkey, may differ favorably or unfavorably from those of more economically developed markets in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments of certain markets in Europe, in particular, Eastern Europe and Turkey, have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns and/or controls many companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic and market conditions in certain European markets, in particular, Eastern Europe and Turkey. Government approvals may be required in connection with private transactions and such approvals may take a far longer period of time to obtain than in fully-developed markets. Moreover, certain markets in Europe, in particular, Eastern Europe and Turkey, generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. With respect to certain markets in Europe, in particular, Eastern Europe and Turkey, there is the possibility of nationalization, expropriation or confiscatory taxation, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions which might adversely affect

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the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise, political changes, government regulation, economic or social instability, diplomatic developments (including war) or terrorism which could affect adversely the economies of such countries or the value of the Partnership's investments in those countries. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. In addition, the inter-relatedness of certain economies in Europe, in particular, Eastern Europe and Turkey, has deepened over the years, with the effect that economic difficulties in one country often spread throughout an applicable region. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. No assurance can be given that the Partnership's Investments will not be adversely affected by effects in countries outside of where such Investments are located.

Investment and Repatriation Restrictions. Prior government approval for foreign investments may be required under certain circumstances in certain markets in Europe, including Eastern Europe and Turkey, and the process of obtaining these approvals may require a significant expenditure of time and resources. Furthermore, investments in companies in certain markets in Europe may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in fully-developed countries. In addition, in certain countries, in particular, Eastern Europe and Turkey, such laws and regulations have been subject to frequent and unforeseen change, potentially exposing the Partnership to restrictions, taxes and other obligations that were not anticipated at the time an investment was initially made.

Legal Framework and Corporate Governance in Certain Markets in Europe. Certain markets in Europe do not have well-developed legal frameworks. In particular, certain markets in Europe do not have well-developed shareholder rights, which could adversely affect the Partnership's minority investments. In these markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Certain European countries, in particular, Eastern Europe and Turkey, do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in financial instruments may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Partnership may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in the courts of certain European countries. Certain markets provide inadequate legal remedies for breaches of contract. Due to the foregoing risks and complications, the costs associated with investments in certain markets in Europe, in particular, Eastern Europe and Turkey, generally are higher than for securities and other instruments of issuers based in other countries in Europe.

Lack of Transparency in Certain Markets. Companies in certain markets in Europe, in particular, Eastern Europe and Turkey, are not generally subject to uniform accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to U.S. companies. In particular, the assets and profits appearing on the financial statements of a company in certain markets in Europe, in particular, Eastern Europe and Turkey, may not reflect its financial position or results of operations in the way they would have been reflected had such financial statements been prepared in accordance with U.S. generally accepted accounting principles. In addition, for a company that keeps accounting records in a currency other than Euros, inflation accounting rules in certain markets in Europe require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of a currency of constant purchasing power. As a result, financial data may be materially affected by restatements for inflation and may not accurately reflect the real condition of real estate, companies and securities markets. Accordingly, the Partnership's ability to conduct due diligence in connection with an investment and to monitor the investment may be adversely affected by these factors.

Taxation in Certain Jurisdictions. The Partnership, vehicles through which the Partnership makes Investments or Limited Partners may be subject to income or other tax in the jurisdictions in which Investments are made. Additionally, withholding tax or branch tax may be imposed on earnings of the Partnership (or vehicles through which it invests) from Investments in such jurisdictions. Local and other tax incurred in non-U.S. jurisdictions by the Partnership or vehicles through which it invests may not be creditable to or deductible by a Limited Partner under the tax laws of the jurisdiction where such Limited Partner resides, including the United States. There can be no assurance that tax authorities in the jurisdictions in which the Partnership invests will not treat the Partnership (or any of its affiliates) as if it has a permanent establishment in the local jurisdiction, which would result in additional local taxation. Changes to taxation treaties (or their interpretation) between countries in Europe and countries through which the Partnership invests may adversely affect the Partnership's ability to efficiently realize income or capital gains.

Prospective investors should also note the considerations discussed in Section VI: "Regulatory, Tax, and ERISA Considerations—Certain U.S. Tax Considerations—Other Tax Matters—Taxes in Other Jurisdictions."

Currency and Exchange Rate Risks. The Partnership's assets generally will be denominated in Euros. Consequently, the return realized on any Investment by investors whose functional currency is not the Euro may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the Investment itself. Moreover, the Partnership may incur costs when converting one currency into another. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the Euro. The General Partner may (but is not obliged to) endeavor to manage currency exposures into Euros in particular in countries that do not use the Euro as their primary currency (e.g., the United Kingdom, Poland, etc.), using appropriate hedging techniques where available and appropriate. The Partnership may incur costs related to currency hedging arrangements. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis.

Movements in the foreign exchange rate between Euros and the currency applicable to a particular Limited Partner may have an impact upon such Limited Partner's returns in their own currency of account. The Partnership will incur costs when converting one currency into another. Furthermore, Capital Contributions to the Partnership and distributions from the Partnership will be denominated in Euros and Limited Partners may incur transaction costs associated with the conversion of Euros into their local currency. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions where this Memorandum is being issued.

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Potential Collapse of the Euro. The Partnership's primary strategy is to undertake investments in countries within the European Union, a significant number of which use the Euro as their national currency. In the recent past the stability of certain European financial markets deteriorated and speculation as to the possibility of additional defaults by sovereign states in Europe in respect of their obligations increased. Given current market conditions of relatively weak growth in many EU member states (which are expected to continue in the near to medium term), there is a risk that default of certain participating member states of the EU may lead to the collapse of the Eurozone as it is constituted today or that certain member states of the EU may cease to use the Euro as their national currency. This could have an adverse effect on the Partnership, the performance of its investments and its ability to fulfill its investment objectives. Moreover, this could have a detrimental effect on the performance of investments both in those countries that may experience a default on liabilities and on other countries within the EU. A potential primary effect would be an immediate reduction of liquidity for particular investments in the affected countries, thereby potentially impairing the value of such investments. Further, a deteriorating economic environment caused directly or indirectly by such a default may have a direct effect on underlying property fundamentals thereby impacting the value of the Partnership's investments generally.

Investors should bear in mind that, if the Euro is no longer in existence or, having regard to the Partnership's investment objectives, is no longer an appropriate currency (or is at risk of ceasing to exist or ceasing to be an appropriate currency), then the General Partner may, in consultation with the [REDACTED] Advisory Committee, adjust the currency of the Partnership to the U.S. dollar or such other currency or basket of currencies as the General Partner reasonably determines. In such event, any prior Capital Contributions and distributions will be converted at the prevailing Rate of Exchange from the former currency into such replacement currency (or basket of currencies) as at the date of the relevant drawdown or distribution and Euro Partners will be required to fund all future Capital Contributions in such replacement currency (or basket of currencies).

General Economic and Market Conditions Regarding Commercial and Real Estate Markets in Europe. The real estate markets in Europe have recently been adversely impacted by the ongoing global banking crisis and the possibility of additional defaults by certain European sovereign states in respect of their obligations, with property values, including the value of commercial real estate, demonstrating substantial and continuing declines. (See "—Potential Collapse of the Euro" above) The Partnership cannot predict for how long economic conditions will continue to impact these markets adversely, or to what degree economic conditions will deteriorate further. Continuing declines in the performance of national economies or the real estate markets in European countries have had a negative impact on consumer spending, rental revenues and vacancy rates, and as a result, could have a material adverse effect on the Partnership's business, financial condition and results of operations.

In addition to general economic conditions, the commercial real estate markets in which the Partnership operates are also affected by a number of other factors which may significantly impact the value of commercial real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability of financing, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, and tax laws and practices. In particular, commercial property values are dependent on, among others, current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Rental revenues and commercial real estate values are also affected by factors specific to each local market in which the property is located, including the supply of available space, demand for commercial real estate and competition from other available space. Market conditions, such as the recent global economic downturn, could decrease the demand for commercial real estate and thereby increase vacant space and exert pressure on the Partnership to provide rental incentives to tenants

resulting in a decrease in the rental income, rental growth and property values of the Partnership's office portfolio, which could have a material adverse effect on its business, financial condition, results of operations and future prospects.

As a result of the above or other factors, the Partnership's ability to maintain or increase the occupancy levels of its properties through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to increase rents over the longer term, may be adversely affected. In particular, tenants going into administration, non-renewal of existing leases or early termination by significant existing tenants in the Partnership's office portfolio would result in a significant decrease in the Partnership's net rental income. If the Partnership's net rental income declines, it would have less cash available to service and repay its indebtedness and the value of its properties would decline further as well. In addition, significant expenditures associated with each property, such as real estate taxes, new regulations compliance works service charges and renovation and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, the Partnership's income and cash receipts could be adversely affected. Any significant deterioration in economic conditions or conditions in the commercial real estate market which contributes to a decline in rental revenues or further decline in market values of the Partnership's assets may materially adversely affect the business, results of operations and financial condition of the Partnership.

General Economic and Market Conditions. The real estate industry generally and the success of the Partnership's investment activities in particular will both be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of the Partnership's Investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances in respect of the countries in which the Partnership may invest. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments, which could impair the Partnership's profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates may affect the Partnership's investment opportunities and the value of the Partnership's investments. Blackstone's financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on Blackstone's businesses and operations (including those of the Partnership). A recession, slowdown and/or sustained downturn in the global economy or European real estate market (or any particular segment thereof) or a weakening of credit markets (including a perceived increase in counterparty default risk) will have a pronounced impact on the Partnership and could adversely affect the Partnership's profitability, impede the ability of the Partnership's portfolio companies to perform under or refinance their existing obligations, and impair the Partnership's ability to effectively deploy its capital or realize upon Investments on favorable terms and may have an adverse impact on the availability of credit to businesses generally, which in turn may have an adverse impact on the business and operations of the Partnership. Blackstone could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. It is possible that a weakening of credit markets could adversely affect Blackstone's funding obligations to the Partnership and the Partnership could suffer other adverse consequences, any of which could adversely affect the business of the Partnership, restrict the Partnership's investment activities and impede the Partnership's ability to effectively achieve its investment objective. In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Partnership's performance. Any of the foregoing events could result in substantial or total losses to the Partnership in respect of certain Investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

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Hedging Policies/Risks. While it is not currently anticipated that the Partnership will use derivative instruments for long-term hedging purposes as a meaningful component of its investment strategy, the Partnership may utilize a wide variety of derivative financial instruments for risk management purposes. The successful utilization of hedging and risk management transactions requires skills that are separate from the skills used in selecting and monitoring investments and such transactions may entail greater than ordinary investment risks. Additionally, costs related to currency hedging arrangements will be borne by the Partnership. There can be no assurance that any hedging transactions will be effective in mitigating risk in all market conditions or against all types of risk (including unidentified or unanticipated risks or where the Investment Advisor does not regard the probability of the risk occurring to be sufficiently high as to justify the cost), thereby resulting in losses to the Partnership. Engaging in hedging transactions may result in a poorer overall performance for the Partnership than if it had not engaged in any such hedging transaction, and the Investment Advisor may not be able to effectively hedge against, or accurately anticipate, certain risks that may adversely affect the Partnership's investment portfolio. In addition, the Partnership's investment portfolio will always be exposed to certain risks that cannot be fully or effectively hedged, such as credit risk relating both to particular securities and counterparties and foreign exchange risks. The Partnership will utilize hedging transactions only for those positions determined by the Investment Advisor in its sole discretion.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an Investment, the Partnership may be required to make certain representations about the business, financial affairs and other aspects (such as environmental, property, tax, insurance, and litigation) of such Investment typical of those made in connection with the sale of a business. The Partnership also may be required to indemnify the purchasers of such Investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves or escrow accounts. In that regard, Limited Partners may be required to return amounts distributed to them to fund Partnership obligations, including indemnity obligations, subject to certain limits set forth in the Partnership Agreement. Furthermore, under the ELP Law, each Limited Partner that receives a distribution in violation of the ELP Law will, under certain circumstances, be obligated to contribute such distribution to the Partnership.

In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Partnership's efforts to maximize sale proceeds. Similarly, it may be possible, depending on the laws of the relevant jurisdiction, for buyers of Partnership assets may later sue the Partnership under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Risks of Acquiring Real Estate Loans and Participations. When the Partnership invests in real estate loans and other real estate-related debt securities or other interests, all or a material portion of such real estate loans or participation interests therein acquired by the Partnership may be nonperforming at the time of their acquisition and/or may become nonperforming following their acquisition for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial writedown of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that the General Partner and the Investment Advisor may find it necessary or desirable to

foreclose on collateral securing one or more real estate loans purchased by the Partnership. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Environmental Risks and Potential Liabilities. The Partnership may be exposed to substantial risk of loss from environmental claims arising from Investments involving undisclosed or unknown environmental problems, health or occupational safety matters or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under the laws, rules and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances, including asbestos, on or in such property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances and the person bearing liability may incur substantive costs in defending claims of liability. The cost of any required remediation and the owner's liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Partnership's return from such Investment. Environmental claims with respect to a specific Investment may exceed the value of such Investment, and under certain circumstances, subject the other assets of the Partnership to such liabilities. In addition, even in cases where the Partnership is indemnified by the seller with respect to an Investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Partnership to achieve enforcement of such indemnities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, the Partnership's operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to Investments of the Partnership, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development and use of property. Certain clean-up actions brought by European, state, country and local agencies and private parties may also impose obligations in relation to Investments and result in additional costs to the Partnership.

Litigation at the Property Level. The acquisition, ownership and disposition of real properties carry certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the Partnership or its subsidiaries in relation to activities that took place prior to the Partnership's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may

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claim that it should have been afforded the opportunity to purchase the asset or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made, if such buyer is passed over in favor of another as part of the Partnership's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the Partnership under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Availability of Insurance Against Certain Catastrophic Losses. With respect to properties acquired by the Partnership, liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that the General Partner or Investment Advisor believe are customary for similar properties will be maintained. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all Investments may be insured against terrorism. If a major uninsured loss occurs, the Partnership could lose both invested capital in and anticipated profits from the affected Investments.

Provision of Managerial Assistance. The General Partner will use reasonable best efforts to avoid having the assets of the Partnership constitute "plan assets" of any plan subject to Title I of ERISA (as defined below) or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and may, in this regard, elect to operate the Partnership as a "venture capital operating company" ("VCOC") or a "real estate operating company" ("REOC") each within the meaning of regulations promulgated under ERISA. Operating the Partnership as a VCOC would require that the Partnership obtain rights to substantially participate in or influence the conduct of the management of a number of the Partnership's Investments. In the case of Investments in portfolio companies, the Partnership may designate a director to serve on the board of directors of one or more portfolio companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the Partnership to claims by a portfolio company, its security holders and its creditors. While the General Partner intends to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

ERISA Considerations. Because the General Partner may operate the Partnership in a manner intended to qualify the Partnership as a VCOC or REOC in order to avoid holding "plan assets" within the meaning of ERISA, the Partnership may be restricted or precluded from making certain Investments. In addition, such operation could require the General Partner to liquidate Investments at a disadvantageous time, resulting in lower proceeds to the Partnership than might have been the case without the need for such compliance.

Risk Arising from Potential Control Group Liability. Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its "controlled group" will be jointly and severally liable for 100% of the plan's unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the "PBGC") may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that the Partnership holds in one or more of its portfolio companies, the Partnership itself cannot be considered part of an ERISA controlled group unless the Partnership is considered to be a “trade or business”.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If the Partnership were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by the Partnership and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by the Partnership, with a resulting need for additional capital contributions, the appropriation of Partnership assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Partnership assets. Moreover, regardless of whether or not the Partnership were determined to be a trade or business for purposes of ERISA, a court might hold that one of the Partnership’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

Investments Longer Than Term. The Partnership may make Investments which may not be advantageously disposed of prior to the date that the Partnership will be dissolved, either by expiration of the Partnership’s term or otherwise. Although the General Partner expects that Investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Partnership may have to sell, distribute or otherwise dispose of Investments at a disadvantageous time as a result of dissolution.

Financial Market and Interest Rate Fluctuations. General fluctuations in the financial markets, market prices of securities and/or interest rates may adversely affect the value of the Partnership’s Investments and/or increase the risks inherent in the Partnership’s Investments. The ability of companies, businesses, projects or assets in which the Partnership holds investments to refinance debt securities may depend on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets, which in recent months have been extraordinarily difficult to access at favorable rates. The precarious state of global credit markets, coupled with the threat of a double-dip recession and the attendant uncertainty for financial services companies and in the global financial system generally, may make it significantly more difficult than had been in the recent past for financial sponsors like Blackstone to obtain favorable financing terms for its investments. Any deterioration of the global debt markets, any possible future failures of certain financial services companies and a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some investment banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer committed financing for investments on less favorable terms than had been prevailing in the recent past. The Partnership’s ability to generate attractive investment returns may be adversely affected to the extent the Partnership is unable to obtain favorable financing terms for its Investments. The lethargic state of global credit markets (in particular, in Europe), may make it difficult for financial sponsors to obtain favorable

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financing terms for its investments. Any deterioration of the global debt markets (particularly the European debt markets), any possible future failures of European financial services companies and/or increases in market perception of counterparty default risk, interest rates and/or taxes may adversely affect the Partnership's ability to generate attractive risk-adjusted investment returns. In addition, lenders have tightened their loan underwriting standards, which has reduced the availability of credit to prospective borrowers. This has contributed, and may continue to contribute, to a weakening in the commercial real estate market as these adjustments have, among other things, inhibited refinancing and reduced the number of potential buyers of commercial real estate. In the event that the Partnership is unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, the Partnership may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned. Similarly, the BREP Funds' portfolio companies historically have regularly utilized the corporate debt markets in order to obtain financing for their operations. The continued market turmoil, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to businesses generally and has led to an overall weakening of the EU and global economies, which in turn may adversely affect or restrict the ability of the Partnership to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Partnership.

Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry. The Partnership's ability to achieve its investment objectives, as well as the ability of the Partnership to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect the Partnership's ability to achieve its investment objectives, as well as the ability of the Partnership to conduct its operations.

There continues to be significant discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private equity industry. On July 21, 2010, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act defines a "nonbank financial company" as a company that is substantially engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC"), an interagency body created to monitor and address systemic risk, has the authority to designate such a company to regulation by the Federal Reserve (including capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important. The Dodd-Frank Act does not contain any minimum size requirements for such a designation, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds. On December 18, 2014, the FSOC released a notice seeking public comment on the potential risks posed by aspects of the asset management industry, including whether asset management products and activities may pose potential risks to the U.S. financial system in the areas of liquidity and redemptions, leverage, operational functions, and resolution, or in other areas. Similarly, in Europe, the Financial Stability Board has recommended strengthening oversight and regulation of the so-called "shadow banking" system, broadly described as credit intermediation involving entities and activities outside the regular banking system. While at this stage it is difficult to predict the scope of any new regulations, if during the Partnership's Investment Period regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards currently applicable to banks, or the Partnership were considered to be engaged in "shadow banking," either in Europe, the United States or in any other jurisdiction in which the Partnership engages in investment activities, the regulatory and operating costs associated therewith could adversely impact the implementation of the Partnership's investment strategy and the Partnership's returns and may become prohibitive.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that will affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule,” which takes the form of new Section 13 of the U.S. Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any “banking entity” (generally defined as any insured depository institution, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities), as principal, from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the 1940 Act (as defined below) in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The Volcker Rule also requires certain nonbank financial companies that have been designated as systemically important by the FSOC and subject to supervision by the Federal Reserve (as discussed above) to comply with additional capital requirements and comply with certain other quantitative limits on such activities, although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in such funds. The Volcker Rule became effective as a matter of statute on July 21, 2012, but banking entities had a so-called “conformance period,” which ran until July 21, 2015, to wind down, sell, transfer or otherwise conform their investments and activities to the Volcker Rule, absent an extension by the Federal Reserve or an exemption for certain “permitted activities.” On December 10, 2013, the Federal Reserve and other federal regulatory agencies issued final rules implementing the principal components of the Volcker Rule. Prospective investors in the Partnership that are banking entities should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on Blackstone or the Partnership, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on Blackstone or otherwise impede the Partnership’s activities.

While the Investment Advisor is currently registered under the Advisers Act (as defined below), the enactment of these reforms and/or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on Blackstone and/or the Partnership specifically, and may impede the Partnership’s ability to effectively achieve its investment objectives.

As a registered investment adviser under the Advisers Act, the Investment Advisor and its affiliates are required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of the Investment Advisor and its affiliates to make regulatory filings with respect to the Partnership and its activities under the Advisers Act (including, without limitation, Form PF and Form ADV)). In addition, the Investment Advisor is required to comply with a variety of regulatory reporting and compliance-related obligations under applicable federal, state and foreign securities laws (including, without limitation, reports or notices in connection with the AIFMD and/or CFTC (as defined below) as well as other international jurisdiction-specific obligations)). In light of the heightened regulatory environment in which the Partnership and the Investment Advisor operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Partnership, the Investment Advisor and their affiliates to comply with such regulatory reporting and compliance-related obligations. The Partnership will be required to bear the Partnership’s expenses relating to compliance-related matters and regulatory filings, which are likely to be material, including on a cumulative basis over the life of the Partnership. For example, Form PF requires that the Investment Advisor report the regulatory assets under management of the Partnership, and because the Partnership will be required to bear the Partnership’s expenses relating to compliance-related matters and regulatory filings, the Partnership will bear the pro rata costs and expenses of initial and ongoing Form PF compliance, including costs and expenses of collecting and calculating data and the preparation of such reports and filings). Certain of these expenses are likely to be material, including on a cumulative basis over the life of the Partnership. Any further increases in the regulations applicable to private investment funds generally or the Partnership and/or the Investment Advisor in particular may result in increased

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expenses associated with the Partnership's activities and additional resources of the Investment Advisor being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for the Limited Partners and/or have an adverse effect on the ability of the Partnership to effectively achieve its investment objective.

Furthermore, various federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investment by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the General Partner and its affiliates may be exposed to claims and/or actions that could require a Limited Partner to withdraw from the Partnership. As a related matter, Blackstone may be required to provide certain information regarding some of the Limited Partners to regulatory agencies and bodies in order to comply with applicable laws and regulations including the U.S. Foreign Corrupt Practices Act. In addition, as a publicly-traded global alternative asset manager whose broad range of businesses includes the management of direct and secondary private equity funds, hedge funds, real estate funds, credit-oriented funds, mutual funds, and other private investment funds, Blackstone is from time to time subject to litigation and claims relating to its businesses, as well as governmental and/or regulatory inquiries, investigations and/or proceedings. 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 U.S. Securities and Exchange Commission (the "SEC") has specifically focused on private equity. In that connection, the SEC's list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. Blackstone is regularly subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which Blackstone routinely cooperates and, in the current environment, even historical practices that have been previously examined are being revisited. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against Blackstone or its personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm Blackstone and the Partnership. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing, whether applicable to Blackstone specifically or the underlying private equity funds in which Blackstone invests generally, would not have a material adverse effect on the Partnership and its ability to achieve its investment objectives.

As a result, there can be no assurance that any of the foregoing will not have an adverse impact on Blackstone or otherwise impede the Partnership's ability to effectively achieve its investment objectives.

Registration under the U.S. Commodity Exchange Act. Registration of the General Partner with the U.S. Commodity Futures Trading Commission (the "CFTC") as a "commodity pool operator" or any change in the Partnership's operations necessary to maintain the General Partner's ability to rely upon the exemption from registration as described in Section VI—"Regulatory, Tax and ERISA Considerations—U.S. Commodity Exchange Act" could adversely affect the Partnership's ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Partnership to certain additional costs, expenses and administrative burdens. Furthermore, any determination by the

General Partner to cease or to limit holding or investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on the Partnership’s ability to implement its investment objectives and to hedge risks associated with its operations.

Compliance with the AIFM Directive. The European Union Alternative Investment Fund Managers Directive (the “Directive”), as transposed into national law within the member states of the EU, imposes requirements on non-EU alternative investment fund managers (“AIFM”) which market alternative investment funds (“AIF”) to professional investors within the EU.

In particular, the Directive requires suitable co-operation agreements to be in place as between the relevant regulators of the Cayman Islands and each EU member state in which interests in the Partnership are being marketed, the absence of which will potentially restrict the ability of the General Partner to offer interests in the Partnership to investors in the such EU member states and may therefore limit the General Partner’s ability to attract investors based in the EU and lead to a reduction in the overall amount of capital invested in the Partnership. This may, in turn, have an adverse impact upon the operations of the Partnership, including the range of investment strategies that the Partnership is able to pursue. The Directive may also impose additional disclosure and reporting requirements in relation to the Partnership and its investments, compliance with which may involve additional costs, as well as restrictions on early distributions or reductions in capital in respect of EU portfolio companies (the so-called “asset stripping” rules) which may result in additional costs and may limit the use of certain investment and realization strategies (such as dividend recapitalization and reorganizations) which do not apply to non-AIF/AIFM competitors not subject to the Directive, thereby potentially placing the Partnership at a disadvantage to such competitors. In parallel, certain member states of the EU have changed their domestic private placement rules, which restrict the ability of the General Partner in similar ways and/or impose additional disclosure, reporting and operational requirements in relation to the Partnership. More generally, implementation of the Directive could expose the General Partner, the Investment Advisor and/or the Partnership to conflicting regulatory requirements in the Cayman Islands and the EU and its member states.

In the future, it may be possible for non-EU AIFMs to market an AIF within the EU pursuant to a pan-European marketing “passport” instead of under national private placement regimes, provided that the AIFM complies with all relevant provisions of the Directive including, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, additional disclosure and reporting requirements to both investors and EU home state regulators, the independent valuation of an AIF’s assets and the appointment of legal representatives and an independent depository to hold assets. As a result, the Directive could in the future have other adverse effects in relation to the Partnership and the Investment Advisor’s business by, among other things, increasing the regulatory burden and costs of operating and managing the Partnership and its Investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the Investment Advisor’s ability to recruit and retain these personnel.

It should be noted that the final scope and requirements of the Directive remain uncertain, and are subject to change as a result of the issuance of any further national and/or EU guidance with respect to the Directive, the enactment of further EU secondary legislation and/or the introduction of further national implementing legislation in relevant EU member states. It should also be noted that, despite the deadline for the transposition of the Directive into national law within the member states of the EU having passed, a small number of member states of the EU have yet to fully implement the Directive into national law and as a result there is significant uncertainty as to the rules for the offering of interests in the Partnership to investors in such EU member states during the intervening period between the scheduled date for implementation of the Directive (i.e., 22 July 2013) and the actual implementation of the Directive into national law by such member states. Such uncertainty may restrict the ability of the General Partner to

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offer interests in the Partnership to investors in such EU member states with consequences similar to those described above, as well as affect the General Partner's ability to comply with the rules for the offering of interests in such EU member states during any such intervening period.

The Partnership will bear the costs and expenses of compliance with the Directive and any related regulations, including, for example, costs and expenses of collecting and calculating data, the appointment of depositaries and/or custodians and the preparation of any notices, filings, periodic reports and/or other materials as may be required in relation to any European Economic Area member states.

Reliance on Portfolio Company Management. In many instances, the day-to-day operations of each Investment will be the responsibility of the Investment's management team. Although the General Partner and/or the Investment Advisor will be responsible for monitoring the performance of each Investment and intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio companies in accordance with the Partnership's plans. Additionally, portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, such Investment and the Partnership may be adversely affected thereby.

In addition to the use of the services of operating partners as further described below under "—Service Providers," it is expected that the Partnership will participate in Investments that will then engage operating platforms owned by Other Blackstone Funds for services, including but not limited to property management, leasing oversight, corporate services, and construction management. Participating in Investments that engage operating platforms that are owned by Other Blackstone Funds will subject the Partnership to certain risks and conflicts. For example, a counterparty or other unaffiliated participant may require facing only one fund entity (or group of entities) that owns a Portfolio Vehicle, which may result in (i) if the Partnership is a direct counterparty to a transaction, the Partnership being solely liable with respect to its own as well as Other Blackstone Funds' shares of any applicable obligations, (ii) having a contribution obligation to the relevant Other Blackstone Funds in the event that the Partnership is not a direct counterparty to a transaction and/or (iii) the Partnership being jointly and severally liable with such Other Blackstone Funds for the full amount of such applicable obligation, in each case which may result in the Partnership and such Other Blackstone Funds entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Partnership and such Other Blackstone Funds would be compensated (or provide compensation to the other) for agreeing to be primarily liable vis-à-vis such third party counterparty. Moreover, in connection with the divestment of all or part of an operating platform (e.g., an initial public offering of the portfolio companies comprising such operating platform), Blackstone will seek to track the ownership interests, liabilities and obligations of the Partnership and such Other Blackstone Funds to the respective portfolio companies comprising such operating platform, but it is possible that the Partnership and such Other Blackstone Funds may incur shared or crossed liabilities. Furthermore, depending on various factors including the relative assets, expiration dates, investment objectives and return profiles of each of the Partnership and such Other Blackstone Funds, it is possible that one or more of them will have greater exposure to legal claims and that they will have conflicting goals with respect to the price, timing and manner of disposition opportunities.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making Investments, the General Partner and/or the Investment Advisor will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each Investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, social, governance and legal issues. When conducting due diligence and making an assessment regarding an Investment, the General Partner and/or the Investment Advisor will rely on the resources available to it,

including information provided by the target of the Investment and, in some circumstances, third-party investigations. The due diligence investigation that the General Partner and/or the Investment Advisor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the Investment being successful. Conduct occurring at portfolio companies, even activities that occurred prior to the Partnership's investment therein, could have an adverse impact on the Partnership. For example, the European Commission recently held that certain private fund entities associated with a financial sponsor that were owners of a former portfolio company that was found to have participated in anticompetitive cartel activities were liable for the underlying conduct on the basis that such funds had exercised decisive influence over the former portfolio company. This precedent illustrates the risk that even if private equity funds are only involved in the high level strategy and commercial policy of their portfolio companies, it does not exclude them from liability in the context of courts and/or regulators.

Consultants, legal advisors, appraisers, accountants, investment banks and other third parties may be involved in the due diligence process and/or the ongoing operation of the Partnership's portfolio companies to varying degrees depending on the type of investment. For example, certain asset management and finance functions, such as data entry relating to a portfolio company, may be outsourced to a third party service provider whose fees and expenses will be borne by such portfolio company or the Partnership. Such involvement of third party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner and/or Investment Advisor are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. (See also "—Portfolio Company Relationships" below).

Risks in Effecting Operating Improvements. In some cases, the success of the Partnership's investment strategy will depend, in part, on the ability of the Partnership to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Partnership will be able to successfully identify and implement such restructuring programs and improvements.

Uncertainty of Financial Projections. The General Partner will generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Absence of Regulatory Oversight. Notwithstanding that the Investment Advisor is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended from time to time (the "Advisers Act") and the Partnership may be considered similar in some ways to an investment company, the Partnership is not required and does not intend to register under the U.S. Investment Company Act of 1940, as amended from time to time (the "1940 Act"), and, accordingly, Limited Partners are not afforded the protections of the 1940 Act.

Indemnification. The Partnership will be required to indemnify the General Partner, the Investment Advisor, their affiliates, and each of their respective members, officers, directors, employees, agents, partners, and certain other persons who serve at the request of the General Partner or the Investment Advisor on behalf of the Partnership for liabilities incurred in connection with the affairs of the Partnership. (See Section II: "Summary Terms of the Partnership—Limitation of Liability;

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Indemnification.”) Members of the [REDACTED] Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the Partnership Agreement. Such liabilities may be material and have an adverse effect on the returns of the Limited Partners. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of the General Partner may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligation of the Partnership would be payable from the assets of the Partnership, including the unpaid Capital Commitments of the Limited Partners. If the assets of the Partnership are insufficient, the General Partner may recall distributions previously made to the Limited Partners, subject to certain limitations set forth in the Partnership Agreement. It should be noted that the General Partner may cause the Partnership to purchase insurance for the Partnership, the General Partner, the Investment Advisor and their employees, agents and representatives. In addition, because the General Partner may cause the Partnership to advance the costs and expenses of an indemnitee pending the 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 Partnership is advancing expenses to an individual or entity with whom the Partnership is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as General Partner of the Partnership, the General Partner will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as the General Partner (and/or its legal counsel) have determined that such disqualifying conduct did not occur.

Partnership Expenses. The Partnership will pay and bear all expenses related to its operations. The amount of these partnership expenses will be substantial and will reduce the actual returns realized by Limited Partners on their investment in the Partnership (and will reduce the amount of capital available to be deployed by the Partnership in investments). Partnership expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of partnership expenses ultimately called or called at any one time may exceed expectations. As described further in the Partnership Agreement, partnership expenses encompass a broad range of expenses and include all expenses of operating the Partnership and its related entities, including, for example, any entities used directly or indirectly to acquire, hold, or dispose of any one or more Investment(s) or otherwise facilitating the Partnership’s investment activities. Although the costs and expenses of forming and organizing the Partnership are separately categorized and subject to a limit under the Partnership Agreement, ongoing partnership expenses to be borne by the Partners and not classified as organizational expenses include costs that relate to organizational matters, such as travel and related expenses of the Investment Advisor or the General Partner, legal, audit and filing fees, capital raising and investor-related services and other similar costs and costs and expenses of administering side letters entered into with Limited Partners (including the process of distributing and implementing applicable elections pursuant to any “most-favored-nations” clauses in side letters). Partnership expenses also include, among other things, expenses related to compliance-related matters and regulatory filings (including, without limitation, regulatory filings of the Investment Advisor and its affiliates relating to the Partnership and its activities, including reporting on Form PF or other reports to be filed in connection with the requirements of the U.S. Commodity Futures Trading Commission and reports, disclosures, filings and notifications prepared, and service providers appointed, in connection with the laws, rules, regulations or similar requirements of jurisdictions in which the Partnership engages in activities (or in which any prospective Limited Partner is resident or established), including any notices, reports, and/or filings (including those in connection with the offering of interests) in accordance with the Directive and any related regulations, expenses and fees charged or specifically attributed or allocated by the Investment Advisor or its affiliates to provide administrative services to the Partnership (including overhead related thereto), and expenses, charges and/or related costs incurred by the Partnership, the Investment Advisor or its affiliates in connection with such provision of administrative services to the

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Partnership (or specifically allocated thereto); *provided*, that any such expenses, fees, charges or related costs shall not be greater than what would be paid to an unaffiliated third party for substantially similar services, accounting expenses, reporting related expenses, including preparation of financial statements, tax returns, K-1s and other communications or notices relating to the Partnership, and related costs and fees, costs and expenses related to the organization or maintenance of any entity used to acquire, hold or dispose of any investment or otherwise facilitating the Partnership's investment activities (including without limitation travel and related expenses related to such entity and the salary and benefits of any personnel (including personnel of the Investment Advisor or its affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity), including overhead expenses in connection therewith. Expenses to be borne by the General Partner and/or the Investment Advisor are limited only to those items specifically enumerated in the Partnership Agreement (such as rent for office space, office furniture and salaries of its employees), and all other costs and expenses in operating the Partnership will be borne directly or indirectly by the Limited Partners. Expenses associated with the investigation, negotiation, structuring, acquisition, holding, monitoring and disposition of Investments, including, without limitation, any brokerage, custody or hedging costs and travel and entertainment expenses in connection with the Partnership's investment activities will be borne by the Partnership (and indirectly by the Limited Partners). Similar expenses incurred in connection with organization and offering of interests in the Partnership will be part of "Organizational Expenses" that are to be borne by the Limited Partners, subject to the limits set forth in the Partnership Agreement. To the extent not reimbursed by a third party, all third-party expenses incurred in connection with a proposed Investment that is not ultimately made or a proposed disposition that is not actually consummated, including legal, tax, accounting, travel and entertainment, advisory, consulting and printing expenses and any liquidated damages, reverse termination fees or similar payments will be borne by the Partnership (and allocated *pro rata* to all Partners, without taking into account any applicable excuse or exclusion rights of any Limited Partner). From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by the Partnership, on the one hand, or the General Partner and the Investment Advisor, on the other, and/or whether certain costs and expenses should be allocated between or among the Partnership, on the one hand, and Blackstone's other investment funds and collective investment vehicles (including vehicles in existence as of the date hereof and those that may be formed in the future, collectively, "Other Blackstone Funds"), on the other. Certain expenses may be suitable for only the Partnership, a particular Parallel Fund or participating Other Blackstone Fund and borne only by such fund, or, as is more often the case, expenses may be allocated among each participating Other Blackstone Fund and the Partnership and all Parallel Funds even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partner will make such allocation judgments in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. Travel, entertainment and related expenses described herein include, without limitation, first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), and social and entertainment events with portfolio entity management, customers, clients, borrowers, brokers and service providers).

Capital Calls. Capital calls will be issued by the General Partner from time to time at the discretion of the General Partner, based upon the General Partner's assessment of the needs and opportunities of the Partnership. To satisfy such capital calls, Limited Partners may need to maintain a substantial portion of their Capital Commitment in assets that can be readily converted to cash. Except as specifically set forth in the Partnership Agreement, each Limited Partner's obligation to satisfy capital calls will be unconditional. A Limited Partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Partnership or upon any assessment thereof provided by the General Partner. Capital calls may not provide all of the information a Limited Partner desires in a particular circumstance, and such information may not be made available and will not be a condition precedent for a Limited Partner to meet its funding obligation. Additionally, and notwithstanding the

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foregoing, the General Partner will not be obligated to call 100% of the Limited Partner's Capital Commitment during the Partnership's term. The fees, costs and expenses incurred by Limited Partners in fulfilling a capital call (whether it is bank fees, wire fees, foreign exchange fees, value-added tax or other applicable charge imposed on a Limited Partner) will be borne solely by such Limited Partner and will be in addition to the amounts required by capital calls (and will not be part of or otherwise reduce their Capital Commitments and/or unused Capital Commitments, as applicable).

Proposed Legislation Adversely Affecting Blackstone Employees and Other Service Providers. Congress has considered proposed legislation that would treat carried interest as ordinary income for U.S. federal income tax purposes and other proposed legislation that would treat publicly traded partnerships engaged in certain investment management activities, such as Blackstone, as corporations for such purposes. Enactment of any such legislation could adversely affect employees or other individuals performing services for the Partnership who hold direct or indirect interests in the General Partner and benefit from carried interest, which could make it more difficult for Blackstone to incentivize, attract and retain individuals to perform services for the Partnership.

Any such developments could thus adversely affect the Partnership's investment returns allocable to the Limited Partners. It is unclear whether any such proposed legislation will be enacted or if enacted how it would apply to Blackstone, the General Partner, and any other individuals involved with the Partnership who benefit from carried interest.

The Partnership is subject to FATCA. As described in Section VI: "Regulatory, Tax, and ERISA Considerations—Certain Tax Considerations—Certain U.S. Tax Considerations—Certain Federal Income Tax Legislation," under the Foreign Account Tax Compliance Act ("FATCA"), all entities in a broadly defined class of foreign financial institutions ("FFIs") must comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of U.S. stocks and securities) and non-U.S. entities that are not FFIs must either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of U.S. stocks and securities). FATCA also contains complex provisions requiring participating FFIs to withhold on certain "foreign passthru payments" made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a "foreign passthru payment" is still reserved under the current regulations, however the term generally refers to payments that are from non-U.S. sources but that are "attributable to" certain U.S. payments and gross proceeds described above. Withholding on these payments is not set to apply until 2019. In general, non-U.S. investment funds are considered FFIs. The reporting requirements imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an intergovernmental agreement ("IGA"), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of reported information with the IRS. The General Partner intends any non-U.S. partnership that constitutes an FFI would comply, to the extent reasonably practicable, with the reporting requirements to avoid the imposition of the withholding tax, but if such FFI does not do so (because, for example, investors fail to provide the required information), certain payments made to any such FFI may be subject to a withholding tax, which would reduce the cash available to investors. Further, these reporting requirements may apply to underlying entities in which the Partnership invests, and the Partnership may not have control over whether such entities comply with the reporting regime. Such withheld amounts that are allocable to a Limited Partner may, in accordance with the Partnership Agreement, be deemed to have been distributed to such Limited Partner to the extent the taxes reduce the amount otherwise distributable to such Limited Partner. Prospective investors should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Partnership and the ability of the Partnership to effectively employ its investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Investment Advisor and may divert time and attention from portfolio management activities. In addition and in particular in light of the changing global regulatory climate, the Partnership will be required to register under certain foreign laws and regulations, and will need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market Interests to potential investors. The effect of any future regulatory change on the Partnership could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

Change of Law Risk. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a portfolio investment's operations, or implement laws or regulations affecting the portfolio investment's operations, separate from any contractual rights it may have. A portfolio company or project also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from a portfolio company or gains recognized by the Partnership on its investment in such portfolio company, that could impact a portfolio company's business as well as the Partnership's return on investment with respect to such portfolio company.

OFAC and FCPA Considerations. Economic sanction laws in the United States and other jurisdictions prohibit Blackstone, Blackstone's professionals and the Partnership from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Partnership's investment activities in certain markets, including those in Europe.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. Blackstone, the Blackstone professionals and the Partnership are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act of 2010, and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Partnership may be adversely affected because of

its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Partnership to act successfully on investment opportunities and for Investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of the U.K. Bribery Act, which in some ways is broader in scope than the FCPA and applies to private and public sector corruption and holds companies liable for failure to prevent bribery unless they have adequate procedures in place to prevent bribery. While Blackstone has developed and implemented a stringent compliance program designed to ensure strict compliance by Blackstone and its personnel with the FCPA and the U.K. Bribery Act, even reasonable compliance programs may not prevent all instances to prevent violations. In addition, in spite of Blackstone's policies and procedures, affiliates of portfolio companies, particularly in cases where the Partnership or another Blackstone sponsored fund or vehicle does not control such portfolio company, and third party consultants, managers and advisors may engage in activities that could result in FCPA or U.K. Bribery Act violations. Any determination that Blackstone has violated the FCPA, the U.K. Bribery Act, or other applicable anti-corruption laws or anti-bribery laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Blackstone's business prospects and/or financial position, as well as the Partnership's ability to achieve its investment objective and/or conduct its operations.

Pay-to-Play Laws, Regulations, and Policies. In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the Investment Advisor, the General Partner, or their respective employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Partnership by, for example, providing the basis for the withdrawal of the affected government plan investor.

Cyber Security Breaches and Identity Theft. Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Blackstone's, portfolio companies' and their service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. Although Blackstone has implemented, and portfolio companies and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Blackstone's, the Partnership's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Limited Partners (and their beneficial owners) and the intellectual property and trade secrets of Blackstone and/or portfolio companies. Blackstone, the

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Partnership and/or a portfolio company could be required to make a significant investment to remedy the effects of any such failures, harm their reputations, subject them and their respective affiliates to legal claims and adverse publicity and otherwise affect their business and financial performance.

Placement Agents. One or more parties will act as placement agents (each, a “Placement Agent”, and together, the “Placement Agents”) for the Interests and, in that capacity, act for the General Partner and in such capacity would not act as investment advisers to potential investors in connection with the offering of the Interests. Potential investors must independently evaluate the offering and make their own investment decisions. In connection with the foregoing, the General Partner and/or its affiliates may engage Park Hill, a former affiliate of the General Partner, which is now part of PJT Partners, as a Placement Agent. (See also “—Other Blackstone Businesses and Activities.”) The General Partner and/or its affiliates will pay each Placement Agent a placement fee based upon the amount of Interests committed to by investors that each such Placement Agent introduces to the General Partner and each Limited Partner will bear any placement fees incurred with respect to its investment in the Partnership and its Management Fees will be reduced on a dollar-for-dollar basis. Potential investors should also note that at various times, the Placement Agents can be expected to act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which may offer interests that are similar to the Interests and/or otherwise compete with the Partnership for investments. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the General Partner in connection with this offering, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the General Partner. Furthermore, certain Placement Agents may, and other Blackstone affiliates will, seek to do business with and earn fees or commissions from other investment funds and their portfolio companies and affiliates of the General Partner. Examples of such business may include, without limitation: provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage. Each potential investor should consider these issues in making its investment decision.

Possible Exclusion. The General Partner may determine that it is appropriate to exclude one or more Limited Partners (or categories of Limited Partners) from a particular Investment (or category of Investments) due to particular tax concerns related thereto or for other regulatory or legal reasons. Subject to the goal of maximizing overall returns for the Limited Partners, the General Partner will generally seek to mitigate the circumstances giving rise to such exclusion. If the General Partner later determines that it is no longer necessary for such Limited Partners to be excluded from such Investment (including, because the tax, regulatory or legal situation has changed or is no longer in effect), the General Partner may require or permit the previously excluded Limited Partners to participate in the Investment, including through the participation thereby in an alternative investment vehicle and/or the acquisition of a portion of the Investment from Blackstone or an affiliate thereof (subject to certain limitations). However, Blackstone or any of its affiliates would have no right and would be under no obligation to sell a portion of the Investment to the Partnership, and the Partnership would have no right and would be under no obligation to acquire a portion of the Investment. Any later purchase of an Investment from Blackstone or an affiliate thereof would be at the fair market value of the Investment at the time of the later purchase. Therefore Limited Partners who were initially excluded from the Investment may participate in the Investment on different terms (and may not get the benefit of any income from the Investment prior to their participation).

Side Agreements. The General Partner will enter into side letters or other similar agreements with certain Limited Partners in connection with their admission to the Partnership as Limited Partners therein without the approval of any other Limited Partner, which would have the effect of establishing rights under or altering or supplementing the terms of the Partnership Agreement with respect to such Limited Partners in a manner more favorable to such Limited Partners than those applicable to other Limited Partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular Investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such

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Investments), (ii) the General Partner's agreement to extend certain information rights or additional reporting to such Limited Partner, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner, (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 Partnership, (iv) consent of the General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Limited Partner, (v) restrictions on, or special rights of such Limited Partner with respect to the activities of the General Partner, (vi) withdrawal rights (subject to the 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 a Limited Partner, (viii) economic arrangements, (ix) matters regarding such Limited Partner's right to participate in co-investment opportunities, (x) matters regarding such Limited Partner's (or its affiliates') interest in providing debt financing to the Partnership or its portfolio companies or (xi) additional obligations, and restrictions of the Partnership with respect to the structuring of any investment (including with respect to alternative investment vehicles). Such side agreements may permit such Limited Partners to take actions on the basis of information not available to other Limited Partners that do not have the benefit of such agreements. Any rights or terms so established in a side letter with a Limited Partner will govern solely with respect to such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such side letter) and will not require the approval of any other Limited Partner notwithstanding any other provision of the Partnership Agreement. A copy of the applicable provisions of each side letter (without duplication) that is entered into will be available upon request and will be distributed in connection with the most-favored-nations side letter election process that will take place following the final closing. Moreover, notwithstanding the fact that a Limited Partner may have such a most-favored-nations provision in its side letter, such Limited Partner will not, notwithstanding the terms of such side letter provision, have the right to elect any rights or benefits: (a) unless such Limited Partner agrees to be bound by any obligations, restrictions or other terms related to such rights or benefits that have been agreed to with the investor initially granted such rights or benefits; (b) contained in any side letter entered into in connection with the admission of an investor and one or more of its affiliates to the Partnership and one or more other investment vehicles and/or managed accounts sponsored or advised by Blackstone pursuing a materially different investment strategy or diversified investment program pursuant to an integrated overall arrangement with Blackstone, which side letter, for greater certainty, may remain confidential and not shared with any other investors; (c) that relate to appointing a representative or non-voting observer to the [REDACTED] Advisory Committee; (d) established in favor of another investor by reason of the fact that such other investor is subject to any laws, rules, regulations or policies to which the Limited Partner is not also subject, (e) that are personal to another investor based solely on the place of organization or headquarters of, organizational form of, or other particular restrictions or considerations applicable to, such investor and/or (f) granted to an affiliate of Blackstone (including, for this purpose, any Other Blackstone Fund and/or charity, foundation or endowment or other similar program (including any related entities, vehicles and/or accounts) associated with Blackstone), Blackstone's senior advisors, operating partners and/or its current or former employees, partners and affiliates.

In addition, Blackstone has, and it can be expected that Blackstone in the future will, enter into agreements with investors involving an investor's overall relationship with Blackstone, including one or more strategies in addition to the Partnership's strategy with terms and conditions applicable to such investor and its investment in multiple Blackstone strategies that would not apply to a Limited Partner's investment in the Partnership. Such an agreement would often involve an investor agreeing to make a capital commitment to multiple Blackstone funds, one or more of which may include the Partnership. Limited Partners will not receive a copy of the agreement memorializing such an 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 (in addition to one or more of the rights listed above)

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specialized reporting, discounts on and/or reimbursement of fees and/or carried interest applied to some or all of the relevant investment program and/or investment vehicles (including, as applicable, the Partnership), secondment of personnel from the investor to Blackstone (or vice versa), as well as targeted amounts for co-investments alongside Blackstone funds (including, without limitations, preferential allocation thereof and the terms and conditions related to such participation (including any carried interest and/or management fees to be charged with respect thereto)), which may include investments made by the Partnership. Any such arrangements will result in fewer co-investment opportunities (or reduced allocations) being made available to Limited Partners.

It is also expected that Blackstone will from time to time confirm factual matters to incoming Limited Partners, make statements of intent or expectation to such Limited Partners or acknowledge statements by such incoming Limited Partners that relate to the Partnership and/or Blackstone's activities pertaining thereto in one or more respects. In addition, Blackstone may from time to time agree to certain matters relating to knowledge transfer and/or secondments with one or more Limited Partners as part of an overall firm relationship. Any such statements, confirmations agreements or acknowledgements will not involve the granting of any legal right or benefit, and therefore will not be subject to the "most favored nations" process or election by the Limited Partners, and as a result Limited Partners will not typically receive notice thereof or copies of the documentation (if any) in which they are contained. There can be no assurance that any such arrangements will not have an adverse effect on the Partnership or that such arrangements will not influence Blackstone's activities or the operation of the Partnership.

The Partnership may be liable for adjustments to its tax returns as a result of recently enacted legislation. Legislation was recently enacted that significantly changes the rules for U.S. federal income tax audits of partnerships. Such audits will continue to be conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under the elective alternative procedure, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. There can be no assurance that the Partnership will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. If the Partnership does not or is not able to make such an election, then (1) the then current Partners of the Partnership, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Partnership elected the alternative procedure, and (2) a given Partners may indirectly bear taxes attributable to income allocable to other Partners or former Partners, including taxes (as well as interest and penalties) with respect to periods prior to such Partner's ownership of Interests of the Partnership. Amounts available for distribution to the Partners of the Partnership may be reduced as result of the Partnership's obligations to pay any taxes associated with an adjustment. Many issues and the overall effect of this new legislation on the Partnership are uncertain, and Partners should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

Phantom Income. A Limited Partner that is subject to U.S. tax or subject to tax in other jurisdictions may be required to take into account its allocated share of all items of partnership income, gain, loss, deduction and credit, whether or not distributed. Because of the nature of the Partnership's investment activities, the Partnership may generate taxable income in excess of cash distributions to the Partners and no assurance can be given that the Partnership will be able to make cash distributions to cover such tax liabilities as they arise. Accordingly, the Limited Partners should ensure that they have sufficient cash flow from other sources to pay all tax liabilities resulting from the Limited Partner's ownership of Interests in the Partnership. See Section VI: "Regulatory, Tax and ERISA Considerations—Certain U.S. Tax Considerations."

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Amendments. The terms of the Partnership Agreement provide that in the case of (x) any consent (including, without limitation, with respect to any proposed amendments of the Partnership Agreement) sought by the General Partner or (y) any anticipated “assignment” (within the meaning of Section 202(a)(1) of the Advisers Act) by the General Partner of its Interest or by the Investment Advisor of the Investment Advisory Agreement, then, as an alternative to obtaining the approval of the [REDACTED] Advisory Committee to such assignment on behalf of the Partnership, the General Partner may seek to obtain the approval of the Combined Limited Partners by way of a “negative consent” right under the Partnership Agreement. To the extent the General Partner seeks to obtain the approval of the Limited Partners by way of any such “negative consent,” subject to the terms and conditions of the Partnership Agreement, the failure of a Limited Partner to respond to a notice seeking a consent to an amendment of the Partnership Agreement (and any required follow-up notices) will be deemed to be such Limited Partner’s consent with respect thereto. As a result, the failure of a Limited Partner to respond will be counted as an affirmative consent by such Limited Partner despite the fact that such Limited Partner may have otherwise desired not to vote in favor of such amendment had it submitted a timely response with respect to such notice.

FOIA. To the extent that the General Partner determines in good faith that, as a result of the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law, any state or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Limited Partner or any of its affiliates may be required to disclose information relating to the Partnership, its affiliates, and/or any entity in which an investment is made (other than certain fund-level, aggregate performance information described in the Partnership Agreement), which disclosure could, for example, affect the Partnership’s competitive advantage in finding attractive investment opportunities. The General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner, as more fully described in the Partnership Agreement. Without limiting the foregoing, in the event that any party seeks the disclosure of information relating to the Partnership, its affiliates, and/or any entity in which an investment is made under FOIA or any such similar law, the General Partner may, in its discretion, initiate legal action and/or otherwise contest such disclosure, which may or may not be successful, and any expenses incurred therewith will be borne by the Partnership.

Handling of Mail. Mail addressed to the Partnership and received at its registered office will be forwarded unopened to the forwarding address supplied by the Partnership. None of the Partnership, the General Partner or any of its or their directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address.

Potential Conflicts of Interest

Various potential and actual conflicts of interest will arise as a result of the overall investment activities of the Partnership, Blackstone, the General Partner, the Investment Advisor and their affiliates. The following discussion enumerates certain but not all potential conflicts of interest which should be carefully evaluated before making an investment in the Partnership. Blackstone and Blackstone personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed below. If any matter arises that the General Partner and its affiliates (including the Investment Advisor) determine in its good faith judgment constitutes an actual conflict of interest, the General Partner and its affiliates (including the Investment Advisor) may take such actions as they determine in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the General Partner and its affiliates (including the Investment Advisor) 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 may include, by way of example and without limitation, (i) presenting a conflict of interest to the [REDACTED] Advisory

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Committee as expressly provided for in the Partnership Agreement, (ii) disposing of the security giving rise to the conflict of interest; (iii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; (iv) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the L.P. Advisory Committee regarding the conflict of interest and either obtaining a waiver or consent from the L.P. Advisory Committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the [REDACTED] Advisory Committee with respect to such conflict of interest, (v) disclosing the conflict to the Limited Partners (including, without limitation, in drawdown notices, quarterly letters or other communications), or (vi) implementing certain policies and procedures designed to ameliorate 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 the Partnership. By acquiring an Interest in the Partnership, each Limited Partner will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. 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, the General Partner, and the Investment Advisor in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees. Prospective investors are urged to review the Investment Advisor's Form ADV for additional risks and conflicts disclosure.

Performance Allocation. The existence of the General Partner's 20% carried interest may create an incentive for the General Partner to make more speculative Investments on behalf of the Partnership than it would otherwise make in the absence of such performance-based compensation. Under the terms of the Partnership Agreement, the General Partner is entitled to elect to receive its carried interest with respect to an Investment that is otherwise being sold in the form of an in-kind distribution of marketable securities, including if the purpose is to permit one or more Blackstone personnel to donate such securities to charity (which may include private foundations, funds or other charities associated with any such personnel). The tax efficiencies to such Blackstone personnel associated with this form of charitable giving may have the effect of reinforcing and/or enhancing the General Partner's incentives otherwise resulting from the existence of its carried interest and therefore conflicts of interest may arise in making decisions on behalf of the Partnership (including the timing of the disposition of Investments). However, the significant commitment by Blackstone to invest in Investments, the General Partner clawback (see Section II: "Summary Terms of the Partnership – General Partner Clawback"), and the fact that the hurdle rate is calculated on an aggregate basis should tend to reduce the incentive to make more speculative Investments or otherwise time the sale of Investments in a manner motivated by the personal interests of Blackstone personnel. In connection therewith, the General Partner's clawback obligation may create an incentive for the General Partner to defer disposition of one or more Investments if such disposition would result in a realized loss and/or the finalization of dissolution and liquidation of the Partnership where a clawback obligation would be owed. In addition, upon a withdrawal by a Limited Partner from the Partnership (in limited circumstances) and upon the liquidation of the Partnership, the General Partner may receive Carried Interest Distributions with respect to a distribution in-kind of non-marketable securities. The valuation of such securities for such purposes will be determined by the General Partner as set forth in the Partnership Agreement.

Allocation of Personnel. The General Partner and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Partnership in an appropriate manner. However, Blackstone personnel, including certain members of the Investment Committee, will work on other projects and/or Other Blackstone Funds, will serve on other committees and have other responsibilities throughout Blackstone and/or its portfolio companies, and, therefore, conflicts are expected to arise in the allocation of personnel and such personnel's time. This may include BREDS (as defined below), the BPP Funds (as defined below) or other real estate investment programs now existing or to be developed in the future. In this regard, however, a group of real estate professionals will devote a majority of their business time to the activities of the Partnership, the Real Estate Funds, and any successor or predecessor

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funds thereto (and their respective investments) and their related entities (which may include separate accounts, dedicated managed accounts and/or investment funds formed for specific geographical areas or investments). For purposes hereof, “BREDS” shall be deemed to include Blackstone Real Estate Debt Strategies III ■■■, its predecessor funds and other vehicles accounts and/or entities (including without limitation, Blackstone Mortgage Trust Inc. (“BXMT”), a publicly traded REIT, and any other funds, vehicles, accounts and/or other entities managed on a day-to-day basis primarily by personnel in the Blackstone Real Estate Debt Strategies Group). For purposes hereof, “BPP Funds” shall be deemed to include Blackstone Property Partners ■■■, Blackstone Property Partners International – A ■■■, each of their respective parallel funds and successor funds, including any alternative vehicles formed in connection therewith, and any other funds, vehicles, accounts and/or other entities related to the “core,” “core+” or value-add investment space (including such future investment funds, managed accounts and/or other similar arrangements).

Fees for Services. Blackstone may receive (i) acquisition fees for Investments, (ii) Additional Fees, (iii) fees for Property Management Services, and (iv) fees for Company Advisory Services, as described under Section II: “Summary Terms of the Partnership—Management Fee; Other Fees.” Blackstone may also serve as an advisor to a seller of an investment to the Partnership (see “—Other Blackstone Businesses and Activities” below). The Management Fee with respect to a Limited Partner will generally be reduced by an amount equal to (i) 100% of such Limited Partner’s pro rata share of fees described in clause (i) above and (ii) 80% of such Limited Partner’s share of Additional Fees; *provided*, that such fees will be allocated among the Partnership (and the Parallel Funds), the Real Estate Funds, vehicles participating with respect to the Blackstone Co-Investment Percentage, Supplemental Capital Vehicles and, to the extent applicable, the Other Blackstone Funds or Similar Funds on a pro rata basis in applying the foregoing. Except as set forth above, the Limited Partners will not receive the benefit of fees or other compensation received by Blackstone in connection with the provision of services by Blackstone to the Partnership or third parties. The amount of such fees allocable to such Other Blackstone Funds and/or accounts and co-investment vehicles will not result in an offset of the Management Fee payable by Limited Partners, 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). In the event break-up or topping fees are paid to Blackstone in connection with a transaction that is not ultimately consummated, co-investment vehicles that invest alongside the Partnership 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, and such costs and expenses will be borne by the Limited Partners. Such other fees may give rise to conflicts of interest in connection with the Partnership’s investment activities, and while the General Partner and the Investment Advisor will seek to resolve any such conflicts in a fair and equitable manner, there is no assurance that any such conflicts will be resolved in favor of the Partnership. (See also “—Other Blackstone Funds; Allocation of Investment Opportunities; “Investments in Which Other Blackstone Funds Have A Different Principal Investment” and “—Other Real Estate Funds” below.)

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

Blackstone has established an 80/20 joint venture with Kensington Vanguard, an existing leading national title agent to create a new title company (the “Title Company”). While the mandate of the Title Company is U.S.-focused, Blackstone may, in the future, expand the title agency to non-U.S. jurisdictions, including Europe. The new Title Company acts as an agent for certain large underwriters in issuing title policies for investments by Other Blackstone Funds as well as non-Blackstone investments (where applicable) and it is anticipated that if title agency is expanded to non-U.S. jurisdictions, such title agent

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would act similarly. The Title Company and any such title agents place title insurance and provide title services for property owned by, and/or portfolio companies of, Other Blackstone Funds (and may serve in such capacities for the Partnership), and, as a result, Blackstone, through its interest in such entity, receives (or will receive) fees and compensation resulting from its investments, and there will be no related offset to the Management Fee. As a result, while Blackstone believes that any such affiliated title agent, when engaged, generally provides (or will provide) services at rates equal to 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 may incentivize Blackstone to engage its affiliated service provider over a third party.

In addition, Blackstone Property Management Limited (“BPM”), a Blackstone affiliate that provides property management, leasing oversight and development management services to certain Blackstone Real Estate investment properties primarily located in the United Kingdom and continental Europe, as discussed in further detail below under “—Service Providers,” will receive fees for such services at competitive market rates as confirmed by the General Partner from time to time.

The Partnership will bear the cost of fund administration and other related services provided by Blackstone employees and/or affiliates (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 Partnership, (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 Partnership and will not result in any offset to the Management Fee.

Blackstone (or its portfolio companies) may from time to time provide asset and/or property management services for a fee (including incentive fees) with respect to Investments sold by the Partnership to a third party buyer. Such involvement of Blackstone as a provider of such services with respect to such Investments may give rise to potential or actual conflicts of interest. While it is generally not expected that Blackstone will have a separate direct economic interest in such Investments, it is possible that a buyer may require Blackstone as provider of such services to retain or acquire a stake in the asset as part of the overall service relationship therewith.

Advisors and Operating Partners. Blackstone engages and retains strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of Blackstone and who are expected, from time to time, to receive payments from, or allocations with respect to, portfolio companies (as well as from Blackstone or the Partnership). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or the Partnership may be treated as Partnership Expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Blackstone, be deemed paid to or received by Blackstone and such amounts will not be subject to the offset provisions as described in Section II: “Summary Terms of the Partnership – Management Fee; Other Fees.” These strategic advisors, consultants, operating partners and/or other professionals (which may include certain former Blackstone employees) often have the right or may be offered the ability to co-invest alongside the Partnership, including in those Investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce the Partnership’s returns and will not necessarily be subordinated to the return of Limited Partners’ Capital Contributions), or otherwise participate in equity plans for management of any such portfolio company or invest directly in the Partnership or in a vehicle controlled by the Partnership subject to

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reduced or waived management fees and/or carried interest, including after the termination of their engagement by or other status with Blackstone, and such co-investment and/or participation (which generally will result in the Partnership being allocated a smaller share of an investment) will not be considered as part of Blackstone's side-by-side co-investment rights. Additionally, and notwithstanding the foregoing, these strategic advisors, consultants, senior advisors and/or other professionals, as well as current and former executive officers of Blackstone portfolio companies, are expected to be (or have the preferred right to be) investors in Portfolio Vehicles and/or Other Blackstone Funds, and may be permitted to participate in Blackstone's side-by-side co-investment rights, which generally do not provide for a management fee or carried interest payable by participants therein and generally result in the Partnership being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side rights. Additionally, Other Blackstone Funds will be permitted (or have the preferred right) to participate in Blackstone's side-by-side co-investment rights. In particular, funds, vehicles, accounts and other similar arrangements managed by Blackstone Total Alternatives Solution Advisors L.L.C. are expected to participate in investments alongside the Partnership pursuant to Blackstone's side-by-side investment rights. In such cases, Blackstone would be eligible to receive fees and carried interest with respect to such Other Blackstone Funds. The nature of the relationship with each of the strategic advisors, 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 some cases, they provide the General Partner and/or the Investment Advisor with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances Blackstone has formal arrangements with these executive advisors consultants, management teams for operating platforms 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 and, in any event, pursuant to negotiated arrangements which will not be confirmed as being comparable to the market rates for such services) from Blackstone, the Partnership and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. In certain cases, they have certain attributes of Blackstone "employees" (e.g., they may have dedicated offices at Blackstone, have a Blackstone email address, participate in general meetings and events for Blackstone personnel, work on Blackstone matters as their primary or sole business activity) even though they are not Blackstone employees, affiliates or personnel for purposes of the Partnership Agreement, Investment Advisory Agreement and related Management Fee offset provisions. There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Partnership and/or any portfolio companies throughout the term of the Partnership.

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 will from time to time reduce the synergies across Blackstone's various businesses that the Partnership expects to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management businesses, including capital markets group, 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 reduce the positive synergies that the Partnership expects to utilize for purposes of finding attractive investments. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which its private equity business may be considering making an investment or companies that are clients of Blackstone. As a consequence, that information, which could be of benefit to the Partnership, might become restricted to those respective businesses and otherwise be

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unavailable to the Partnership. In addition, to the extent that the Blackstone Real Estate group is in possession of material non-public information or is otherwise restricted from trading in certain securities, the Partnership and the Investment Advisor, as part of the Blackstone Real Estate group, generally also will be deemed to be in possession of such information or otherwise restricted. This could reduce the investment opportunities available to the Partnership, prevent the Partnership from exiting an Investment or otherwise limit its investment flexibility. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Blackstone fund has or has considered making an investment or which is otherwise a client of Blackstone will from time to time restrict or otherwise limit the ability of the Partnership and/or its portfolio companies and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone may enter into one or more strategic relationships, in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Partnership, may require the Partnership to share such opportunities or otherwise limit the amount of an opportunity the Partnership can otherwise take. (See also “—Other Blackstone Funds; Allocation of Investment Opportunities.”)

Other Blackstone Businesses and Activities. As part of its regular business, Blackstone provides a broad range of services. In addition, from time to time, Blackstone and its affiliates will provide services in the future beyond those currently provided. Limited Partners will not receive a benefit from such fees.

In connection with its capital markets, investment banking, real estate advisory and other businesses, Blackstone may determine that there are conflicts of interest or come into possession of information that limits its and its affiliates’ ability to engage in potential real estate-related transactions. The Partnership’s activities may be constrained as a result of such conflicts of interest and Blackstone’s inability to use such information.

For example, employees of Blackstone may be prohibited by law or contract from sharing information with Blackstone’s real estate group. Additionally, there may be circumstances in which one or more individuals associated with Blackstone will be precluded from providing services to the General Partner or the Investment Advisor because of certain confidential information available to those individuals or to other parts of Blackstone. Blackstone is under no obligation to decline any engagements or investments in order to make an investment opportunity available to the Partnership. The Partnership may be forced to sell or hold existing Investments as a result of investment banking relationships or other relationships that Blackstone may have or transactions or investments Blackstone and its affiliates may make or have made. (See “—Other Blackstone Funds; Allocation of Investment Opportunities” and “Portfolio Company Relationships” below.) The Partnership may also co-invest with such clients of Blackstone in particular investment opportunities and the relationship with such clients could influence the decisions made by the General Partner with respect to such Investments. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to the Partnership. (See also “—Continuing Relationships of Schreiber,” “—Other Blackstone Funds; Allocation of Investment Opportunities,” “—Conflicting Fiduciary Duties to Debt Funds” and “—Other Real Estate Funds,” below.)

Blackstone will from time to time participate in underwriting or lending syndicates with respect to portfolio companies of the Partnership, or otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, the Partnership’s portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies. Such underwritings will be on a firm commitment basis or may be on an uncommitted “best efforts” basis. 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 the Partnership or such portfolio companies or advise on such transactions. Blackstone will also from time to time, on behalf of the Partnership or other parties to a transaction involving the Partnership, effect transactions, including transactions in the secondary markets where it will from time to time nonetheless have a potential conflict of interest regarding the Partnership and the other parties to those transactions to the extent it receives commissions or other

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compensation from the Partnership 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 Partnership or the Partners and the Management Fee with respect to a Limited Partner generally will not be reduced by such amounts. Blackstone will from time to time nonetheless have a potential conflict of interest regarding the Partnership and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. The General Partner will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for the Partnership, or as dealer, broker or advisor, on the other side of a transaction with the Partnership only where the General Partner believes in good faith that such transactions are appropriate for the Partnership and, by executing a Subscription Agreement for Interests in the Partnership, a Limited Partner consents to all such transactions, along with the other transactions involving conflicts of interest described herein, to the fullest extent permitted by law. Sales of securities for the account of the Partnership (particularly marketable securities) will from time to time be bunched or aggregated with orders for other accounts of Blackstone including other investment partnerships. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged which may be disadvantageous to the Partnership. Where Blackstone serves as underwriter with respect to a portfolio company's securities, the Partnership will from time to time be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Partnership's ability to dispose of such securities at an opportune time. (See also "—Other Trading and Investing Activities" and "—Portfolio Company Relationships" below.)

Blackstone employees, including employees of the Investment Advisor, are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of the Partnership. Limited Partners will not receive any benefit from any such investments.

On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners Inc. ("PJT"), an independent financial advisory firm founded by Paul J. Taubman. While the new combined business operates independently from Blackstone and is not be an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving the Partnership and its portfolio companies on the one hand and PJT on the other. Specifically, given that PJT will not be an affiliate of Blackstone, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by PJT's new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of Blackstone. It is expected that there will be substantial overlapping ownership between Blackstone and PJT for a considerable period of time going forward. Therefore, conflicts of interest in doing transactions involving PJT will still arise. The pre-existing relationship between Blackstone and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, co-investment and other continuing arrangements, may influence the Investment Advisor in deciding to select or recommend PJT to perform such services for the Partnership (or a portfolio company) (the cost of which will generally be borne directly or indirectly by the Partnership or such entity, as applicable). Nonetheless, the General Partner and its affiliates will be free to cause the Partnership and portfolio companies to transact with PJT generally without restriction under the Partnership Agreement notwithstanding such overlapping interests in, and relationships with, PJT. (See also "—Placement Agents" above and "—Service Providers" below).

In addition, other present and future activities of Blackstone and its affiliates (including the Investment Advisor and the General Partner) will from time to time give rise to additional conflicts of interest relating to the Partnership and its investment activities. In the event that any such conflict of interest

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arises, the General Partner 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 Partnership's interests. In addition, pursuant to the Partnership Agreement, an [REDACTED] Advisory Committee will be established and authorized to give consent on behalf of the Partnership with respect to certain matters as described more fully in Section II: "Summary Terms of the Partnership—[REDACTED] Advisory Committee". If the [REDACTED] Advisory Committee consents to a particular matter as to which it is consulted and the General Partner acts in a manner, or pursuant to the standards and procedures, approved by the [REDACTED] Advisory Committee, or otherwise as provided in the Partnership Agreement, then the General Partner and its affiliates will not have any liability to the Partnership or the Limited Partners for such actions taken in good faith by them.

Investments in Portfolio Companies Alongside Other Blackstone Funds. In addition to the contemplated participation in Investments alongside the BREP Co-Investors, the Partnership will also 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) in investments that are suitable for both the Partnership and such Other Blackstone Funds. Even if the Partnership, the BREP Co-Investors (or any such Other Blackstone Funds) 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 Partnership, the BREP Co-Investors and/or such Other Blackstone Funds may not be the same. Additionally, the Partnership, the BREP Co-Investors and/or such Other Blackstone Funds will generally have different expiration dates and/or investment objectives (including return profiles) and Blackstone, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities. To the extent that the Partnership holds interests that are different (or more senior) than those held by such Other Blackstone Funds, the General Partner and the Investment Advisor may be presented with decisions involving circumstances where the interests of such Other Blackstone Funds are in conflict with those of the Partnership. In particular, the Investment Advisor may be presented with such conflicts in light of its role as investment advisor to both the Partnership and BREP VIII. Furthermore, it is possible the Partnership's interest may be subordinated or otherwise adversely affected by virtue of such Other Blackstone Fund's involvement and actions relating to its investment. Moreover, while Blackstone generally seeks to use reasonable efforts to avoid cross-guarantees and other similar arrangements (it being understood, for greater certainty, that the foregoing does not include cross collateralization at the level of a Portfolio Vehicle that is non-recourse to the Partnership), it is possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one fund entity or group of entities, which may result in (i) any of the Partnership, the BREP Co-Investors and/or such Other Blackstone Funds being solely liable with respect to its own and such third party for such Other Blackstone Funds' share of the applicable obligation and/or (ii) any of the Partnership, the BREP Co-Investors and/or such Other Blackstone Funds being jointly and severally liable for the full amount of such applicable obligation, in each case which may result in the Partnership, the BREP Co-Investors and/or such Other Blackstone Funds entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Partnership, the BREP Co-Investors and/or such Other Blackstone Funds would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third party counterparty.

Investments in Which Other Blackstone Funds Have a Different Principal Investment; Co-Investment. From time to time, the Partnership can be expected to co-invest with another investment fund, managed account and/or similar arrangement otherwise advised, managed or operated by Blackstone, including Blackstone Capital Partners VI [REDACTED] and Blackstone Capital Partners VII [REDACTED] (together with their parallel, feeder, predecessor and successor funds and alternative investment vehicles), the Real Estate Funds, BREDS (and including such future investment funds, managed accounts and/or other similar arrangements) and any successors thereto, any supplemental capital vehicles formed in connection with any investments made thereby and any vehicles formed in connection with Blackstone's side-by-side or additional general partner investments relating thereto, other than Similar Funds, Parallel Funds and

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alternative investment vehicles of the Partnership, (each, an “Other Blackstone Fund” and collectively, “Other Blackstone Funds”), Limited Partners and/or other third parties in investments that are suitable for both the Partnership and such Other Blackstone Funds. (See Section II: “Summary Terms of the Partnership— “Allocation of Investment Opportunities & Investment Opportunities to the BREP Co-Investors; Similar Funds” and “Limited Partners’ Co-Investment Rights.”) The Partnership may initially consummate an Investment intended as a co-investment as described herein and syndicate such co-investment to certain Persons (in accordance with the Partnership Agreement within ninety (90) days of consummating such co-investment at a price equal to the sum of (i) the Partnership’s acquisition cost for the transferred portion of such co-investment, including any allocable expenses relating thereto (based on the amount syndicated relative to the amount retained by the Partnership) and (ii) interest on such amount from the closing date of such co-investment by the Partnership through the transfer date to such certain participating Persons at a rate at least equal to the Partnership’s cost of funds, for the period of time during which such transferred portion was funded by borrowing by the Partnership) and, by executing a Subscription Agreement for Interests in the Partnership, a Limited Partner consents to all such transactions to the fullest extent permitted by law. To the extent the Partnership holds securities that are different (including with respect to their relative seniority) than those held by such Other Blackstone Funds, the General Partner and its affiliates may be presented with decisions when the interests of the two funds are in conflict. If the Partnership makes or has an Investment in a portfolio company in which an Other Blackstone Fund has an investment, or if an Other Blackstone Fund (e.g., BREDS and/or BXMT), through the purchase of debt obligations or otherwise, becomes a lender to a portfolio company in which the Partnership has a debt or equity investment, or if the Partnership and an Other Blackstone Fund participate in separate tranches of a fundraising with respect to a portfolio company, Blackstone will generally have conflicting loyalties between its duties to the Partnership and to other affiliates. In that regard, actions may be taken for the Other Blackstone Funds that are adverse to the Partnership. In addition, there may be circumstances where Blackstone agrees to implement certain procedures to ameliorate conflicts of interest which may involve a forbearance of rights relating to the Partnership or an Other Blackstone Fund, such as where Blackstone may cause an Other Blackstone Fund to decline to exercise certain control- and/or foreclosure-related rights with respect to a Portfolio Vehicle or portfolio company (e.g., following the vote of other third party lenders). There can be no assurance that any conflict will be resolved in favor of the Partnership. Conflicts can also be expected to arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on the Partnership’s investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction. In addition, it is possible that in a bankruptcy proceeding the Partnership’s interest may be 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.

Other Trading and Investing Activities. Certain Other Blackstone Funds, including but not limited to BREDS, BXMT and the funds managed by GSO Capital Partners LP, GSO Capital Advisors LLC and GSO Debt Funds Management LLC and any successor funds thereto, may invest in securities of publicly traded companies which are actual or potential portfolio companies. The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Partnership in such securities or related securities. In addition, the Partnership may not pursue an investment in a portfolio company as a result of such trading activities by Other Blackstone Funds.

Representing Creditors and Debtors. From time to time, Blackstone will represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings or will serve as advisor to creditor or equity committees. This involvement, for which Blackstone will from time to time be

compensated, will from time to time limit or preclude the flexibility that the Partnership would otherwise have to buy or sell certain real estate related assets.

Continuing Relationships of Schreiber. Mr. Schreiber serves as a Director of JMB Realty Corporation and remains a substantial shareholder therein. There may be circumstances in which JMB Realty Corporation or its affiliates are involved in a real estate transaction with the Partnership either as the owner, borrower and/or seller of the real estate or as a potential buyer thereof. Although Mr. Schreiber does not actively participate in the investment decisions of JMB Realty Corporation or its affiliates, and while there are no specific restrictions on Mr. Schreiber as a result of his relationship with JMB Realty Corporation or its affiliates, the Partnership may be precluded from pursuing such transactions as a result of this relationship.

Other Blackstone Funds; Allocation of Investment Opportunities. Through its Other Blackstone Funds, Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States, Europe, Asia, Latin America and elsewhere. This may include one or more existing Other Blackstone Funds that have an investment strategy or objective that is similar to or overlaps with the investment strategy or objectives of the Partnership to some extent. Although BREP Europe V will generally serve as Blackstone's primary vehicle for control-oriented "opportunistic" investments in real estate assets or real estate companies located in Europe, all of the opportunities suitable for the Partnership may not be presented to the Partnership, including: (i) as permitted under Section II: "Summary Terms of the Partnership—Blackstone's Side-by Side Investment Rights" and "—Allocation of Investment Opportunities & Investment Opportunities to the BREP Co-Investors; Similar Funds"; (ii) transactions that would be precluded or materially limited by the investment limitations or other requirements hereof or applicable law or regulation (including ERISA); (iii) investments with respect to which the General Partner makes a good faith determination that such opportunity is not expected to yield returns on investment within the range of returns expected to be provided by the Investments in which the Partnership was organized to invest, based on the terms thereof and the information available relating to such opportunity at the time of its evaluation by the General Partner (including investments suitable for a lower risk, lower return fund, a real estate core or core+ fund or vehicle (which includes such funds or vehicles primarily making investments in real estate and real estate related assets within the "core", "core+" or value-add investment space), a real estate mezzanine fund, a REIT, a real estate trading vehicle or a real estate fund primarily making debt investments or non-controlling investments in public and private debt and equity securities) (it being understood that the foregoing funds and vehicles are not primarily focused on making "control-oriented" and/or "opportunistic" investments in Europe and therefore not Similar Funds); (iv) strategic acquisitions or investments by Blackstone itself, whether in financial institutions or otherwise, (v) as otherwise approved by the ■■■ Advisory Committee and (vi) if otherwise an investment fund managed by Blackstone has investment objectives or guidelines in common with those of the Partnership, then investment opportunities which are within such common objectives and guidelines will be allocated between the Partnership and such other vehicle by the General Partner on a basis that the General Partner believes in good faith to be fair and reasonable. See Section II: "Summary Terms of the Partnership—Allocation of Investment Opportunities & Investment Opportunities to the BREP Co-Investors; Similar Funds."

Blackstone may from time to time make and hold investments of various types with or in lieu of Other Blackstone Funds. Although such investments would be limited or restricted by the Partnership Agreement or the agreements for Other Blackstone Funds, to the extent Blackstone does make or hold such investments, many of the conflicts of interest associated with the activities of Other Blackstone Funds also apply to such investment activities of Blackstone.

In addition, there will be circumstances where investments that are consistent with the Partnership's investment objectives will be required or permitted to be made by (to the potential exclusion of the Partnership) or shared with one or more Other Blackstone Funds, including but not limited to funds and vehicles described above and/or that have investment objectives similar to and/or overlapping with the

Partnership's. Some examples of types of investments for which the General Partner will have discretion to allocate away from the Partnership include (A) debt investment opportunities, which may be allocated among the Partnership, BREDS, the BPP Funds and/or funds or accounts managed by GSO Capital Partners LP and its affiliates; (B) minority real estate investments and/or real estate investments with lower expected returns, which may be allocated to (or in the case of minority real estate investments, shared with) Blackstone Tactical Opportunities Fund II [REDACTED], and its related vehicles and successor funds; and (C) investments in companies, even if such companies have substantial real estate holdings or otherwise operate in the real estate or real-estate related industries, which may be allocated to Other Blackstone Funds (including, without limitation, the Blackstone Capital Partners funds). In the case of investment opportunities involving control-oriented "opportunistic" real estate investments in Europe that would be required to be presented to the Partnership but otherwise fall within the investment objectives of an Other Blackstone Fund, Blackstone and the General Partner will allocate such opportunities among one or more of the Partnership and such Other Blackstone Funds on a basis that it determines to be fair and reasonable, taking into account contractual obligations, portfolio diversification concerns, the specific nature of the investment, the source of the investment opportunity, the nature, size, type and terms of the investment, the relative amounts of capital available for investment in each fund and other anticipated uses of capital, the source of the investment opportunity, the investment focus, guidelines, limitations, and strategy of each investment fund or vehicle, portfolio diversification concerns, contractual obligations, the anticipated tax treatment of the Investment, and other considerations deemed relevant by Blackstone. In the case of core or core+ real estate investment opportunities, Blackstone will need to assess expected returns and there can be no assurance that actual returns for any such investment will not exceed expectations and therefore in one or more circumstances meet the targeted returns for the Partnership. Notwithstanding the foregoing, the BREP Co-Investors will participate alongside the Partnership in each of the Partnership's Investments as more fully described below. (See also Section II: "Summary Terms of the Partnership—Allocation of Investment Opportunities; Similar Funds.") With respect to the General Partner's ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Partnership and another Blackstone fund (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable), Blackstone has established general guidelines for determining how such allocations are to be made, which, among other things, sets forth factors the General Partner may consider when allocating investments. The application of those factors may result in the Partnership not participating (or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such factors and/or based only on the circumstances of such particular investment.

There may be circumstances, including in the case where there is a seller who is seeking to dispose a pool or combination of assets, properties, securities or instruments, where the Partnership and Other Blackstone Funds participate in a single or related transactions with a particular seller where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) to any of the Partnership and such Other Blackstone Funds. The allocation of such specific items generally would be based on the General Partner's determination of the expected returns for such items (e.g., specific items with higher expected returns may be allocated to the Partnership whereas those with lower relative expected returns may be allocated to an Other Blackstone Fund), and in any such case the combined purchase price paid to a seller would be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third party valuation firm and/or by the General Partner and its affiliates.

The BREP Co-Investors will participate in Investments alongside the Partnership. Such participation (the "BREP Co-Investment Participation Percentage") will be 20% of the amount of each Investment otherwise available to be made by the Partnership, subject to: (i) legal, tax, regulatory, accounting and other similar considerations (including, without limitation, any investment limitations of the Partnership or the BREP Co-Investors), (ii) the BREP Co-Investors or the Partnership having available capital with

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respect thereto, (iii) ability of the BREP Co-Investors to increase the BREP Co-Investment Participation Percentage with respect to an Investment if such Investment would otherwise exceed 7% of the Capital Commitments to the Partnership and (iv) the General Partner changing the BREP Co-Investment Participation Percentage for a particular Investment or prospective Investments generally if (x) it considers such change appropriate in its reasonable business judgment, (y) it obtains the approval of the ■ Advisory Committee and (z) any necessary approval required under the partnership agreement of the BREP Co-Investors is obtained. In addition, if an Investment would otherwise exceed 7% of the Capital Commitments to the Partnership, Blackstone may allocate such excess as it determines, including to Other Blackstone Funds, or other co-investors.

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 Partnership 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 Partnership would instead be referred (in whole or in part) to such third party, or as indicated above, to other third parties. This means that co-investment opportunities that are sourced by the Partnership will be allocated to investors that are not Limited Partners.

As provided in Section II: “Summary Terms of the Partnership—Blackstone’s Side-by Side Investment Rights”, a portion of each Investment will be allocated to Blackstone and its affiliates. Certain Other Blackstone Funds can be expected to participate in such investment opportunities through Blackstone’s side by side co-investment rights. The Partnership may lend an amount to Blackstone and its affiliates with respect to its pro rata share of such Investments in those circumstances where the Partnership is borrowing with respect thereto on a short term basis; *provided*, that any such amounts so borrowed shall be (x) on a short term basis (based on the General Partner’s reasonable belief at the time of the Investment); and (y) on no more favorable terms than those applicable to the Partnership’s borrowing of the related proceeds.

There are expected to be circumstances where an amount that would have otherwise been invested by the Partnership will instead be allocated to co-investors (who may or may not be Limited Partners, including, for greater certainty, limited partners of Other Blackstone Funds), and there is no guarantee for any Limited Partner 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 whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the General Partner’s assessment of a potential co-investor’s ability to invest an amount of capital that fits the needs of the investment (taking into account the amount of capital needed as well as the maximum number of investors that can realistically participate in the transaction) and the General Partner’s assessment of a potential co-investor’s ability to commit to a co-investment opportunity within the required timeframe of the particular transaction. Additional considerations may also include, among others and without limitation, the size of investor commitments to the Partnership, the Parallel Vehicles Funds, Other Blackstone Funds and strategic third party investors, whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone, the size of the potential co-investor’s interest to be held in the underlying portfolio company as a result of the Partnership’s investment (which is likely to be based on the size of the potential co-investor’s capital commitment and/or investment in the Partnership’s), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, the Partnership, or other co-investments and/or Other Blackstone Funds, and such other factors that Blackstone deems relevant under the circumstances. In particular, Blackstone may

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agree with investors (including third party investors and investors in the Partnership and Parallel Funds) to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to Limited Partners. 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 Partnership and/or the Parallel Funds. 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 Partnership, the Parallel Funds 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 Partnership will be made available to the Partnership. It is expected that many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested.

There are also circumstances where debt financing is provided by a Limited Partner or an affiliate thereof. Any such financing would be in addition to funds provided in accordance with any such Limited Partner's Capital Commitment and shall in no way reduce the Unused Capital Commitment of such Limited Partner with respect to any Investment. As a general matter, the General Partner, in its sole discretion, may request proposals from Limited Partners or their affiliates to provide any such debt financing and the General Partner, in its sole discretion, shall determine which proposals, if any, are acceptable to the Partnership. As a general matter, in determining the allocation of debt financing opportunities, the General Partner generally expects to take into account various facts and circumstances it deems relevant. Such factors are likely to include, among others, whether a potential lender has expressed an interest in evaluating debt financing opportunities, whether a potential lender has a history of participating in debt financing opportunities generally and with Blackstone in particular, the size of the potential lender's loan amount, the timing of the Investment, the availability of other sources of financing, the creditworthiness of the Limited Partner or its affiliates, whether the potential lender has demonstrated a long-term and/or continuing commitment to the potential success of Blackstone, real estate funds, the Partnership, or other debt financing opportunities and/or Other Blackstone Funds, and such other factors that Blackstone deems relevant under the circumstances.

Portfolio Company Relationships. The Partnership's portfolio companies are or will 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, would not have otherwise been entered into but for the affiliation with Blackstone, and which involve fees and/or servicing payments to Blackstone-affiliated entities which are not subject to the management fee offset provisions described in Section II: "Summary Terms of the Partnership—Management Fee; Other Fees." For example, certain portfolio companies enter into agreements regarding group procurement (such as the group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will from time to time be pooled across portfolio companies and discounted due to scale) from a third party or a Blackstone affiliate, and other similar operational, administrative or management related initiatives that result in commissions or similar payments to Blackstone or its affiliates, including related to a portion of the savings achieved by the portfolio company. As a part of such benefits management, certain of the Partnership's Investments may 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 other related services for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, Equity Healthcare is able

to negotiate pricing terms from providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. The payments made to Blackstone in connection with Equity Healthcare, group purchasing, insurance and benefits management will not offset the Management Fee payable by the Limited Partners. Additionally, Blackstone will from time to time hold equity or other investments in companies or businesses (even if they are not “affiliates” of Blackstone) that provide services to or otherwise contract with portfolio companies. Blackstone has 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 companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Blackstone that are tied or related to participation by portfolio companies). The Partnership and the Limited Partners will not share in any fees or economics accruing to Blackstone as a result of these relationships and/or participation by portfolio companies.

With respect to transactions or agreements with portfolio companies (including, for the avoidance of doubt, long-term incentive plans), at times if unrelated officers of a portfolio company have not yet been appointed, Blackstone may negotiate and execute agreements between Blackstone and/or the Partnership on the one hand, and the portfolio company 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 may use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

In addition, it is possible that certain portfolio companies of the Other Blackstone Funds, REITs or real estate companies in which the Other Blackstone Funds have an interest will compete with the Partnership for one or more investment opportunities.

In addition, the Investment Advisor may receive fees associated with capital invested by co-investors relating to investments in which the Partnership participates. This may include in connection with a joint venture in which the Partnership participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Investment Advisor performs services.

The General Partner will make reasonable efforts to avoid any cross-guarantees or similar obligations for any Other Blackstone Fund that may invest with the Partnership as permitted herein (other than Parallel Funds and alternative investment vehicles) (it being understood, for greater certainty, that the foregoing does not include cross collateralization at the level of a Portfolio Vehicle that is non-recourse to the Partnership), as more fully described below.

In connection with seeking financing or refinancing of a Portfolio Vehicle, it may be the case that better financing terms are available when more than one Portfolio Vehicle provides collateral, particularly in circumstances where the assets of each Portfolio Vehicle are similar in nature. As such, rather than seeking such financing or refinancing on its own, a Portfolio Vehicle of the Partnership may enter into cross collateralization arrangements with another Portfolio Vehicle of the Partnership or Portfolio Vehicles of one or more Other Blackstone Funds (including portfolio companies of the Partnership’s predecessor or successor funds). While Blackstone would expect any such financing arrangements to generally be non-recourse to the Partnership and the Other Blackstone Fund, as a result of any cross-collateralization, the Partnership could also lose its interests in otherwise performing Investments due to poorly performing or non-performing investments of Other Blackstone Funds.

It is also possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one Portfolio Vehicle or group of Portfolio Vehicles, which will typically result in (i) any of a Portfolio Vehicle of the Partnership or a Portfolio Vehicle of an Other Blackstone Fund being solely liable with respect to its own and such third party for such Other Blackstone Fund’s Portfolio Vehicle’s share of the applicable obligation and therefore, being required to contribute amounts in excess

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of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness and/or (ii) any of the Partnership's Portfolio Vehicle and such Other Blackstone Fund's Portfolio Vehicle being jointly and severally liable for the full amount of such applicable obligation or liable on a cross-collateralized basis on an investment-by-investment or portfolio wide basis or liable for an equity cushion (which cushion amount may vary depending upon the type of financing or refinancing (e.g., cushions for refinancings may be smaller), in each case which may result in the Partnership's Portfolio Vehicle and such Other Blackstone Fund's Portfolio Vehicle entering into a back-to-back or other similar reimbursement agreement.

Conflicting Fiduciary Duties to Debt Funds. It is expected that Blackstone will structure certain investments such one or more mezzanine or other investment funds, structured vehicles or other collective investment vehicles primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities, CMBS and other similar debt instruments managed by affiliates of Blackstone (collectively, "Debt Funds") are offered the opportunity to participate in the debt tranche of an Investment allocated to the Partnership. As investment advisor to both the Partnership and the Debt Funds, Blackstone owes a fiduciary duty to the Debt Funds as well as to the Partnership. If the Debt Funds purchase high-yield securities or other debt instruments from a real estate company owned by the Partnership (or if the Partnership makes or has an Investment in or, through the purchase of debt obligations becomes a lender to, a company or property in which a Debt Fund or an Other Blackstone Fund (e.g., BREDS or BXMT) or Other Real Estate Fund (as defined below) has a mezzanine or distressed debt investment), Blackstone will face a conflict of interest in respect of the advice it gives to, or the decisions made with regard to, the Debt Funds, such Other Blackstone Funds and the Partnership (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

Other Real Estate Funds. Blackstone reserves the right to raise and/or manage additional real estate investment funds or vehicles ("Other Real Estate Funds"), including global opportunistic real estate funds, including successors to BREP VIII; the BPP Funds, investments suitable for lower risk, lower return funds, real estate mezzanine funds, real estate trading vehicles, REITs, real estate funds primarily making non-controlling investments in public and private debt and equity securities and/or investment funds that may have the same or similar investment objectives as the Partnership for specific geographical areas outside of Europe (e.g., Blackstone Real Estate Partners Asia ■■■), in each case, including such Other Real Estate Fund's related vehicles and successors thereto. (See Section II: "Summary Terms of the Partnership—Allocation of Investment Opportunities & Investment Opportunities to the BREP Co-Investors; Similar Funds" and "—Other Blackstone Funds; Allocation of Investment Opportunities" above.) The closing of an Other Real Estate Fund could 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 are suitable for the Partnership may be directed toward such Other Real Estate Fund (in whole or in part).

As part of Blackstone's December 2012 acquisition of CT Investment Management LLC ("CTIMCO"), the investment management business of Capital Trust, Inc. ("Capital Trust"), a publicly-traded real estate investment trust that specializes in real estate-related debt investments with a focus on mortgage loans that are backed by commercial real estate assets and certain fund interests in private funds previously managed by subsidiaries of CTIMCO. Blackstone now manages Capital Trust, which was renamed Blackstone Mortgage Trust (NYSE: BXMT) in May 2013, and three private investment funds and certain managed accounts that invest in commercial real estate debt and related investments. In certain instances, the investment objectives of these Other Real Estate Funds may overlap with the investment objectives of the Partnership, and certain investment opportunities may be shared with, or allocated to, such Other Real Estate Funds. In addition, the loan servicing and special servicing business acquired in this transaction was formerly associated with the investment management business of BXMT and is now operated as part of BREDS. Such loan servicing business may, in certain circumstances, enter into loan servicing arrangements and may receive fees with respect to the Partnership's Investments and/or portfolio

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companies of the Partnership on customary terms and conditions. BXMT is managed by its manager in conformity with BXMT's investment guidelines and other policies that are approved and monitored by BXMT's board of directors; at least a majority of BXMT's board is comprised of directors who qualify as independent directors. BXMT's manager and its board of directors have certain contractual and other duties relating to BXMT, and may not consider the interests of the Partnership with respect to participation in the same investment or in separate tranches of fundraising with respect to a portfolio entity. Therefore, such sharing or assignment of rights could make it more difficult for the Partnership to protect its interests and could give rise to a conflict (which may be exacerbated in the case of financial distress) and could result in BXMT or an Other Blackstone Fund (e.g., other BREDS Vehicles) exercising such rights in a way adverse to the Partnership.

Blackstone Involvement in Financing of Third Party Dispositions by the Partnership. The Partnership may from time to time dispose of all or a portion of an Investment by way of a third party purchaser's bid where Blackstone or one or more Other Blackstone Funds provide financing as part of such bid or acquisition of the investment or underlying assets thereof. This generally would include the circumstance where Blackstone or one or more Other Blackstone Funds makes commitments to provide financing at or prior to the time such third party purchaser commits to purchase such investments or assets from the Partnership. Such involvement of Blackstone or one or more Other Blackstone Funds as such a provider of debt financing in connection with the potential acquisition of portfolio investments by third parties from the Partnership may give rise to potential or actual conflicts of interest.

Joint Venture Partners. Some of the third-party operators and joint-venture partners with which the General Partner may elect to co-invest the Partnership's capital have preexisting investments with Blackstone and/or Mr. Schreiber. The terms of these preexisting investments may differ from the terms upon which the Partnership invests with such operators and partners. To the extent a dispute arises between Blackstone and/or Mr. Schreiber and such operators and partners, the Partnership's Investments relating thereto may be affected.

Service Providers. Certain advisors and other service providers (or their affiliates), including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, title agents and investment or commercial banking firms, to the Partnership, Blackstone and/or certain entities in which the Partnership has an Investment also provide goods or services to or have business, personal, financial or other relationships with Blackstone, its affiliates and Portfolio Vehicles. Such advisors and service providers may be investors in the Partnership, affiliates of the General Partner, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or Other Blackstone Funds have an investment, and payments by the Partnership and/or such Portfolio Vehicles may benefit Blackstone and/or such Other Blackstone Funds. Additionally, certain employees of the Investment Advisor have family members or relatives employed by such advisors and service providers. The Investment Advisor and/or its affiliates also provide administrative services to the Partnership for a fee. These relationships may influence Blackstone, the General Partner and/or the Investment Advisor in deciding whether to select, recommend or create such an advisor or service provider to perform services for the Partnership or a Portfolio Vehicle (the cost of which will generally be borne directly or indirectly by the Partnership). Such affiliated service providers, which are generally expected to receive market rate fees (as determined by the General Partner) with respect to certain Investments, include, without limitation:

Intertrust Group. In 2013, Blackstone acquired Intertrust Group. From time to time, Intertrust Group is expected to perform corporate and trust services on an arms-length basis for the Partnership, intermediate entities or Portfolio Vehicles. The retention of Intertrust Group as a service provider may give rise to actual or potential conflicts of interest such as those described above.

BRE Europe. BRE Europe Real Estate Investment ("BRE Europe") refers to a group of Luxembourg-based companies that are the master holding companies through which the

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Blackstone real estate funds principally invest into European investments. BRE Europe provides seven key service functions to European-domiciled entities that are part of the investments of the Blackstone real estate funds. Companies within BRE Europe providing services to the Partnership are owned directly by Other Blackstone Funds. The key service functions provided are: (1) domiciliation, (2) account management, (3) administration, (4) accounting, (5) VAT compliance, (6) CIT compliance and (7) transaction support services. BRE Europe receives fees for such services at no greater than market rates deemed competitive by the General Partner, and operates on a non-profit basis, i.e., the aggregate costs incurred by BRE Europe are allocated and charged to the individual entities to which services are provided based on the type and level of services provided. Blackstone endeavors to allocate fees and expenses associated with BRE Europe fairly and equitably, which allocation involves certain subjective assumptions based on actual data pertaining to the services provided. The General Partner believes that this method results in a fair and equitable allocation of expenses.

Logicor. Portfolio Vehicles are expected to engage Logicor, an operating platform owned by BREP VII and BREP Europe III, to provide management and leasing oversight and corporate services to logistics assets.

Multi Corporation. Portfolio Vehicles are expected to engage Multi Corporation, an operating platform owned by BREP IV, BREP Europe III and BREP VII, to provide management and leasing oversight and corporate services to retail assets.

Anticipa. Portfolio Vehicles are expected to engage Anticipa, an operating platform owned by BREP Europe IV and BREP VII, to provide loan servicing and real estate management.

Fidere. Portfolio Vehicles are expected to engage Fidere, an operating platform owned by BREP Europe IV and BREP VII, to provide property management services with respect to certain multi-family residential real estate assets.

Blackstone Property Management. Portfolio Vehicles are expected to engage BPM, a Blackstone affiliate that provides property management, leasing oversight and development management services to certain investment properties primarily located in the United Kingdom and continental Europe.

In addition to market rate fees, certain affiliated service providers are also expected to receive a management promote and/or an incentive fee.

BPM and/or one or more other such service providers may become available for acquisition by the Partnership as an Investment (as a single asset or as part of an operating platform). In such transactions, Blackstone, one or more Portfolio Vehicles and/or Other Blackstone Funds may be a seller to the Partnership and/or participate alongside the Partnership as a buyer. The General Partner and the Investment Advisor are expected to establish a valuation methodology in relation to the acquisition of any such service provider. In addition, before entering into any such transaction with respect to BPM and/or any such other service provider, it is anticipated that the Investment Advisor and the General Partner will obtain such consents that may be required under the Advisers Act or other applicable laws or regulations and, by executing a Subscription Agreement for Interests in the Partnership, a Limited Partner consents to all such transactions to the fullest extent permitted by law.

Notwithstanding the foregoing, transactions relating to the Partnership that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the General Partner believes to be of benefit to the Partnership. Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for different types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used

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by the Partnership and/or Portfolio Vehicles are different from those used by Blackstone and its affiliates, the Investment Advisor or its affiliates may pay different amounts or rates than those paid by the Partnership and/or Portfolio Vehicles. However, the Investment Advisor and its affiliates have a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates or discounts than those available to the Partnership, Other Blackstone Funds and/or Portfolio Vehicles for the same services.

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 Partnership Agreement. 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 Partnership Agreement. The valuation of Investments will affect the amount and timing of the General Partner's Carried Interest and, under certain circumstances and following the Investment Period, the amount of Management Fees payable to the Investment Advisor. The valuation of Investments may also affect the ability of Blackstone to raise a successor fund to the Partnership. As a result, there may be circumstances where the General Partner is incentivized to determine valuations that are higher than the actual fair value of Investments.

Diverse Limited Partner Group. The Limited Partners, and the limited partners of the Parallel Funds, have conflicting investment, tax and other interests with respect to their investments in the Partnership and with respect to the interests of investors in other investment vehicles managed or advised by Blackstone that may participate in the same Investments as the Partnership. The conflicting interests of individual Limited Partners with respect to other Limited Partners and investors in other investment vehicles would generally relate to or arise from, among other things, the nature of Investments made by the Partnership and such other investment vehicles, the structuring or the acquisition of Investments and the timing of disposition of Investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner or the Investment Advisor, including with respect to the nature or structuring of Investments, which may be more beneficial for one or more (but not all) Limited Partners than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. In addition, the Partnership may make Investments that may have a negative impact on related investments made by the Limited Partners in separate transactions. In selecting and structuring investments appropriate for the Partnership, the General Partner and the Investment Advisor will consider the investment and tax objectives of the Partnership and its Partners as a whole (and those of investors in other investment vehicles managed or advised by Blackstone that participate in the same Investments as the Partnership), not the investment, tax or other objectives of any Limited Partner individually. Additionally, the General Partner may elect to exclude certain Limited Partners from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded Limited Partners will be allocated a greater proportionate interest in such investment. In addition, certain Limited Partners may also be limited partners in other investment funds sponsored or managed by Blackstone. Limited Partners may also include affiliates of Blackstone, such as Other Blackstone Funds, charities or foundations associated with Blackstone personnel and/or current or former Blackstone employees, Blackstone's senior advisors and/or operating partners 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 the Partnership or the Partnership's portfolio companies will be counterparties (such counterparties dealt with on an arm's-length basis) or participants in agreements, transactions or other arrangements with a Limited Partner or an affiliate of a Limited Partner, including agreements to pay performance fees to operating partners in connection with the Partnership's investment therein, which will reduce the Partnership's returns and will not necessarily be subordinated to the return of Limited Partners' Capital Contributions. Such Limited Partners described in the previous sentences may therefore have different information about Blackstone and the Partnership than Limited Partners not similarly positioned. Similarly, not all Limited Partners monitor their investments in vehicles such as

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the Partnership in the same manner. For example, certain Limited Partners may periodically request from the General Partner information regarding the Partnership and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all Limited Partners. In such circumstances, the General Partner may provide such information to such Limited Partner, but because it has provided such information upon request by one or more Limited Partners does not mean the General Partner will be obligated to affirmatively provide such information to all Limited Partners (although the General Partner will generally provide the same information upon request and treat Limited Partners equally in that regard). As a result, certain Limited Partners may have more information about the Partnership than other Limited Partners, and the General Partner will have no duty to ensure all Limited Partners seek, obtain or process the same information regarding the Partnership and its investments and/or portfolio companies.

Additional Potential Conflicts. The officers, directors, members, managers and employees of the General Partner and the Investment Advisor may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies or otherwise determined from time to time by the General Partner or the Investment Advisor, as applicable. In addition, as a consequence of Blackstone's status as a public company, the officers, directors, members, managers and employees of the General Partner and the Investment Advisor may take into account certain considerations and other factors in connection with the management of the business and affairs of the Partnership and its affiliates that would not necessarily be taken into account if Blackstone were not a public company.

Legal Representation. Simpson Thacher & Bartlett LLP and Maples and Calder will act as counsel to the Partnership, the General Partner, and the Investment Advisor in connection with this offering of Interests, and represents Blackstone from time to time in a variety of different matters. In connection with this offering of Interests and ongoing advice to the Partnership, the General Partner, and the Investment Advisor, neither Simpson Thacher & Bartlett LLP nor Maples and Calder will not be representing the Limited Partners. No independent counsel has been retained to represent the Limited Partners. Simpson Thacher & Bartlett LLP or Maples and Calder may be removed by the General Partner at any time without the consent of, or notice to, the Limited Partners. In addition, neither Simpson Thacher & Bartlett LLP nor Maples and Calder undertakes on behalf of or for the benefit of the Limited Partners to monitor the compliance of the Partnership, the General Partner, the Investment Advisor and their affiliates with the investment program, investment strategies, valuation procedures, investment restrictions and other guidelines and terms set forth in this Memorandum and the Partnership Agreement, nor does Simpson Thacher & Bartlett LLP or Maples and Calder monitor on behalf of or for the benefit of the Limited Partners compliance with applicable laws. Neither Simpson Thacher & Bartlett LLP nor Maples and Calder has not investigated or verified the accuracy and completeness of information set forth in this Memorandum, including information concerning the Partnership, the General Partner, the Investment Advisor, and their affiliates and personnel.

The foregoing list of risk factors and conflicts does not purport to be a complete enumeration or explanation of the risks and conflicts involved in an investment in the Partnership. Prospective Limited Partners should read this entire Memorandum and the Partnership Agreement and consult with their own advisors before deciding whether to invest in the Partnership. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risk factors and conflicts.

VI. Regulatory, Tax, and ERISA Considerations

Certain Regulatory Matters

U.S. Investment Company Act of 1940

The Partnership will not be subject to the provisions of the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), in reliance upon Section 3(c)(7) thereof. Section 3(c)(7) of the 1940 Act requires that each prospective purchaser be a “qualified purchaser.” A “qualified purchaser” includes a natural person who owns not less than \$5 million in investments or a company, acting for its own account or the accounts of other qualified purchasers, that owns and invests on a discretionary basis not less than \$25 million in investments, and certain trusts. In addition, the General Partner may form one or more parallel funds that will not be subject to the provisions of the 1940 Act, in reliance upon other exemptions thereunder, including, for example, Section 3(c)(1) or Section 7(d) thereof. The Partnership Agreement and the subscription agreement related thereto will contain representations and restrictions on transfer designed to assure that the foregoing conditions are met.

U.S. Investment Advisers Act of 1940

The Investment Advisor is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”).

The SEC has adopted Rule 206(4)-6 under the Advisers Act (the “Rule”), which requires registered investment advisors that exercise voting authority over client securities to implement proxy voting policies. Because the Investment Advisor may be deemed to have authority to vote proxies relating to the companies in which the Partnership invests, the Investment Advisor has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Rule. To the extent the Investment Advisor exercises or is deemed to be exercising voting authority over Partnership 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 Partnership, as determined by the Investment Advisor in its discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, the Investment Advisor may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, the Investment Advisor will vote proxies (i) in favor of management’s recommendation for the election of the board of directors and (ii) to approve the financial statements as presented by management.

Each proxy is voted on a case-by-case basis taking into consideration any relevant facts and circumstances at the time of the vote. In situations where the Investment Advisor wishes to vote differently from what is recommended in the Policy, or where a potential material conflict of interest relating to the proxy vote exists, the Investment Advisor will take such actions as are required by the Policy.

Limited Partners may request a copy of the Policy and the voting records relating to proxies as provided by the Rule by contacting the Investment Advisor.

U.S. Securities Act of 1933

The offer and sale of the Interests in the United States will not be registered under the U.S. Securities Act of 1933 Act, as amended (the “1933 Act”) in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder. The Interests may be offered outside

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the United States in reliance upon either the exemption from registration provided by Regulation D or Regulation S, in each case, promulgated under the 1933 Act. Each U.S. purchaser must be an “accredited investor” (as defined in Regulation D) and each purchaser will be required to represent, among other customary private placement representations, that it is acquiring its Interests for investment purposes only and not with a view to resale or distribution.

The Interests will not be registered under any other securities laws, including state securities or blue sky laws and non-U.S. securities laws.

The Interests may not be transferred or resold except as permitted under the 1933 Act and any applicable state or non-U.S. securities laws, pursuant to registration or exemption therefrom. As described elsewhere in this Memorandum, the transferability of the Interests will be further restricted by the terms of the Partnership Agreement.

U.S. Securities Exchange Act of 1934

It is not expected that the Partnership will be required to register the limited partnership interests or any other security of the Partnership under Section 12(g) or any other provision of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Partnership does not expect to have any class of equity security held of record by two thousand (2,000) or more persons and expects to meet the other exemptions available under the Exchange Act. As a result, the Partnership would not be subject to the periodic reporting and related requirements of the Exchange Act and Limited Partners should only expect to receive the information and reports required to be delivered pursuant to the Partnership Agreement.

The Interests will not be registered under any other securities laws, including state securities or blue sky laws and non-U.S. securities laws.

The Interests may not be transferred or resold except as permitted under the 1933 Act and any applicable state or non-U.S. securities laws, pursuant to registration or exemption therefrom. As described elsewhere in this Memorandum, the transferability of the Interests will be further restricted by the terms of the Partnership Agreement.

U.S. Commodity Exchange Act

To the extent the Partnership acquires instruments which may be treated as commodity interests, the General Partner may claim an exemption from registration as a commodity pool operator (“CPO”) with the CFTC, including pursuant to certain no-action relief or pursuant to CFTC Rule 4.13(a)(3) with respect to the Partnership, on the basis that, among other things, (a) the pool’s trading in commodity interest positions (including both hedging and speculative positions, and positions in security futures) is limited so that either (i) no more than 5% of the liquidation value of the pool’s portfolio is used as initial margin, premiums and required minimum security deposits to establish such positions, or (ii) the aggregate net notional value of the pool’s trading in such positions does not exceed 100% of the pool’s liquidation value and (b) interests in the pool are exempt from registration under the 1933 Act and, unless the General Partner determines otherwise in its sole discretion and subject to applicable regulatory requirements, are offered and sold without marketing to the public in the United States. Therefore, unlike a registered CPO, the General Partner will not be required to provide prospective investors with a CFTC compliant disclosure document, nor will the General Partner be required to provide Limited Partners with periodic account statements or certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs. Accordingly, this Memorandum has not been reviewed or approved by the CFTC and it is not anticipated that such review or approval will occur.

As an alternative to the exemption from registration as a CPO, the General Partner may register as a CPO with the CFTC and avail itself of certain disclosure, reporting and record-keeping relief under CFTC Rule 4.7 or another exemption.

U.S. Bank Holding Company Act

The U.S. Bank Holdings Company Act of 1956, as amended from time to time, and the rules promulgated thereunder (collectively, the “BHC Act”), including as modified by the Dodd-Frank Act and the “Volcker Rule” thereunder, contain restrictions on certain investors who are (or who have affiliates or certain interest in any entity that is) a bank or a bank-related entity and/or have a connection to the U.S. in that regard from making and holding certain interests in private equity funds (including real estate private equity funds like the Partnership). See also Section V: “Risk Factors and Potential Conflicts of Interest – Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry”. Interests in the Partnership are not freely transferable, are not readily tradable on any exchange or market, and there are no redemption or withdrawal rights, even as of a result of regulatory matters. As a result, each investor should carefully review and familiarize itself with these rules and regulations and consult with its own counsel on how the Volcker Rule, Dodd-Frank and the BHC Act may impact the investor, including as a result of its investment in the Partnership.

Anti-Money Laundering Requirements

In order to comply with applicable anti-money laundering requirements, each investor must represent in its subscription agreement with the Partnership that neither the investor, nor any person having a direct or indirect beneficial interest in the Interest being acquired by the investor, appears on the Specifically Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control in the U.S. Department of the Treasury or in Annex I to U.S. Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism. The Investor must also represent that (a) it has conducted thorough due diligence with respect to all of its beneficial owners, has established the identities of all beneficial owners and the source of each of the beneficial owner’s funds and will retain evidence of such due diligence, beneficial owner identities, and sources of funds; (b) neither it nor any “immediate family member” or “close associate” is a “politically exposed person” (each as defined in the subscription agreement) and (c) it does not know or have any reason to suspect that (i) the monies used to fund the investor’s investment in the Partnership have been, or will be derived from or related to, any illegal activities, including but not limited to money laundering activities, and (ii) the proceeds from the investor’s investment in the Partnership will be used to finance any illegal activities. Each investor must also agree to provide any information to the Partnership and its agents as the Partnership may require in order to determine the investor’s and any of its beneficial owners’ source and use of funds and to comply with any anti-money laundering laws and regulations applicable to the Partnership.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority pursuant to the Terrorism Law (2015 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

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Requests for Information

The Partnership, the General Partner or any of its or their directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2014 Revision) or Reporting of Savings Income information (European Union) Law (2014 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Partnership, the General Partner or any of its or their directors or agents, may be prohibited from disclosing that the request has been made.

Certain Cayman Islands Law Related Matters

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any rights or property of an exempted limited partnership (whether held in that partnership's name or by any one or more of its general partners) shall be held or deemed to be held by the general partner, and if more than one then by the general partners jointly, upon trust as an asset of the exempted limited partnership in accordance with the terms of the partnership agreement. Any debts or obligations incurred by the general partner in the conduct of the Partnership's business are the debts and obligations of the exempted limited partnership. Registration under the Exempted Limited Partnership Law, 2014 (the "ELP Law") entails that the exempted limited partnership becomes subject to, and the limited partners therein are afforded the limited liability (subject to the partnership agreement) and other benefits of, the ELP Law.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the Partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as provided in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership's business and holds himself out as a general partner to third parties or (iii) if such limited partner is obliged pursuant to the ELP Law to return a distribution made to it where the exempted limited partnership is insolvent and the limited partner has actual knowledge of such insolvency at that time.

The Partnership is not required to register or be regulated as a mutual fund under the Mutual Funds Law (2015 Revision) of the Cayman Islands. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

Certain Tax Considerations

The following is a discussion of certain of the anticipated United States federal and Cayman Islands income tax considerations relevant to investors in the Partnership arising from the purchase, ownership and disposition of Interests. The discussion is based on laws and regulations currently in effect, which may change or be subject to different interpretations. This discussion does not take into account the particular circumstances of each prospective investor and may not address considerations relevant to investors in certain categories subject to special rules. Prospective investors should consult their tax advisors to determine its application to their own particular circumstances.

In view of the number of different jurisdictions where local laws may apply to Limited Partners of the Partnership, the discussion below does not address the local tax consequences to potential investors of the purchase, ownership and disposition of Interests, other than those specifically discussed herein. Prospective investors are urged to consult their own advisors in determining the possible tax, exchange control or other consequences to them under the laws of the jurisdiction of which they are citizens, residents, domiciliaries or in which they conduct business.

Each Limited Partner may be subject to filing requirements or liabilities for taxes as a result of an investment in the Partnership. For example, an annual 3% French tax may be charged on Limited Partners that own, directly or indirectly, French property or an interest in French property. This tax, which is assessed on the fair market value of the French properties held directly or indirectly by the Limited Partner as at January 1 of the given year, may be eliminated with an applicable tax treaty (subject to certain disclosure requirements) and does not apply to certain investors (e.g., individuals, listed companies). In addition, subject to applicable tax treaties, non-French individual Limited Partners may be subject to a wealth tax (ranging from 0% to 1.50%) assessed on the net value of French-based taxable assets (including French properties) owned directly or indirectly by such individual. This wealth tax is assessed on the net value of an individual Limited Partner's interest in French taxable assets in excess of €800,000, but is only applicable if the net value of such interest in French taxable assets exceeds €1,300,000 (for year 2015).

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Partnership or the Limited Partners. Interest, dividends and gains payable to the Partnership and all distributions by the Partnership to Limited Partners will be received free of any Cayman Islands income or withholding taxes. The Partnership has registered as an exempted limited partnership under Cayman Islands law and the Partnership will apply for, and expects to receive, an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Partnership or to any Partner thereof in respect of the operations or assets of the Partnership or the interest of a Partner therein; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Partnership or the interests of the Partners therein. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Partnership.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR TO DETERMINE TAX CONSEQUENCES OF THE PURCHASE AND OWNERSHIP OF INTERESTS.

Certain U.S. Tax Considerations

This summary discusses certain U.S. federal income tax considerations relating to an investment in the Partnership. This discussion does not address taxes that may be imposed on the Partnership or the Limited Partners by jurisdictions outside the United States in which the Partnership makes Investments. This discussion is based on current law, which is subject to change, possibly with retroactive effect. This discussion is necessarily general and may not apply to all categories of investors, some of which, such as banks, thrifts, insurance companies, dealers, traders that elect to mark their securities to market and other investors that do not own their Interests as capital assets, may be subject to special rules. Tax-exempt organizations and Non-U.S. Limited Partners (as defined below) are discussed separately below. The actual tax consequences of the purchase and ownership of Interests will vary depending upon the investor's circumstances.

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The following assumes that the Partnership will not invest in U.S. real estate (either directly or indirectly) or in a U.S. corporation the assets of which consist mostly of U.S. real estate, given the investment objectives and restrictions of the Partnership.

For purposes of this discussion, “Partnership Agreement” means the partnership agreement of the Partnership, and the Partnership will generally include any alternative investment vehicle or Parallel Fund. For purposes of this discussion, a “U.S. Person” or a “U.S. Limited Partner” is an individual who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes, a corporation or an entity that is treated as a corporation for such purposes that is created or organized in or under the laws of the United States or any political subdivision thereof, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust (i) that is subject to the primary supervision of a court within the United States and one or more U.S. Persons have the authority to control all substantial decisions of the trust, or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. Person. A “Non-U.S. Person” is a person that is not a U.S. Person, and a “Non-U.S. Limited Partner” is a Limited Partner (other than a partnership) that is not a U.S. Person. This discussion does not constitute tax advice and is not intended to substitute for tax planning.

If a partnership holds an Interest in the Partnership, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding an Interest should consult their own tax advisors.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND NON-U.S. INCOME TAX CONSEQUENCES OF THE PURCHASE AND OWNERSHIP OF INTERESTS.

Partnership Status. Subject to the discussion of “publicly traded partnerships” set forth below, under U.S. Treasury regulations, a non-U.S. “eligible entity” (such as the Partnership) that has two or more members can generally elect to be classified as a partnership for U.S. federal income tax purposes. The General Partner intends to treat the Partnership as a partnership for U.S. federal income tax purposes. The classification of an entity as a partnership for U.S. federal income tax purposes may not be respected for U.S. state or local tax purposes.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be classified as an association taxable as a corporation if it is a “publicly traded partnership.” The General Partner intends to conduct the activities of the Partnership to ensure that the Partnership is not treated as a publicly traded partnership. Simpson Thacher & Bartlett LLP, U.S. counsel to the Partnership, will render an opinion, based on undertakings and representations of the General Partner and subject to limitations and qualifications, to the effect that the Partnership will be classified as a partnership for U.S. federal income tax purposes. The discussion herein assumes such treatment applies. An organization that is classified as a partnership for U.S. federal income tax purposes is not subject to U.S. federal income tax itself, although it generally must file an annual information return.

Legislation was recently enacted that significantly changes the rules for U.S. federal income tax audits of partnerships. Such audits will continue to be conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under the alternative procedure, if elected, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If the Partnership is able to and in fact elects the alternative procedure for a given adjustment, the amount of taxes for which such persons will be liable will be increased by any applicable penalties and a special interest charge.

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There can be no assurance that the Partnership will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. If the Partnership does not or is not able to make such an election, then (1) the then current Partners, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Partnership elected the alternative procedure, and (2) a given Partner may indirectly bear taxes attributable to income allocable to other Partners or former Partners, including taxes (as well as interest and penalties) with respect to periods prior to such Partner's ownership of Interests of the Partnership. Accordingly, it is possible that a Partner will bear tax liabilities unrelated to its ownership of Interests. Amounts available for distribution to the Partners may be reduced as result of the Partnership's obligations to pay any taxes associated with an adjustment.

The partnership representative of the Partnership will be the only person with the authority to act on behalf of the Partnership with respect to audits and certain other tax matters and may decide not to elect (or may be unable to elect) the alternative procedure for any particular adjustment. In addition, the Partnership and each Partner will be bound by the actions taken by the partnership representative on behalf of the Partnership during any audit or litigation proceeding concerning U.S. federal income taxes.

Many issues and the overall effect of this new legislation on the Partnership are uncertain, and investors should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

Taxation of U.S. Limited Partners. Each U.S. Limited Partner will be required to take into account, as described below, its distributive share of each item of the Partnership's income, gain, loss, deduction, and credit for each taxable year of the Partnership ending with or within the U.S. Limited Partner's taxable year. See "—Allocations of Income, Gain, Loss and Deduction." Generally, each item will have the same character and the same source (either U.S. or non-U.S.) as though the U.S. Limited Partner realized the item directly. U.S. Limited Partners must report these items regardless of the extent to which, or whether, they receive cash distributions from the Partnership for such taxable year.

The Partnership may (i) invest in certain securities, such as original issue discount obligations, preferred stock with redemption or repayment premiums, "Section 1256 contracts" or equity in controlled foreign corporations, other non-U.S. entities or entities treated as transparent for tax purposes, or (ii) engage in taxable transactions such as debt restructurings or foreclosures that could cause the Partnership, and consequently the U.S. Limited Partners, to recognize taxable income without receiving any cash. Thus, taxable income allocated to a U.S. Limited Partner may exceed cash distributions, if any, made to such U.S. Limited Partner, in which case such U.S. Limited Partner may have to satisfy tax liabilities arising from an investment in the Partnership from a U.S. Limited Partner's own funds.

In addition, the Partnership may purchase debt instruments with "market discount." Under the market discount rules, the Partnership will be required to treat any gain on the sale, exchange or redemption of a debt instrument as ordinary income to the extent of the market discount that has not previously been included in income and is treated as having accrued on such debt instrument at or prior to the time of such payment or disposition. In addition, a Limited Partner may be required to defer the deduction of a portion of the interest expense on borrowing used to purchase Interests in the Partnership to the extent allocable to market discount debt instruments. Market discount in respect of a debt instrument is generally considered to accrue ratably during the period from the date of acquisition to the maturity date of such debt instrument, unless the holder elects to accrue market discount on the debt instrument under the constant yield method.

Subject to the treatment of certain foreign currency gain or loss as ordinary income or loss (described below) and the treatment of market discount (described above), the Partnership's gain or loss from securities transactions generally will be capital gain or loss. Such capital gain or loss may be long-term or

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short-term depending, in general, upon the holding period for the relevant security and, in some cases, upon the nature of the transaction. The application of certain rules relating, among other things, to “constructive sales,” “short sales,” “straddles” and “Section 1256 contracts” may affect the holding period for a particular security or otherwise affect the characterization of certain capital gain or loss as long-term or short-term, or affect the timing of the recognition of certain capital gain or loss. Moreover, the straddle rules and short sale rules may require the capitalization of interest and certain other carrying charges of the Partnership attributable to its investments in certain securities positions.

With respect to U.S. Limited Partners who are individuals, certain dividends paid by a corporation, including certain qualified foreign corporations, may be subject to reduced rates of taxation. A qualified foreign corporation includes a non-U.S. corporation that is eligible for the benefits of specified income tax treaties with the United States. In addition, a non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Limited Partners who are individuals will not be eligible for reduced rates of taxation to the extent of Subpart F inclusions described in Sections 951 and 952 of the Code or to the extent the payor is a PFIC (as defined below) in the taxable year in which such dividends are paid or in the preceding taxable year. Prospective investors should consult their own tax advisors regarding the application of the foregoing rules to their particular circumstances.

U.S. Limited Partners that are individuals, estates or trusts are subject to a Medicare tax of 3.8% on “net investment income” (or undistributed “net investment income,” in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person’s adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in the Partnership will be included in a U.S. Limited Partner’s “net investment income” subject to this Medicare tax.

Partnership Distributions. Distributions of cash (including in certain circumstances distributions of certain “marketable securities” treated as cash distributions) from the Partnership to a U.S. Limited Partner in any year will reduce the adjusted basis of a U.S. Limited Partner’s Interest by the amount of such cash distribution. For these purposes, a reduction in a Partner’s share of the Partnership’s debt, such as when a new Partner is admitted to the Partnership, will result in a deemed cash distribution to the Partner in an amount equal to the reduction. To the extent such distributions exceed the adjusted basis of a U.S. Limited Partner’s Interest, such U.S. Limited Partner will be treated as having recognized gain from the sale or exchange of such Interest. In general, distributions (other than liquidating distributions) of property other than cash will reduce the adjusted basis (but not below zero) of a U.S. Limited Partner’s Interest by the amount of the Partnership’s adjusted basis in such property immediately before its distribution, but will not result in the realization of taxable income to the U.S. Limited Partner.

Basis. A U.S. Limited Partner’s adjusted basis in its Interest in the Partnership is, in general, equal to the amount of cash or other property the U.S. Limited Partner has contributed to the Partnership, increased by the U.S. Limited Partner’s proportionate share of income and liabilities of the Partnership, and decreased by the U.S. Limited Partner’s proportionate share of cash distributions, losses and reductions in such liabilities. Each U.S. Limited Partner will (subject to certain limits discussed below) be entitled to deduct its allocable share of the Partnership’s losses to the extent of its adjusted basis in its Interest at the end of the tax year of the Partnership in which such losses are recognized.

Allocations of Income, Gain, Loss and Deduction. Pursuant to the Partnership Agreement, items of the Partnership’s income, gain, loss and deduction are allocated so as to take into account the varying interests of the Partners in the Partnership. Treasury regulations provide that allocations of items of partnership income, gain, loss, deduction or credit will be respected for tax purposes if such allocations

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have “substantial economic effect” or are determined to be in accordance with the partners’ interests in a partnership. The Partnership believes that, for U.S. federal income tax purposes, allocations pursuant to the Partnership Agreement should be given effect, and the General Partner intends to prepare tax information returns based on such allocations. If the IRS were to re-determine the allocations to a particular U.S. Limited Partner, such re-determination could be less favorable than the allocations set forth in the Partnership Agreement.

Limitations on Losses. While the Partnership is not intended as a “tax shelter,” it is possible that losses and expenses could exceed the Partnership’s income and gain in a given year. The ability of a U.S. Limited Partner to deduct such a net loss, and certain other partnership items, against its taxable income from other sources may be subject to a number of limitations under the Code. For example, each U.S. Limited Partner will not be entitled to deduct its share of the Partnership’s losses in excess of its adjusted basis at the end of the tax year of the Partnership in which such losses are recognized. Other limitations include, for certain investors, such as individuals, the “at risk” rules of Section 465 of the Code and the limitations on miscellaneous itemized deductions under Section 67 of the Code. Additionally, individuals will be subject to limitations on interest deductions under Section 163 of the Code and the limitations on passive activity losses of Section 469 of the Code. Further, Section 470 of the Code may limit losses allocated to partners by partnerships that lease property to tax-exempt lessees in certain circumstances. Because of some of these limitations, it is possible that, if the Partnership has losses and income from different types of activities, certain investors may not be able to use losses from the Partnership to reduce income therefrom.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer’s adjusted gross income. Moreover, the otherwise allowable itemized deductions of an individual taxpayer whose adjusted gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (i) 3% of the excess of such individual’s adjusted gross income over the threshold amount or (ii) 80% of the amount of the itemized deductions otherwise allowable. Otherwise allowable deductions with respect to all or part of the organizational and operating expenses of the Partnership and the Management Fee and any other amounts treated as compensation paid to the General Partner or the Investment Advisor, as applicable, may be treated as miscellaneous itemized deductions subject to the foregoing rule.

Organization, Management and Syndication Expenses. In general, neither the Partnership nor any U.S. Limited Partner may deduct organization or syndication expenses. An election may be made by a partnership to amortize organizational expenses over a 180-month period and the Partnership intends to make such election. Syndication fees (which would include any sales or placement fees or commissions), however, must be capitalized and cannot be amortized or otherwise deducted. U.S. Limited Partners may claim ordinary deductions for Management Fees paid to the Investment Advisor but the IRS may take the view that such amounts must be capitalized and treated as part of the cost of an investment made by the Partnership.

Sale or Disposition of Limited Partner Interests. A U.S. Limited Partner that sells or otherwise disposes of an Interest in the Partnership in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between the adjusted basis of the Interest and the amount realized from the sale or disposition. The amount realized will include the amount by which the U.S. Limited Partner’s share of the Partnership’s liabilities outstanding at the time of the sale or disposition is reduced as a result of the sale or disposition. If the U.S. Limited Partner holds the Interest as a capital asset, such gain or loss will generally be treated as capital gain or loss to the extent a sale of assets by the Partnership would qualify for such treatment. Gain from the sale or other disposition of an Interest will be treated as ordinary income to the extent of the U.S. Limited Partner’s distributive share of any “unrealized receivables” and

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“inventory items.” Gain or loss from the disposition of an Interest will generally be long-term capital gain or loss if the U.S. Limited Partner had held the Interest for more than one year on the date of such sale or disposition; *provided*, that a Capital Contribution by the U.S. Limited Partner within the one-year period ending on such date may cause part of such gain or loss to be short term. In addition, if the Capital Contribution of a new Limited Partner is distributed to the Partners (other than such new Limited Partner), such as in the case of a Limited Partner admitted in a subsequent closing, for U.S. federal income tax purposes, such distributions will likely be treated as a taxable sale of a portion of their Interests by U.S. Limited Partners receiving such distributions. Long-term capital gain of individuals are generally taxed at reduced rates, but could be taxed at a rate of 25% to the extent any of such gain is attributable to depreciation that is not recaptured as ordinary income.

In the event of a sale or other transfer of an Interest at any time other than the end of the Partnership’s taxable year, the share of income and losses of the Partnership for the year of transfer attributable to the Interest transferred will be allocated for U.S. federal income tax purposes in the discretion of the General Partner between the transferor and the transferee on either an interim closing-of-the-books basis or a pro rata basis reflecting the respective periods during such year that each of the transferor and the transferee owned the Interest.

Foreign Tax Credit Limits. U.S. Limited Partners will generally be entitled to a foreign tax credit with respect to creditable non-U.S. taxes paid on the income and gains of the Partnership. Complex rules may, however, depending on each U.S. Limited Partner’s circumstances, limit the availability or use of foreign tax credits. Further, except for a corporate U.S. Limited Partner that is viewed as owning 10% of the voting securities of a non-U.S. corporation, U.S. Limited Partners will generally not be entitled to an indirect foreign tax credit under Section 902 of the Code with respect to dividends paid to the Partnership by such non-U.S. corporations. Certain losses arising from the Partnership may be treated as foreign source losses which could reduce the amount of foreign tax credits otherwise available.

Foreign Currency Gain or Loss. The Partnership’s functional currency will be the Euro, and income or loss of the Partnership will be calculated in Euros. For U.S. federal income tax purposes, in the case of a Limited Partner whose functional currency is not the Euro (a “Non-Euro Limited Partner”), the Non-Euro Limited Partner’s distributive share of income or loss of the Partnership generally will be translated from Euros into such Non-Euro Limited Partner’s functional currency at the “appropriate exchange rate” under the tax law. The appropriate exchange rate is generally the average exchange rate for the Partnership’s taxable year. Income attributable to dividends, however, is translated into a Non-Euro Limited Partner’s functional currency for tax purposes at the spot rate when the income is included in such Non-Euro Limited Partner’s income, and other special rules may apply. In addition, Non-Euro Limited Partners will generally be required to account for foreign currency gain or loss in connection with Partnership distributions.

The Partnership may also engage in substantial transactions involving non-Euro foreign currencies, and the Partnership and the U.S. Limited Partners may experience significant foreign currency gain or loss with respect to the Partnership’s Investments. In general, subject to certain exceptions, foreign currency gain or loss is treated as ordinary income or loss. U.S. Limited Partners should consult with their individual tax advisors with respect to the tax treatment of foreign currency gain or loss.

Issues Relating to Non-U.S. Corporations. U.S. Limited Partners may be subject to special rules applicable to indirect investments in non-U.S. corporations, including investments in “controlled foreign corporations” (“CFCs”) and “passive foreign investment companies” (“PFICs”), both described immediately below.

Controlled Foreign Corporations. If a U.S. Person, including any U.S. Limited Partner owns actually or constructively at least 10% of the voting stock of a non-U.S. corporation, such U.S.

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Person is considered a "United States Shareholder" with respect to the non-U.S. corporation. If United States Shareholders in the aggregate own more than 50% of the voting power or value of the stock of such corporation, the non-U.S. corporation will be classified as a CFC. If the corporation qualifies as a CFC for an uninterrupted period of 30 days or more during the taxable year, the United States Shareholders of the CFC would generally be subject to current U.S. tax on certain types of income of the non-U.S. corporation (e.g., dividends, interest, certain rents and royalties, gain from the sale of property producing such income, certain income from sales and services), regardless of cash distributions from the company. In addition, gain on the sale of the CFC's stock by a United States Shareholder (during the period that the corporation is a CFC and thereafter for a five-year period) would be classified in whole or in part as a dividend. It is possible that one or more of the non-U.S. corporations in which the Partnership invests may be classified as CFCs and that a U.S. Limited Partner may be treated as a U.S. Shareholder.

Passive Foreign Investment Companies. U.S. tax law contains special provisions dealing with PFICs. A PFIC is defined as any non-U.S. corporation in which either (i) 75% or more of the gross income for the taxable year is "passive income" or (ii) 50% or more of its assets (by value) produce, or are held for the production of, "passive income." There are no minimum stock ownership requirements for PFICs. Once a corporation qualifies as a PFIC with respect to a United States Person, it is, subject to certain exceptions, always treated as a PFIC with respect to such United States Person, regardless of whether it satisfies either of the qualification tests in subsequent years. If the Partnership were to invest in a PFIC, any gain on disposition of stock of the PFIC as well as income realized on certain "excess distributions" by the PFIC would be treated as though realized ratably over the shorter of a U.S. Limited Partner's holding period of its Interest or the Partnership's holding period for the PFIC. Such gain or income would be taxed as ordinary income. In addition, an interest charge would be imposed on the U.S. Limited Partner on the tax deferred from prior years. If the Partnership were to invest in a PFIC and a U.S. Limited Partner elected to treat its interest in the PFIC as a "qualified electing fund" (a "QEF") under the Code, in lieu of the foregoing treatment, such U.S. Limited Partner would be required to include in income each year a portion of the ordinary earnings and net capital gains of the qualified fund, even if not distributed to the Partnership or the U.S. Limited Partners. To make such election, the PFIC must, among other things, supply the U.S. Limited Partner and with an information statement. Alternatively, an election may be made in the case of certain "marketable stock" to "mark to market" the stock of a PFIC on an annual basis. Pursuant to such an election, a U.S. Limited Partner would include in income each year as ordinary income the excess, if any, of the fair market value of the stock at the end of the taxable year over the Partnership's adjusted basis and will be permitted an ordinary loss deduction in respect of the excess, if any, of the adjusted basis of the stock over its fair market value at the end of the taxable year (but only to the extent of the net amount previously included in income as a result of the election). There can be no assurance that a company in which the Partnership invests will not qualify as a PFIC, that a PFIC in which the Partnership does invest will provide the information necessary for a QEF election to be made or that the stock of a PFIC will qualify as "marketable stock."

Certain Reporting Requirements. U.S. Limited Partners may be subject to substantial penalties if they fail to comply with special information reporting requirements with respect to their investments in the Partnership. In addition, U.S. Persons that own stock in non-U.S. corporations, including CFCs and PFICs, through the Partnership are subject to special reporting requirements under the Code.

Under regulations issued by the IRS, taxpayers engaging in certain transactions, including certain loss transactions above a threshold, may be required to include tax shelter disclosure information with their annual U.S. federal income tax return. It is possible that the Partnership may engage in transactions that

subject the Partnership and potentially its Partners to such disclosure. A U.S. Limited Partner disposing of an Interest in the Partnership at a taxable loss may also be subject to such disclosure.

Under legislation enacted in 2010, U.S. individuals (and possibly certain entities) must file certain information with their annual U.S. federal income tax return regarding interests they hold in foreign entities (such as the Partnership) or accounts worth more than \$50,000 at any time during the year. In addition, a U.S. Person with a financial interest in, or signature or other authority over, non-U.S. financial accounts must file an annual Report of Foreign Bank and Financial Accounts (an "FBAR") if the aggregate value of those accounts exceeds \$10,000 at any time during the year. Under the FBAR regulations finalized in 2011, ownership by a U.S. person of an interest in a foreign private fund entity is not currently subject to FBAR reporting, but the regulations continue to reserve on the application of the FBAR rules to such interests. Depending on the nature of future guidance, it is possible any such U.S. Limited Partners would also be subject to the FBAR filing requirements. Potential investors should discuss the application of the above rules with their own advisors in light of their individual circumstances.

PROSPECTIVE U.S. LIMITED PARTNERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE ABOVE REPORTING REQUIREMENTS.

Tax-Exempt U.S. Investors. Qualified pension, profit-sharing and stock bonus plans, educational institutions and other tax-exempt entities (including private foundations as discussed below) are subject to U.S. federal income taxation on their unrelated business taxable income ("UBTI"). Subject to certain exceptions described below, UBTI is defined as the gross income derived by such a tax-exempt entity from an unrelated trade or business (including a trade or business conducted by a partnership of which the tax-exempt entity is a partner), less the deductions directly connected with that trade or business. Subject to the discussion below relating to debt-financed income, UBTI generally does not include dividends, interest, certain types of rents from real property and gain or loss derived from the sale of property (other than gain or loss derived from the sale of inventory and property sold to customers in the ordinary course of a trade or business). UBTI does include operating income from certain asset categories (such as certain hotel or senior living assets) owned directly or through entities treated as transparent for U.S. federal income tax purposes. In addition, fee income actually received or deemed to be received by the Partnership or the U.S. Limited Partners (including any fee income that might be deemed to be received because, although paid to the Investment Advisor or its affiliates, such income results in a reduction in the Management Fee) may be treated as UBTI in certain circumstances. The Partnership intends to take the position that the U.S. Limited Partners do not share in fee income by virtue of such a reduction in the Management Fee. In addition, if a tax-exempt entity's acquisition of an interest in a partnership is debt-financed, or a partnership incurs "acquisition indebtedness" that is allocated to the acquisition of a partnership investment, then UBTI generally includes a percentage of gross income (less the same percentage of deductions) derived from such investment regardless of whether such income would otherwise be excluded as dividends, interest, rents, gain or loss from the sale of eligible property or similar income.

The percentage referred to above is, in the case of operating income, the average amount of acquisition indebtedness for a taxable year with respect to property over the average adjusted basis for such year for the property or, in the case of a sale of an investment, the highest amount of indebtedness outstanding for the 12-month period prior to the sale with respect to the property over the average adjusted basis for such year for the property. Acquisition indebtedness includes the amount of (i) any mortgage or lien to which property is subject at the time of its acquisition and (ii) debt incurred after the acquisition or improvement of any property if the debt would not have been incurred but for such acquisition or improvement and the incurrence of the debt was reasonably foreseeable at the time of the acquisition or improvement.

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The General Partner expects to form one or more non-U.S. entities (a “Feeder Fund”) for investors, including tax-exempt investors, for the purpose of making their investment in the Partnership or an alternative investment vehicle through such entity. The Feeder Fund will elect to be treated as a corporation for U.S. federal income tax purposes and hold Interests on the same terms as the other investors in the Partnership or an alternative investment vehicle. A tax-exempt Limited Partner’s income from an investment in the Feeder Fund generally should not be treated as resulting in UBTI so long as such investor’s acquisition of interests in the Feeder Fund is not debt-financed. Because a tax-exempt Limited Partner should be treated as owning stock in a corporation for U.S. federal income tax purposes, its income for such purposes should consist of dividends and gain on sale of stock. Accordingly, a tax-exempt Limited Partner’s income from the Feeder Fund should not be treated as UBTI (assuming such investor has not itself borrowed to acquire its investment in the Feeder Fund).

The Partnership expects to incur debt either directly or through entities through which the Partnership invests. Generally, debt incurred by a partnership is attributed to its partners. Generally, however, debt incurred by a corporation is not attributed to its shareholders, so that debt incurred through the Feeder Fund should not be attributed to an investor’s interest in the Feeder Fund. In addition, the Partnership or the entities through which it invests may earn operating income that would be UBTI if earned by a tax-exempt Limited Partner directly. Such income earned through the Feeder Fund, however, should not be attributed to an investor’s interest in the Feeder Fund. Although it is possible that the IRS could seek to disregard the Feeder Fund and apply the debt-financed property or other UBTI rules to tax-exempt Limited Partners, the Partnership believes that such treatment should not apply. Accordingly, a tax-exempt Limited Partner’s income from the Feeder Fund should not be treated as debt-financed income under the UBTI rules (assuming such investor has not itself borrowed to acquire its investment in the Feeder Fund) and should not be treated as UBTI by reason of the nature of such income in the hands of the Feeder Fund or the Partnership.

If a U.S. tax-exempt Limited Partner is not otherwise taxable under the UBTI provisions with respect to its interests in the Feeder Fund (for example, as debt-financed income), it would not be subject to tax under the PFIC rules or the CFC rules. U.S. tax-exempt Limited Partners acquiring interests in the Feeder Fund should consult their own tax advisors as to application of the above rules to their particular situations. U.S. tax-exempt Limited Partners would generally be required to comply with certain reporting requirements relating to the acquisition of an interest in the Feeder Fund. Failure to comply with such reporting requirements could result in substantial penalties. See “—Certain U.S. Tax Considerations—Taxation of U.S. Limited Partners—Certain Reporting Requirements” above. Potential investors are urged to consult their own tax advisors regarding all such reporting requirements.

Certain Issues Pertaining to Private Foundations. In some instances, an investment in the Partnership or the Feeder Fund by a private foundation could subject the private foundation to excise taxes to the extent that the investment constitutes “excess business holdings” within the meaning of Section 4943 of the Code. For example, if a private foundation (either directly or when aggregated with the holdings of its disqualified persons) acquires more than 20% of the profits interest of the Partnership, the private foundation’s interest in the Partnership may be considered excess business holdings, unless the Partnership does not meet the definition of a “business enterprise” within the meaning of Section 4943(d)(3) of the Code (i.e., if least 95% of the Partnership’s gross income is from passive sources within the meaning of Section 4943(d)(3)(B) of the Code). A private foundation also may be subject to excise taxes in respect of excess business holdings if it and its disqualified persons, in the aggregate own, indirectly through the Partnership, more than 20% of the voting stock or equivalent in any business enterprise owned by the Partnership. Private foundations should consult their own tax advisors regarding the excess business holdings provisions and all other aspects of Chapter 42 of the Code as they relate to an investment in the Partnership and the Feeder Fund.

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Certain Issues Regarding Prohibited Tax Shelter Transactions. Certain tax-exempt investors may be subject to an excise tax if the Partnership engages in a “prohibited tax shelter transaction” or a “subsequently listed transaction” within the meaning of Section 4965 of the Code and such tax-exempt investors are party to such a transaction. In addition, if the Partnership engages in a “prohibited tax shelter transaction” which such tax-exempt investors are party to, such tax-exempt investors may be subject to substantial penalties if they fail to comply with special disclosure requirements and managers of such tax-exempt investors may also be subject to substantial penalties. Although the Partnership does not expect to engage in any such transaction, the rules are subject to interpretation and therefore there can be no assurance that the rules of Section 4965 will not apply to a tax-exempt Limited Partner. Tax-exempt Limited Partners should consult their own tax advisors regarding the application of Section 4965 of the Code.

Non-U.S. Limited Partners. The Partnership intends to take the position that it is not engaged in a U.S. trade or business for U.S. federal income tax purposes. Based on that position, Non-U.S. Limited Partners that are not themselves engaged in a U.S. trade or business will generally not be subject to U.S. federal income tax on interest and dividends from non-U.S. sources and gains from the sale or other disposition of equity or debt securities or of real property located outside of the United States derived by the Partnership. In addition, such Non-U.S. Limited Partners would generally not be subject to U.S. federal income tax on distributions from the Partnership of operating income derived by the Partnership from non-U.S. sources and generally would not be subject to U.S. federal income tax on a sale of their Interest. Fee income actually received or deemed to be received by the Partnership or the Limited Partners (including any fee income that might be deemed to be received because, although paid to the General Partner or its affiliates, such income results in a reduction in the Management Fee) may cause the Partnership and the Limited Partners to be treated as being engaged in a U.S. trade or business with respect to such fee income. The Partnership intends to take the position, however, that the reductions should not cause the Partnership and the Limited Partners to be treated as being engaged in a U.S. trade or business.

FATCA. Under FATCA, all FFIs must comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of U.S. stocks and securities) and non-U.S. entities that are not FFIs must either certify that they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of U.S. stocks and securities). The legislation also contains complex provisions requiring participating FFIs to withhold on certain “foreign passthru payments” made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a “foreign passthru payment” is still reserved under the current regulations, however the term generally refers to payments that are from non-U.S. sources but that are “attributable to” certain U.S. payments and gross proceeds described above. Withholding on these payments is not set to apply until 2019. In general, non-U.S. investment funds, such as the Partnership, are considered FFIs. The reporting requirements imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an IGA, register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of reported information with the IRS. The Partnership intends to comply, to the extent reasonably practicable, with the reporting requirements to avoid the imposition of the U.S. withholding tax, but in the event that it is unable to do so (because, for example, investors in the Partnership fail to provide the Partnership with the required information), certain payments made to the Partnership or by the Partnership may be subject to a U.S. withholding tax, which would reduce the cash available to investors in the Partnership. Further, these reporting requirements may apply to underlying entities in which the

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Partnership invests and the Partnership may not have control over whether such entities comply with the reporting regime. Such withheld amounts that are allocable to a Limited Partner may, in accordance with the Partnership Agreement, be deemed to have been distributed to such Limited Partner to the extent the taxes reduce the amount otherwise distributable to such Limited Partner. Prospective investors should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

In addition, a number of items of legislation have been proposed in the past that could significantly alter certain of the U.S. federal income tax consequences of an investment in the Partnership. It currently is uncertain whether any such proposed legislation (or similar legislation) will be enacted into law. Prospective investors should consult their own tax advisors regarding proposed legislation.

The Cayman Islands Financial Institution Reporting Regime: US FATCA, UK FATCA and the OECD Common Reporting Standard

The Cayman Islands has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom (the "US IGA" and the "UK IGA", respectively). The Cayman Islands has also signed, along with over 60 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS" and together with the US IGA and the UK IGA, "AEOI").

Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and the UK IGA, and on 16 October 2015 to give effect to the CRS (collectively, the "AEOI Regulations"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "TIA") has published guidance notes on the application of the US and UK IGAs and has the power to issue guidance in relation to the CRS.

Generally, Cayman Islands "Financial Institutions" will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations). The Partnership does not propose to rely on any reporting exemption and therefore intends to comply with such requirements of the AEOI Regulations.

The AEOI Regulations require the Partnership to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number or, if the Partnership is part of a sponsored compliance approach, register with the IRS to obtain a Global Intermediary Identification Number by January 1, 2017 (in each case, in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution"; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

For details on the US FATCA withholding tax regime see "Certain United States Tax Considerations".

By investing in the Partnership and/or continuing to invest in the Partnership, Limited Partners shall be deemed to acknowledge that further information may need to be provided to the Partnership, the General Partner and/or their agents, the Partnership's intended compliance with the AEOI Regulations may result in the disclosure of Limited Partner information, and Limited Partner information may be exchanged with overseas fiscal authorities. Where a Limited Partner fails to provide any requested information (regardless of the consequences), the Partnership acting by the General Partner reserves the right to take

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any action and/or pursue all remedies at its disposal including, without limitation, compulsory withdrawal of the Limited Partner concerned.

Taxes in Other Jurisdictions. In addition to U.S. federal income tax consequences, prospective investors should consider potential U.S. state and local tax consequences of an investment in the Partnership in the U.S. state or locality in which they are a resident for tax purposes. A Limited Partner may also be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which the Partnership operates or in jurisdictions of entities through which it makes Investments. Income or gains from Investments held by the Partnership may be subject to withholding or other taxes in jurisdictions outside the United States, subject to the possibility of reduction under applicable treaties. Limited Partners that wish to claim the benefit of an applicable income tax treaty may be required to submit information to tax authorities in such jurisdictions. Potential investors should consult their own tax advisors regarding the U.S. state, local and non-U.S. tax consequences of an investment in the Partnership.

Other Matters. The General Partner will be the “tax matters partner” with authority, subject to certain restrictions, to act on behalf of the Partnership in connection with any administrative or judicial review of the U.S. federal income tax treatment of the Partnership’s income, gains, losses, deductions or credits. Each Limited Partner will be required to indemnify the Partnership for any tax obligations imposed on the Partnership with respect to such Limited Partner’s investment. The Partnership may escrow certain amounts otherwise distributable to Limited Partners to protect itself against certain potential withholding obligations. Subject to certain limits, tax credits and tax payments made by or allocated to the Partnership (or any entity in which the Partnership invests that is treated as a flow-through entity for U.S. federal income tax purposes) will, except in certain circumstances in the case of tax-exempt Limited Partners, be deemed to have been distributed to the Limited Partners.

Certain ERISA Considerations

The following is a summary of certain considerations associated with an investment in the Partnership by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts (“IRAs”) and other arrangements that are subject to Section 4975 of the Code or provisions under any other U.S. federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

General Fiduciary Matters. ERISA and the Code impose certain duties on persons that are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person that exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or that renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in the Partnership of a portion of the assets of any Plan, a fiduciary should determine, particularly in light of the risks and lack of liquidity inherent in an investment in the Partnership, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. Furthermore, absent an exemption, the fiduciaries of a Plan should not invest in the Partnership with the

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assets of any Plan if the General Partner, the Investment Advisor, or any of their respective affiliates is a fiduciary with respect to such assets of the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities that are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code. The acquisition and/or ownership of Interests by an ERISA Plan with respect to which the Partnership is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor (the “DOL”) has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of investments in the Partnership. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of ERISA Plans considering acquiring and/or holding the Interests in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Plan Assets

Under ERISA and the regulations promulgated thereunder (the “Plan Asset Regulations”), when an ERISA Plan acquires an equity interest in an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the 1940 Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interests in the entity is held by “benefit plan investors” as defined in Section 3(42) of ERISA (the “25% Test”) or that the entity is an “operating company,” as defined in the Plan Asset Regulations. For purposes of the 25% Test, the assets of an entity will not be treated as “plan assets” if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity interests in the entity is held by “benefit plan investors,” excluding equity interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. The term “benefit plan investors” is generally defined to include employee benefit plans subject to Title I of ERISA or Section 4975 of the Code (including “Keogh” plans and IRAs), as well as any entity whose underlying assets include plan assets by reason of a plan’s investment in such entity (e.g., an entity of which 25% or more of the total value of any class of equity interests is held by benefit plan investors and which does not satisfy another exception under ERISA). Thus, absent satisfaction of another exception under ERISA, if 25% or more of the total value of any class of equity interests of the Partnership were held by benefit plan investors, an undivided interest in each of the underlying assets of the Partnership would be deemed to be “plan assets” of any ERISA Plan that invested in the Partnership.

The definition of an “operating company” in the Plan Asset Regulations includes, among other things, a “venture capital operating company” (a “VCOC”) and a “real estate operating company” (a “REOC”). Generally, in order to qualify as a VCOC, an entity must demonstrate on its “initial valuation date” (as defined in the Plan Asset Regulations), and annually thereafter, that at least 50% of its assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), are invested in operating companies (other than VCOCs) (i.e., operating entities that (x) are primarily engaged directly, or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital, or (y) qualify as “real estate operating companies,”

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as defined in the Plan Asset Regulations) in which such entity has direct contractual management rights. In addition, to qualify as a VCOC, an entity must, in the ordinary course of its business, actually exercise such management rights with respect to at least one of the operating companies in which it invests. The Plan Asset Regulations do not provide specific guidance regarding what rights will qualify as management rights, and the DOL has consistently taken the position that such determination can only be made in light of the surrounding facts and circumstances of each particular case, substantially limiting the degree to which it can be determined with certainty whether particular rights will satisfy this requirement. Similarly, generally in order to qualify as a REOC, an entity must demonstrate on its initial valuation date and annually thereafter that at least 50% of its assets, valued at cost, (other than short-term investments pending long-term commitment or distribution to investors) are invested in real estate that is managed or developed and with respect to which such entity has the right to substantially participate directly in the management or development activities. In addition, to qualify as a REOC, an entity must, in the ordinary course of its business, actually be engaged directly in such real estate management or development activities.

Plan Asset Consequences

If the assets of the Partnership were deemed to be “plan assets” under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to Investments made by the Partnership and (ii) the possibility that certain transactions in which the Partnership might seek to engage could constitute “prohibited transactions” under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, the General Partner, the Investment Advisor and/or any other fiduciary that has engaged in the prohibited transaction could be required to (A) restore to the ERISA Plan any profit realized on the transaction and (B) reimburse the ERISA Plan for any losses suffered by the ERISA Plan as a result of the Investment. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. ERISA Plan fiduciaries that decide to invest in the Partnership could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Partnership or as co-fiduciaries for actions taken by or on behalf of the Partnership or the General Partner. With respect to an IRA that invests in the Partnership, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, would cause the IRA to lose its tax-exempt status.

The General Partner will use reasonable best efforts either to (i) limit equity participation by benefit plan investors in the Partnership to less than 25% of the total value of each class of equity interests in the Partnership as described above or (ii) to operate the Partnership in such a manner such that the Partnership should qualify as a VCOC or REOC, in each case so that the underlying assets of the Partnership should not constitute “plan assets” of any ERISA Plan that invests in the Partnership. However, there can be no assurance that, notwithstanding the reasonable best efforts of the General Partner, the Partnership will qualify as a VCOC or REOC or the underlying assets of the Partnership will not otherwise be deemed to include ERISA plan assets.

Under the Partnership Agreement, the General Partner will have the power to take certain actions to avoid having the assets of the Partnership characterized as “plan assets,” including, without limitation, the right to cause a Limited Partner that is a benefit plan to withdraw from the Partnership, the right to exclude a Limited Partner that is a benefit plan from an Investment or to terminate any such plan’s unused Capital Commitments or the Partnership itself. While the General Partner and the Partnership do not expect that the General Partner will need to exercise such power, neither the General Partner nor the Partnership can give any assurance that such power will not be exercised.

Under certain circumstances certain investors may invest in the Partnership or one or more alternative investment vehicles through an entity or entities established by the General Partner or an affiliate thereof, including a Feeder Fund (each such entity an “Intermediate Entity”). The discussion above under “General Fiduciary Matters,” “Plan Assets” and “Plan Asset Consequences” will be similarly applicable to any investment made indirectly in the Partnership or an alternative investment vehicle through an Intermediate Entity . However, no Intermediate Entity is expected to qualify as an “operating company” for purposes of the Plan Asset Regulations and it is possible that an Intermediate Entity may not satisfy the 25% Test, in which case the assets of such Intermediate Entity will constitute “plan assets” for purposes of ERISA and Section 4975 of the Code. The General Partner intends to structure such a Feeder Fund as an intermediate vehicle for purposes of an investment in the Partnership or an alternative investment vehicle, as the case may be, and limit any discretion with respect to the investment, management and disposition of assets of such Intermediate Entity. In this regard, when investing in the Partnership or an alternative investment vehicle through such an Intermediate Entity , each Limited Partner will, by making a capital contribution or a loan to such an Intermediate Entity, be deemed to (i) direct the general partner (or similar managing entity) of the Intermediate Entity to invest, directly or indirectly through one or more Intermediate Entities, the amount of such capital contribution and the proceeds of such loan, if any, in the Partnership or alternative investment vehicle, as the case may be, and acknowledge that during any period when the underlying assets of the Intermediate Entity are deemed to constitute “plan assets” for purposes of the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA, Section 4975 of the Code or any applicable Similar Law, the general partner (or similar managing entity) of the Intermediate Entity will act as a custodian with respect to the assets of such Limited Partner but is not intended to be a fiduciary with respect to any such Limited Partner for purposes of ERISA, Section 4975 of the Code or any applicable Similar Law and (ii) represent that such capital contribution and loan, if any, and the transactions contemplated by such direction, will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code, or a violation of any applicable Similar Law. However, there can be no assurance that the fiduciary and prohibited transaction provisions of ERISA, Section 4975 of the Code or applicable Similar Law will not be applicable to activities of such Intermediate Entity. During any period when the underlying assets of an Intermediate Entity are deemed to constitute “plan assets” of any ERISA Plan under ERISA, the general partner (or similar managing entity) of the Intermediate Entity will, or will cause an affiliate of the general partner (or similar managing member) to, hold the counterpart of the signature page of the Partnership Agreement of the Partnership or partnership agreement (or similar governing document) of the alternative investment vehicle, as the case may be, in the United States.

Reporting of Indirect Compensation.

Under ERISA’s general reporting and disclosure rules, ERISA Plans are required to include information regarding their assets, expenses and liabilities. To facilitate a plan administrator’s compliance with these requirements, it is noted that the descriptions of the fees and expenses contained in this Memorandum, including the descriptions of the Management Fee payable to the Investment Advisor and the Carried Interest Distributions allocable to the General Partner, are intended to satisfy the disclosure requirements for “eligible indirect compensation” for which the alternative reporting option on Schedule C of Form 5500 Annual Return/Report may be available.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Each Plan fiduciary should consult with its legal advisor concerning the considerations discussed above before making an investment in the Partnership. As indicated above, Similar Laws governing the investment and management of the assets of governmental or non-U.S. plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code (as discussed above). Accordingly, fiduciaries of such governmental or non-U.S. plans, in consultation with their advisors, should consider

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Regulatory, Tax and ERISA Considerations

the impact of their respective laws and regulations on an investment in the Partnership and the considerations discussed above, if applicable.

EACH PLAN FIDUCIARY SHOULD CONSULT ITS LEGAL ADVISOR CONCERNING POTENTIAL CONSEQUENCES UNDER ERISA, THE CODE AND APPLICABLE SIMILAR LAW BEFORE MAKING AN INVESTMENT IN THE PARTNERSHIP.

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VII. Securities Law Legends

IT IS THE RESPONSIBILITY OF ANY PERSONS WISHING TO SUBSCRIBE FOR THESE INTERESTS TO INFORM THEMSELVES OF AND TO OBSERVE ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTIONS. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF THESE INTERESTS, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO.

NOTICE TO FLORIDA INVESTORS: THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT.

IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT HIS OR HER OPTION, VOID ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER HE OR SHE (A) FIRST TENDERS OR PAYS TO THE PARTNERSHIP, AN AGENT OF THE PARTNERSHIP OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER OR (B) DELIVERS HIS OR HER EXECUTED SUBSCRIPTION AGREEMENT, WHICHEVER OCCURS LATER. TO ACCOMPLISH THIS, IT IS SUFFICIENT FOR A FLORIDA INVESTOR TO SEND A LETTER OR TELEGRAM TO THE PARTNERSHIP WITHIN SUCH THREE (3) DAY PERIOD, STATING THAT HE OR SHE IS VOIDING AND RESCINDING THE PURCHASE. IF ANY INVESTOR SENDS A LETTER, IT IS PRUDENT TO DO SO BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE THE TIME OF MAILING.

NOTICE TO INVESTORS IN OTHER U.S. STATES: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS AND CONDITIONS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS IN EUROPEAN ECONOMIC AREA MEMBER STATES WHERE ACTIVE MARKETING WILL NOT BE CONDUCTED: INTERESTS IN THE PARTNERSHIP ARE NOT BEING MARKETED (WITHIN THE MEANING OF DIRECTIVE 2001/61/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ALTERNATIVE INVESTMENT FUND MANAGERS AND ITS IMPLEMENTING MEASURES) TO INVESTORS WHO ARE DOMICILED IN, OR HAVE A REGISTERED OFFICE IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") (OTHER THAN ANY OF THE MEMBER STATES REFERRED TO BELOW) AND THERE IS NO INTENTION THAT INTERESTS IN THE PARTNERSHIP WILL BE SO MARKETED. THIS MEMORANDUM IS ONLY BEING PROVIDED TO PROSPECTIVE INVESTORS IN SUCH

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OTHER EEA MEMBER STATES AT THE INITIATIVE AND SPECIFIC REQUEST OF SUCH INVESTORS WITH REGARD TO A POTENTIAL INVESTMENT IN THE PARTNERSHIP. IF THIS IS NOT THE CASE, THEN ANY SUCH PROSPECTIVE INVESTOR SHOULD DISREGARD THE INFORMATION PROVIDED HEREIN AND RETURN THIS MEMORANDUM IMMEDIATELY.

NOTICE TO EEA PERSONS: TO THE EXTENT THAT INTERESTS IN THE PARTNERSHIP ARE OFFERED BY OR ON BEHALF OF THE INVESTMENT ADVISOR DIRECTLY OR INDIRECTLY TO PERSONS DOMICILED IN OR HAVING A REGISTERED OFFICE ESTABLISHED IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“**EEA PERSONS**”), THIS MEMORANDUM MUST BE ACCOMPANIED BY AN ADDENDUM CONTAINING THE INFORMATION SPECIFIED UNDER ARTICLE 23 OF THE DIRECTIVE (THE “**ARTICLE 23 ADDENDUM**”). SUCH EEA PERSONS ARE DIRECTED TO THE SELLING LEGEND APPLICABLE IN THEIR MEMBER STATE AS SET OUT IN THE ARTICLE 23 ADDENDUM. PLEASE CONTACT THE INVESTMENT ADVISOR IF YOU HAVE RECEIVED THIS MEMORANDUM WITHOUT THE ACCOMPANYING ARTICLE 23 ADDENDUM. EEA PERSONS MUST NOT RELY ON THIS MEMORANDUM UNTIL RECEIVING A COPY OF THE ARTICLE 23 ADDENDUM.

FOR ARGENTINIAN RESIDENTS ONLY: THIS MEMORANDUM DOES NOT CONSTITUTE AN INVITATION TO BUY OR A SOLICITATION OF AN OFFER TO SELL SECURITIES OR ANY OTHER PRODUCTS OR SERVICES IN ARGENTINA. INTERESTS IN THE PARTNERSHIP ARE NOT AND WILL NOT BE OFFERED OR SOLD IN ARGENTINA, IN COMPLIANCE WITH SECTION NO. 310 OF THE ARGENTINE CRIMINAL CODE. NO APPLICATION HAS BEEN OR WILL BE MADE WITH THE ARGENTINE COMISIÓN NACIONAL DE VALORES, THE ARGENTINE SECURITIES GOVERNMENTAL AUTHORITY, TO OFFER THE PARTNERSHIP OR THE INTERESTS THEREOF IN ARGENTINA. MEMORANDUM RELATING TO THIS OFFERING MAY NOT BE SUPPLIED OR MADE AVAILABLE IN ARGENTINA OR USED IN CONNECTION WITH AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY IN ARGENTINA.

FOR AUSTRALIAN RESIDENTS ONLY: THE PARTNERSHIP IS NOT A REGISTERED SCHEME OR REGISTERED AS A FOREIGN COMPANY IN AUSTRALIA.

THE OFFER OF INTERESTS CONTAINED IN THIS MEMORANDUM IS DIRECTED ONLY TO PERSONS WHO QUALIFY AS:

“WHOLESALE CLIENTS” WITHIN THE MEANING OF SECTION 761G OF THE CORPORATIONS ACT 2001 (CTH); AND

SOPHISTICATED OR PROFESSIONAL INVESTORS WITHIN THE MEANING OF SECTION 708 OF THE CORPORATIONS ACT 2001 (CTH).

IF THE INTERESTS ARE TO BE ON SOLD OR TRANSFERRED TO INVESTORS IN AUSTRALIA WITHOUT A PRODUCT DISCLOSURE STATEMENT OR OTHER REGULATED AUSTRALIAN DISCLOSURE DOCUMENT, WITHIN 12 MONTHS OF THEIR ISSUE, THEY MAY ONLY BE ON SOLD OR TRANSFERRED TO PERSONS IN AUSTRALIA WHO ARE ‘WHOLESALE CLIENTS’ UNDER SECTION 761G OF THE CORPORATIONS ACT 2001 (CTH) AND SOPHISTICATED OR PROFESSIONAL INVESTORS WITHIN THE MEANING OF SECTION 708 OF THE CORPORATIONS ACT 2001 (CTH). EACH RECIPIENT OF THIS MEMORANDUM WARRANTS THAT IT IS, AND AT ALL TIMES WILL BE A ‘WHOLESALE CLIENT’ AND A SOPHISTICATED OR PROFESSIONAL INVESTOR.

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THIS MEMORANDUM IS NOT A PRODUCT DISCLOSURE STATEMENT OR OTHER DISCLOSURE DOCUMENT FOR THE PURPOSES OF THE CORPORATIONS ACT 2001 (CTH). THIS MEMORANDUM HAS NOT BEEN, AND WILL NOT BE, REVIEWED BY, NOR LODGED WITH, THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION AND DOES NOT CONTAIN ALL THE INFORMATION THAT A PRODUCT DISCLOSURE STATEMENT OR OTHER DISCLOSURE DOCUMENT IS REQUIRED TO CONTAIN. THE DISTRIBUTION OF THIS MEMORANDUM IN AUSTRALIA HAS NOT BEEN AUTHORISED BY ANY REGULATORY AUTHORITY IN AUSTRALIA.

THIS MEMORANDUM IS PROVIDED FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE THE PROVISION OF ANY FINANCIAL PRODUCT ADVICE OR RECOMMENDATION. THIS MEMORANDUM DOES NOT TAKE INTO ACCOUNT THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF ANY PERSON AND NEITHER THE PARTNERSHIP, NOR ANY OTHER PERSON REFERRED TO IN THIS MEMORANDUM, IS LICENSED TO PROVIDE FINANCIAL PRODUCT ADVICE IN AUSTRALIA. YOU SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR YOU, HAVING REGARD TO YOUR INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS. THERE IS NO COOLING-OFF REGIME THAT APPLIES IN RELATION TO THE ACQUISITION OF ANY INTERESTS IN AUSTRALIA.

THIS MEMORANDUM HAS NOT BEEN PREPARED SPECIFICALLY FOR AUSTRALIAN INVESTORS. IT:

MAY CONTAIN REFERENCES TO DOLLAR AMOUNTS WHICH ARE NOT IN AUSTRALIAN DOLLARS;

MAY CONTAIN FINANCIAL INFORMATION WHICH IS NOT PREPARED IN ACCORDANCE WITH AUSTRALIAN LAW OR PRACTICES;

MAY NOT ADDRESS RISKS ASSOCIATED WITH INVESTMENT IN FOREIGN CURRENCY DENOMINATED INVESTMENTS; AND

DOES NOT ADDRESS AUSTRALIAN TAX ISSUES.

FOR AZERBAIJAN RESIDENTS ONLY: THE PARTNERSHIP IS AN ENTITY REGISTERED AND OPERATING UNDER THE LAWS OF THE UNITED STATES. THE INTERESTS WILL BE PROVIDED BY THE PARTNERSHIP FROM THE UNITED STATES ONLY; AND THE PARTNERSHIP WILL NOT BE AND IS NOT INTENDED TO BE REGISTERED IN THE UNITED STATES OR IN THE REPUBLIC OF AZERBAIJAN. AN INVESTMENT INTO THE PARTNERSHIP BY AN AZERBAIJAN RESIDENT MAY BE SUBJECT TO CERTAIN RESTRICTIONS, LIMITATIONS AND REQUIREMENTS AS IMPOSED UNDER AZERBAIJAN LAW OR APPLICABLE UNDER ANY INTERNAL DOCUMENT OF THE INVESTOR, INCLUDING INTERNAL LIMITATION OF THE INVESTMENT CAPACITY. AN AZERBAIJAN RESIDENT MAKING AN INVESTMENT INTO THE PARTNERSHIP SHALL ENSURE, THAT ITS INVESTMENT INTO THE PARTNERSHIP WILL BE IN STRICT COMPLIANCE WITH ANY OF SUCH RESTRICTIONS, LIMITATIONS AND REQUIREMENTS AS ESTABLISHED UNDER AZERBAIJAN LAW OR ANY APPLICABLE INTERNAL DOCUMENT.

FOR BAHAMAS RESIDENTS ONLY: THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS DESCRIBED THEREIN IN THE BAHAMAS. NEITHER THE SECURITIES COMMISSION NOR ANY SIMILAR

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AUTHORITY IN THE BAHAMAS HAS REVIEWED OR IN ANY WAY PASSED UPON THE MEMORANDUM OR THE MERITS OF THE INTERESTS DESCRIBED HEREIN, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. INTERESTS MAY NOT BE OFFERED OR SOLD, TRANSFERRED TO, REGISTERED IN FAVOR OF, BENEFICIALLY OWNED BY OR OTHERWISE DISPOSED OF IN ANY MANNER TO PERSONS (LEGAL OR NATURAL) DEEMED BY THE CENTRAL BANK OF THE BAHAMAS AS RESIDENT FOR EXCHANGE CONTROL PURPOSES, UNLESS SUCH PERSONS DEEMED AS RESIDENT OBTAIN THE PRIOR APPROVAL OF THE CENTRAL BANK OF THE BAHAMAS. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT TO OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS DESCRIBED THEREIN TO SUCH NON-RESIDENT PERSONS. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS MEMORANDUM, PLEASE CONSULT YOUR STOCKBROKER, BANK MANAGER, COUNSEL AND ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL FINANCIAL ADVISOR. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED. THE PRICE OF EQUITY INTERESTS IN THE PARTNERSHIP (AND THE INCOME THEREFROM) IS SUBJECT TO MARKET FLUCTUATIONS AND MAY GO UP AS WELL AS DOWN. AN INVESTMENT IN THE PARTNERSHIP IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

FOR BAHRAIN RESIDENTS ONLY: IMPORTANT – IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL FINANCIAL ADVICE. REMEMBER THAT ALL INVESTMENTS CARRY VARYING LEVELS OF RISK AND THAT THE VALUE OF YOUR INVESTMENT MAY GO DOWN AS WELL AS UP. INVESTMENTS IN THIS COLLECTIVE INVESTMENT UNDERTAKING ARE NOT CONSIDERED DEPOSITS AND ARE THEREFORE NOT COVERED BY THE KINGDOM OF BAHRAIN'S DEPOSIT PROTECTION SCHEME. THE FACT THAT THIS COLLECTIVE INVESTMENT UNDERTAKING HAS BEEN AUTHORISED BY THE CENTRAL BANK OF BAHRAIN, DOES NOT MEAN THAT THE CBB TAKES RESPONSIBILITY FOR THE PERFORMANCE OF THESE INVESTMENTS, NOR FOR THE CORRECTNESS OF ANY STATEMENTS.

FOR BERMUDA RESIDENTS ONLY: THE INTERESTS BEING OFFERED HEREBY ARE BEING OFFERED ON A PRIVATE BASIS TO INVESTORS WHO SATISFY THE CRITERIA OUTLINED IN THIS MEMORANDUM. THIS MEMORANDUM IS NOT SUBJECT TO, AND HAS NOT RECEIVED APPROVAL FROM EITHER THE BERMUDA MONETARY AUTHORITY OR THE REGISTRAR OF COMPANIES AND NO STATEMENT TO THE CONTRARY, EXPLICIT OR IMPLICIT, IS AUTHORIZED TO BE MADE IN THIS REGARD.

FOR BRAZILIAN RESIDENTS ONLY: THE INTERESTS HAVE NOT BEEN AND WILL NOT BE ISSUED NOR PUBLICLY PLACED, DISTRIBUTED, OFFERED OR NEGOTIATED IN THE BRAZILIAN CAPITAL MARKETS AND, AS A RESULT, HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE BRAZILIAN SECURITIES COMMISSION - CVM. ANY PUBLIC OFFERING OR DISTRIBUTION, AS DEFINED UNDER BRAZILIAN LAWS AND REGULATIONS, OF THE INTERESTS IN BRAZIL IS NOT LEGAL WITHOUT PRIOR REGISTRATION UNDER LAW 6,385/76, AND CVM INSTRUCTION 400/03. DOCUMENTS RELATING TO THE OFFERING OF THE INTERESTS, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN BRAZIL (AS THE OFFERING OF THE INTERESTS IS NOT A PUBLIC OFFERING OF INTERESTS IN BRAZIL), NOR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE INTERESTS TO THE PUBLIC IN BRAZIL. THEREFORE, EACH OF THE PURCHASERS HAS REPRESENTED, WARRANTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD, AND WILL NOT OFFER OR SELL, THE INTERESTS IN

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BRAZIL, EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING, PLACEMENT, DISTRIBUTION OR NEGOTIATION OF INTERESTS IN THE BRAZILIAN CAPITAL MARKETS REGULATED BY BRAZILIAN LEGISLATION. PERSONS WISHING TO OFFER OR ACQUIRE THE INTERESTS WITHIN BRAZIL SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE APPLICABILITY OF REGISTRATION REQUIREMENTS OR ANY EXEMPTION THEREFROM.

FOR BRUNEI RESIDENTS ONLY: THIS MEMORANDUM HAS NOT BEEN DELIVERED TO, LICENSED OR PERMITTED BY THE AUTORITI MONETARI BRUNEI DARUSSALAM, THE AUTHORITY AS DESIGNATED UNDER THE BRUNEI DARUSSALAM SECURITIES MARKETS ORDER, 2013; NOR HAS IT BEEN REGISTERED WITH THE REGISTRAR OF COMPANIES, REGISTRAR OF INTERNATIONAL BUSINESS COMPANIES OR THE BRUNEI DARUSSALAM MINISTRY OF FINANCE. THE PARTNERSHIP AND THE INTERESTS ARE NOT REGISTERED, LICENSED OR PERMITTED BY THE AUTORITI MONETARI BRUNEI DARUSSALAM OR BY ANY OTHER GOVERNMENT AGENCY OR UNDER ANY LAW IN BRUNEI DARUSSALAM. THIS MEMORANDUM IS FOR INFORMATION PURPOSES ONLY. IT DOES NOT CONSTITUTE AN OFFER TO BUY OR SELL OR A SOLICITATION OF AN OFFER TO BUY OR SELL THE INTERESTS IN BRUNEI DARUSSALAM. NO RECIPIENT OF THIS PUBLICATION MAY ISSUE, DISTRIBUTE, CIRCULATE, DISSEMINATE, OFFER OR SELL THIS PUBLICATION OR MAKE OR GIVE COPIES OF THIS PUBLICATION TO ANY PERSON IN BRUNEI DARUSSALAM. NO RECIPIENT OF THIS PUBLICATION MAY MAKE USE OF THE PUBLICATION OTHER THAN FOR ITS OWN GENERAL INFORMATION PURPOSES. ANY OFFERS, ACCEPTANCES, SUBSCRIPTION, SALES AND ALLOTMENTS OF THE INTERESTS SHALL BE MADE OUTSIDE BRUNEI DARUSSALAM. NOTHING IN THIS MEMORANDUM SHALL CONSTITUTE LEGAL, TAX, ACCOUNTING OR INVESTMENT ADVICE. THE RECIPIENT SHOULD INDEPENDENTLY EVALUATE ANY SPECIFIC INVESTMENT WITH CONSULTATION WITH PROFESSIONAL ADVISORS IN LAW, TAX, ACCOUNTING AND INVESTMENTS.

FOR CANADIAN RESIDENTS ONLY: THIS MEMORANDUM CONSTITUTES AN OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND ONLY BY PERSONS PERMITTED TO SELL THESE SECURITIES. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THESE SECURITIES IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS DOCUMENT OR THE MERITS OF THESE SECURITIES, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

THE PARTNERSHIP IS NOT PRESENTLY, NOR DOES IT INTEND TO BECOME, A "REPORTING ISSUER", AS SUCH TERM IS DEFINED UNDER APPLICABLE PROVINCIAL OR TERRITORIAL SECURITIES LEGISLATION, IN ANY PROVINCE OR TERRITORY OF CANADA IN WHICH THE INTERESTS WILL BE OFFERED AND THERE CURRENTLY IS NO PUBLIC MARKET FOR ANY OF THE INTERESTS IN CANADA, AND ONE MAY NEVER DEVELOP.

FOR CAYMAN ISLANDS RESIDENTS ONLY: THIS IS NOT AN OFFER TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR INTERESTS, AND APPLICATIONS ORIGINATING FROM THE CAYMAN ISLANDS WILL ONLY BE ACCEPTED FROM CAYMAN ISLANDS EXEMPTED COMPANIES, TRUSTS REGISTERED AS EXEMPTED IN THE CAYMAN ISLANDS, CAYMAN ISLANDS EXEMPTED LIMITED PARTNERSHIPS, OR COMPANIES INCORPORATED IN OTHER JURISDICTIONS AND REGISTERED AS FOREIGN CORPORATIONS IN THE CAYMAN ISLANDS OR LIMITED PARTNERSHIPS FORMED IN

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OTHER JURISDICTIONS AND REGISTERED AS FOREIGN LIMITED PARTNERSHIPS IN THE CAYMAN ISLANDS.

FOR CHILEAN RESIDENTS ONLY: THIS OFFER IS SUBJECT TO NORMA DE CARACTER GENERAL N° 336 ISSUED BY THE SUPERINTENDENCE OF SECURITIES AND INSURANCE OF CHILE (SVS) AND WILL COMMENCE IN JULY 2014. THIS OFFER IS ON INTERESTS NOT REGISTERED IN THE REGISTRY OF SECURITIES OR IN THE REGISTRY OF FOREIGN SECURITIES OF THE SVS, AND THEREFORE, IT IS NOT SUBJECT TO THE SVS OVERSIGHT. THE PARTNERSHIP IS UNDER NO OBLIGATION TO RELEASE INFORMATION ON THE INTERESTS IN CHILE. THESE INTERESTS CANNOT BE SUBJECT OF A PUBLIC OFFERING IF NOT PREVIOUSLY REGISTERED IN THE PERTINENT REGISTRY OF SECURITIES.

ESTA OFERTA SE REALIZA CONFORME A LA NORMA DE CARACTER GENERAL N° 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) Y COMIENZA EN JULIO 2014. ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA SVS Y EN CONSECUENCIA, ESTOS VALORES NO ESTAN SUJETOS A SU FISCALIZACION NO EXISTE DE PARTE DEL EMISOR OBLIGACION DE ENTREGAR EN CHILE INFORMACION PUBLICA RESPECTO DE ESTOS VALORES. ESTOS VALORES NO PODRAN SER OBJETO DE OFERTA PUBLICA MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

FOR CHINESE RESIDENTS ONLY: THIS MEMORANDUM DOES NOT CONSTITUTE A PUBLIC OFFERING OF SECURITIES, WHETHER BY WAY OF SALE OR SUBSCRIPTION, IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC"). THIS MEMORANDUM OR ANY OTHER ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE INTERESTS SHALL NOT BE DISTRIBUTED IN THE PRC OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE SECURITIES IN THE PRC, EXCEPT TO THE EXTENT CONSISTENT WITH APPLICABLE LAWS AND REGULATIONS OF THE PRC. THE OFFER OR SALE OF THE SECURITIES HAS NOT BEEN AND WILL NOT BE FILED WITH ANY SECURITIES OR OTHER REGULATORY AUTHORITIES OF THE PRC PURSUANT TO RELEVANT SECURITIES-RELATED OR OTHER LAWS AND REGULATIONS AND MAY NOT BE OFFERED OR SOLD WITHIN THE MAINLAND OF THE PRC THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH REQUIRE AN EXAMINATION OR APPROVAL OF ANY SECURITIES OR OTHER REGULATORY AUTHORITIES IN THE PRC UNLESS OTHERWISE IN ACCORDANCE WITH THE LAWS AND REGULATIONS OF THE PRC.

FOR COLOMBIAN RESIDENTS ONLY: THIS MEMORANDUM IS FOR THE SOLE AND EXCLUSIVE USE OF THE ADDRESSEE AS A DETERMINED INDIVIDUAL/ENTITY, AND CANNOT BE UNDERSTOOD AS ADDRESSED OR BE USED BY ANY THIRD PARTY, INCLUDING BUT NOT LIMITED TO THIRD PARTIES FOR WHICH THE ADDRESSEE CAN LEGALLY OR CONTRACTUALLY REPRESENT, NOR ANY OF ITS SHAREHOLDERS, ADMINISTRATORS OR BY ANY OF THE EMPLOYEES OF THE ADDRESSEE. ANY MATERIAL TO BE DELIVERED IN COLOMBIA OR TO ANY PERSON LOCATED, DOMICILED OR ESTABLISHED IN COLOMBIA, SHALL BE FOR THE SOLE AND EXCLUSIVE USE OF THE RECIPIENT.

THIS MEMORANDUM HAS NOT BEEN AND WILL NOT BE FILED WITH OR APPROVED BY THE COLOMBIAN FINANCIAL SUPERINTENDENCY OR ANY OTHER REGULATORY AUTHORITY IN COLOMBIA.

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THE ISSUANCE OF THE INTERESTS, ITS TRADING AND PAYMENT SHALL OCCUR OUTSIDE COLOMBIA; THEREFORE THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED BEFORE THE COLOMBIAN NATIONAL REGISTRY OF ISSUERS AND SECURITIES, NOR WITH THE COLOMBIAN STOCK EXCHANGE. THE DELIVERY OF THIS CONFIDENTIAL MEMORANDUM DOES NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES UNDER THE LAWS OF COLOMBIA. THIS MEMORANDUM DOES NOT CONSTITUTE AND MAY NOT BE USED FOR, OR IN CONNECTION WITH, A PUBLIC OFFERING AS DEFINED UNDER COLOMBIAN LAW AND SHALL BE VALID IN COLOMBIA ONLY TO THE EXTENT PERMITTED BY COLOMBIAN LAW. UNDER COLOMBIAN REGULATIONS, ANY OFFERING ADDRESSED TO 100 OR MORE NAMED INDIVIDUALS OR COMPANIES SHALL BE DEEMED TO BE AN OFFERING TO THE PUBLIC REQUIRING THE PRIOR APPROVAL OF THE COLOMBIAN FINANCIAL SUPERINTENDENCY AND LISTING ON THE COLOMBIAN NATIONAL REGISTRY OF ISSUERS AND SECURITIES.

THE INTERESTS MAY NOT BE SOLICITED, PUBLICLY OFFERED, TRANSFERRED, SOLD OR DELIVERED, WHETHER DIRECTLY OR INDIRECTLY, TO ANY INDIVIDUAL OR LEGAL ENTITY IN COLOMBIA.

THE ADDRESSEE ACKNOWLEDGES THE COLOMBIAN LAWS AND REGULATIONS (INCLUDING BUT NOT LIMITED TO FOREIGN EXCHANGE AND TAX REGULATIONS) APPLICABLE TO ANY TRANSACTION OR INVESTMENT MADE IN CONNECTION WITH THIS AGREEMENT AND ACKNOWLEDGES AND REPRESENTS THAT IT IS THE SOLE RESPONSIBLE PARTY FOR FULL COMPLIANCE WITH ANY SUCH LAWS AND REGULATIONS. ADDITIONALLY, COLOMBIAN INVESTORS ARE SOLELY LIABLE FOR CONDUCTING AN INVESTMENT SUITABILITY ANALYSIS AS PER THEIR APPLICABLE INVESTMENT REGIME.

FOR DOMINICAN REPUBLIC RESIDENTS ONLY: THE INTERESTS DISCUSSED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES MARKET LAW OF THE DOMINICAN REPUBLIC (LEY DE MERCADO DE VALORES DE LA REPÚBLICA DOMINICANA, NO. 19-00 DEL 8 DE MAYO DE 2000), AS THE SAME MAY BE AMENDED OR SUPERSEDED, AND INCLUDING ANY REGULATIONS PROMULGATED THEREUNDER (THE "DR SECURITIES LAWS"). SUCH INTERESTS MAY ONLY BE OFFERED OR SOLD IN THE DOMINICAN REPUBLIC PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE DR SECURITIES LAW, AND THUS THE INTERESTS HAVE NOT BEEN OFFERED IN ANY PUBLIC MANNER IN THE DOMINICAN REPUBLIC. ACCORDINGLY, ANY PURCHASER OF THE INTERESTS UNDERSTANDS THAT THE SAME WILL NOT BE SUBJECT TO REGISTRATION BEFORE OR THE SUPERVISION OF THE DOMINICAN REPUBLIC SECURITIES SUPERINTENDENCE (SUPERINTENDENCIA DE SEGUROS DE LA REPÚBLICA DOMINICANA) OR ANY OTHER AUTHORITY IN THE DOMINICAN REPUBLIC.

FOR DUBAI INTERNATIONAL FINANCIAL CENTRE RESIDENTS ONLY: THIS MEMORANDUM RELATES TO A FUND WHICH IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL BY THE DUBAI FINANCIAL SERVICES AUTHORITY (DFSA). THIS MEMORANDUM IS INTENDED FOR DISTRIBUTION ONLY TO PERSONS MEETING THE CRITERIA OF A "PROFESSIONAL CLIENT" IN ACCORDANCE WITH THE DFSA'S RULES AND MUST NOT, THEREFORE, BE DELIVERED TO, OR RELIED ON BY, ANY OTHER PERSON. THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY MEMORANDUM OR OTHER DOCUMENTS IN CONNECTION WITH THIS FUND. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT. THE INTERESTS TO

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WHICH THIS MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE INTERESTS. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS MEMORANDUM YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR.

FOR GUERNSEY RESIDENTS ONLY: THIS OFFERING MEMORANDUM MAY ONLY BE MADE AVAILABLE IN OR FROM WITHIN THE BAILIWICK OF GUERNSEY, AND ANY OFFER OR SALE OF INTERESTS MAY ONLY BE MADE IN OR FROM WITHIN THE BAILIWICK OF GUERNSEY, EITHER:

(I) BY PERSONS LICENSED TO DO SO UNDER THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) LAW, 1987 (AS AMENDED) (THE “**POI LAW**”); OR

(II) TO PERSONS LICENSED UNDER THE POI LAW, THE INSURANCE BUSINESS (BAILIWICK OF GUERNSEY) LAW, 2002 (AS AMENDED), THE BANKING SUPERVISION (BAILIWICK OF GUERNSEY) LAW, 1994 (AS AMENDED) OR THE REGULATION OF FIDUCIARIES, ADMINISTRATION BUSINESS AND COMPANY DIRECTORS, ETC (BAILIWICK OF GUERNSEY) LAW, 2000 (AS AMENDED) PROVIDED THE PARTNERSHIP COMPLIES WITH THE APPLICABLE REQUIREMENTS OF THE POI LAW AND ALL APPLICABLE GUIDANCE NOTES ISSUED BY THE GUERNSEY FINANCIAL SERVICES COMMISSION.

THIS OFFERING MEMORANDUM AND ANY OFFER OR SALE OF INTERESTS IN THE PARTNERSHIP PURSUANT TO THIS OFFERING MEMORANDUM ARE NOT AVAILABLE IN OR FROM WITHIN THE BAILIWICK OF GUERNSEY OTHER THAN IN ACCORDANCE WITH THE ABOVE PARAGRAPHS (I) AND (II) AND MUST NOT BE RELIED UPON BY ANY PERSON UNLESS RECEIVED OR MADE IN ACCORDANCE WITH SUCH PARAGRAPHS.

FOR HONG KONG RESIDENTS ONLY: THE CONTENTS OF THIS MEMORANDUM HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS MEMORANDUM, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE PARTNERSHIP OR THE ISSUE OF THIS MEMORANDUM HAS NOT BEEN AUTHORIZED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (THE “**SFO**”). THE INTERESTS HAVE NOT BEEN AND WILL NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT, OTHER THAN (A) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THAT ORDINANCE; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THAT ORDINANCE.

NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATED TO THE INTERESTS HAS BEEN OR WILL BE ISSUED, IN HONG KONG OR ELSEWHERE, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO INTERESTS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THAT ORDINANCE.

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FOR ISRAELI RESIDENTS ONLY: THE INTERESTS DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED AND ARE NOT EXPECTED TO BE REGISTERED UNDER THE ISRAELI SECURITIES LAW 1968 (THE “ISRAELI SECURITIES LAW”) OR UNDER THE ISRAELI JOINT INVESTMENT TRUST LAW 1994. ACCORDINGLY, THE INTERESTS DESCRIBED HEREIN WILL ONLY BE OFFERED AND SOLD IN ISRAEL PURSUANT TO APPLICABLE PRIVATE PLACEMENT EXEMPTIONS, TO EITHER (I) QUALIFIED INVESTORS DESCRIBED IN THE FIRST ADDENDUM TO THE ISRAELI SECURITIES LAW OR (II) 35 OR FEWER OFFEREEES AS DETERMINED FOR PURPOSES OF THE ISRAELI SECURITIES LAW. NEITHER THE PARTNERSHIP NOR THE PARTNERSHIP’S INVESTMENT ADVISER IS A LICENSED INVESTMENT MARKETER OR ADVISOR UNDER THE LAW FOR THE REGULATION OF PROVISIONS OF INVESTMENT ADVICE, MARKETING INVESTMENTS AND PORTFOLIO MANAGEMENT 1995 (THE “ISRAELI INVESTMENT ADVISOR LAW”). ACCORDINGLY, THE INTERESTS DESCRIBED HEREIN WILL ONLY BE OFFERED AND SOLD IN ISRAEL TO PARTIES WHICH QUALIFY AS “ELIGIBLE CUSTOMERS” FOR PURPOSES OF THE ISRAELI INVESTMENT ADVISOR LAW.

FOR JAPANESE RESIDENTS ONLY: REGISTRATION PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN, AS AMENDED (THE “FIEA”) HAS NOT BEEN AND WILL NOT BE MADE WITH RESPECT TO THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST (“INTEREST”) OF THE PARTNERSHIP ON THE GROUND THAT THE SOLICITATION QUALIFIES AS A “SOLICITATION FOR A SMALL NUMBER OF INVESTORS” (AS DEFINED IN ARTICLE 23-13, PARAGRAPH 4 OF THE FIEA), AND THE INTERESTS ARE “SECURITIES” AS DEFINED IN ARTICLE 2, PARAGRAPH 2, ITEM 6 OF THE FIEA AND BEING OFFERED IN ACCORDANCE WITH ARTICLE 2, PARAGRAPH 3, ITEM 3 OF THE FIEA WHERE THE INTERESTS ARE TO BE ACQUIRED BY 499 OR FEWER INVESTORS.

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THE GENERAL PARTNER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FIEA AS “TYPE 2 FINANCIAL INSTRUMENT TRADER” (*DAINISHU KINYUSHOHIN TORIHIKI GYO*) NOR “INVESTMENT MANAGEMENT BUSINESS” (*TOSHI UNYO GYO*), AND NO TRANSFER OF INTERESTS SHALL BE PERMITTED IN ANY MANNER WHATSOEVER IF SUCH TRANSFER CAUSES THE GENERAL PARTNER TO BE REGISTERED AS “TYPE 2 FINANCIAL INSTRUMENT TRADER” (*DAINISHU KINYUSHOHIN TORIHIKI GYO*) AND/OR “INVESTMENT MANAGEMENT BUSINESS” (*TOSHI UNYO GYO*) UNDER THE FIEA.

IN THE EVENT THAT THE GENERAL PARTNER CHOOSES TO RELY ON THE EXEMPTION FOR REGISTRATION REQUIREMENT FOR “TYPE 2 FINANCIAL INSTRUMENT TRADER” (*DAINISHU KINYUSHOHIN TORIHIKI GYO*) AS PROVIDED FOR IN ARTICLE 63, PARAGRAPH 1, ITEM 1 OF THE FIEA WITH RESPECT TO THE OFFERING AND SALE OF THE INTERESTS, THE INVESTOR ACKNOWLEDGES AND AGREES THAT: (I) NO INTERESTS SHALL BE SOLD TO OR HELD BY ANY RESIDENT IN JAPAN (INCLUDING THOSE WHO HAVE BEEN SOLICITED IN JAPAN TO SUBSCRIBE FOR THE INTERESTS) UNLESS AT LEAST ONE “QUALIFIED INSTITUTIONAL INVESTOR,” AS DEFINED IN ARTICLE 2, PARAGRAPH 3, ITEM 1 OF THE FIEA AND ARTICLE 10 OF THE CABINET ORDER REGARDING DEFINITIONS UNDER ARTICLE 2 OF THE FIEA (THE “QII”), PURCHASES AND HOLDS AN INTEREST; (II) THE NUMBER OF THE INVESTORS WHO ARE NOT QII IN JAPAN (INCLUDING THOSE WHO HAVE BEEN SOLICITED IN JAPAN TO SUBSCRIBE FOR THE INTERESTS) THAT PURCHASE OR HOLD INTERESTS SHALL NOT EXCEED 49 DURING ANY GIVEN SIX MONTHS PERIOD (SUBJECT TO THE RULES OF INTEGRATION AS PROVIDED FOR UNDER THE FIEA); (III) NO INTEREST SHALL BE SOLD TO OR HELD BY ANY PERSON FALLING UNDER ARTICLE 63,

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PARAGRAPH 1, ITEM 1, SUB-ITEMS (I) TO (III) OF THE FIEA (ANY SUCH PERSON BEING REFERRED TO AS AN “UNQUALIFIED INVESTOR”); (IV) IF THE INVESTOR IS A QII, IT AGREES NOT TO TRANSFER THE INTERESTS IF (A) THE TRANSFEREE IS NOT A QII OR (B) THE TRANSFEREE IS AN UNQUALIFIED INVESTOR; AND (V) IF THE INVESTOR IS NOT A QII, IT CAN TRANSFER THE INTERESTS ONLY IN A SINGLE BLOCK TRANSACTION TO A SINGLE TRANSFEREE WHO IS NOT AN UNQUALIFIED INVESTOR, AND ALL OF THE INVESTOR’S INTERESTS MUST BE TRANSFERRED TO THE TRANSFEREE IN SUCH TRANSACTION.

FURTHERMORE, IN THE EVENT THAT THE GENERAL PARTNER CHOOSES TO RELY ON THE EXEMPTION FOR REGISTRATION REQUIREMENT FOR “INVESTMENT MANAGEMENT BUSINESS” (*TOSHI UNYO GYO*), NO INTERESTS SHALL BE SOLD IN JAPAN OR HELD BY JAPANESE INVESTORS, UNLESS EITHER (A): (I) ALL OF THE JAPANESE INVESTORS IN THE PARTNERSHIP WHO ARE “DIRECT INVESTORS” (AS DEFINED IN ARTICLE 16, PARAGRAPH 1, ITEM 13 OF THE CABINET ORDER REGARDING DEFINITIONS UNDER ARTICLE 2 OF THE FIEA) ARE (X) QIIS OR (Y) THOSE WHO HAVE FILED THE NOTIFICATION FORM FOR SPECIAL BUSINESS ACTIVITIES FOR QUALIFIED INSTITUTIONAL INVESTORS IN RESPECT OF “INVESTMENT MANAGEMENT BUSINESS” (AS DEFINED IN ARTICLE 63, PARAGRAPH 1, ITEM 2 OF THE FIEA) IN ACCORDANCE WITH ARTICLE 63, PARAGRAPH 2 OF THE FIEA (THE “ARTICLE 63 NOTIFICATION”); (II) ALL OF THE JAPANESE INVESTORS IN THE PARTNERSHIP WHO ARE “INDIRECT INVESTORS” (AS DEFINED IN ARTICLE 16, PARAGRAPH 1, ITEM 13 OF THE CABINET ORDER REGARDING DEFINITIONS UNDER ARTICLE 2 OF THE FIEA), IF ANY, ARE QIIS; (III) THE NUMBER OF JAPANESE INVESTORS (INCLUDING “INDIRECT INVESTORS”) IN THE PARTNERSHIP IS NOT MORE THAN 9; AND (IV) THE AGGREGATE AMOUNT OF INVESTMENT IN THE PARTNERSHIP MADE BY THE “DIRECT INVESTORS” IS NOT MORE THAN ONE-THIRD (1/3) OF THE AGGREGATE AMOUNT OF THE INVESTMENT MADE BY ALL INVESTORS IN THE PARTNERSHIP, OR (B): (I) AT LEAST ONE QII HOLDS, AT ANY GIVEN TIME, AN INTEREST; (II) THE NUMBER OF INVESTORS WHO ARE NOT QIIS (“NON-QII”) IN JAPAN HOLDING THE INTERESTS, IF ANY, DOES NOT EXCEED 49 DURING ANY GIVEN SIX MONTHS PERIOD (SUBJECT TO THE AGGREGATION RULES PROVIDED FOR IN ARTICLE 17-12, PARAGRAPH 3, ITEM 2, SUB-ITEM (B) OF THE ENFORCEMENT ORDINANCE OF THE FIEA); (III) NO INTERESTS ARE SOLD TO OR HELD BY UNQUALIFIED INVESTORS; AND (IV) THE GENERAL PARTNER OF THE PARTNERSHIP HAS FILED THE ARTICLE 63 NOTIFICATION PRIOR TO THE COMMENCEMENT OF THE MANAGEMENT OF THE ASSETS OF THE PARTNERSHIP.

FOR JERSEY RESIDENTS ONLY: INTERESTS IN THE PARTNERSHIP MAY NOT BE OFFERED IN JERSEY WITHOUT THE PRIOR CONSENT OF THE JERSEY FINANCIAL SERVICES COMMISSION (THE “COMMISSION”). PRIOR TO CIRCULATING IN JERSEY ANY OFFER IN RESPECT OF THE INTERESTS IN THE PARTNERSHIP, THE PARTNERSHIP WILL APPLY TO THE COMMISSION FOR CONSENT TO SUCH CIRCULATION PURSUANT TO ARTICLE 10(1)(C) OF THE CONTROL OF BORROWING (JERSEY) ORDER 1958. THE COMMISSION IS PROTECTED BY THE CONTROL OF BORROWING (JERSEY) LAW 1947 AGAINST LIABILITY ARISING FROM THE DISCHARGE OF ITS FUNCTIONS UNDER THAT LAW. INTERESTS IN THE PARTNERSHIP ARE ONLY SUITABLE FOR SOPHISTICATED INVESTORS WHO HAVE THE REQUISITE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE MERITS AND UNDERSTAND THE RISKS OF SUCH AN INVESTMENT.

FOR JORDANIAN RESIDENTS ONLY: THE MEMORANDUM HAS NOT BEEN PRESENTED TO, OR APPROVED BY, THE JORDANIAN SECURITIES COMMISSION OR THE BOARD FOR REGULATING TRANSACTIONS IN FOREIGN EXCHANGES. SENDING THE MEMORANDUM,

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OR ESTABLISHING DIRECT CONTACT ABOUT IT WITH POTENTIAL INVESTORS IN JORDAN CANNOT BE MADE UNLESS AND UNTIL PROPER REGISTRATION, FILING AND LICENSES, OR EXEMPTIONS THEREFROM, REQUIRED UNDER THE JORDANIAN SECURITIES LAW AND THE LAW REGULATING TRADING IN FOREIGN EXCHANGES HAVE BEEN SECURED.

FOR KOREAN RESIDENTS ONLY: THE PARTNERSHIP MAKES NO REPRESENTATION WITH RESPECT TO THE ELIGIBILITY OF ANY RECIPIENTS OF THIS MEMORANDUM TO ACQUIRE THE INTERESTS UNDER THE LAWS OF KOREA, INCLUDING, WITHOUT LIMITATION, THE FOREIGN EXCHANGE TRANSACTION LAW AND REGULATIONS THEREUNDER. THE INTERESTS HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA (THE "FSC") IN KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA, AND THE INTERESTS MAY NOT BE OFFERED, SOLD OR DELIVERED, OR OFFERED OR SOLD TO ANY PERSON FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO APPLICABLE LAWS AND REGULATIONS OF KOREA. FURTHERMORE, THE INTERESTS MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE INTERESTS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING, WITHOUT LIMITATION, GOVERNMENTAL APPROVAL REQUIREMENTS UNDER THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS) IN CONNECTION WITH THE PURCHASE OF THE INTERESTS.

FOR KUWAIT RESIDENTS ONLY: THIS MEMORANDUM IS NOT FOR GENERAL CIRCULATION TO THE PUBLIC IN KUWAIT. THE INTERESTS HAVE NOT BEEN LICENSED FOR OFFERING IN KUWAIT BY THE KUWAIT CAPITAL MARKETS AUTHORITY OR ANY OTHER RELEVANT KUWAITI GOVERNMENT AGENCY. THE OFFERING OF THE INTERESTS IN KUWAIT ON THE BASIS OF A PRIVATE PLACEMENT OR PUBLIC OFFERING IS, THEREFORE, RESTRICTED IN ACCORDANCE WITH DECREE LAW NO. 31 OF 1990 AND THE IMPLEMENTING REGULATIONS THERETO (AS AMENDED) AND LAW NO. 7 OF 2010 AND THE BYLAWS THERETO (AS AMENDED). NO PRIVATE OR PUBLIC OFFERING OF THE INTERESTS IS BEING MADE IN KUWAIT, AND NO AGREEMENT RELATING TO THE SALE OF THE INTERESTS WILL BE CONCLUDED IN KUWAIT. NO MARKETING OR SOLICITATION OR INDUCEMENT ACTIVITIES ARE BEING USED TO OFFER OR MARKET THE INTERESTS IN KUWAIT.

FOR LEBANON RESIDENTS ONLY: THIS MEMORANDUM IS NOT INTENDED, NOR SHOULD IT BE USED FOR SOLICITATION OF INVESTMENTS IN LEBANON BY ANY PERSON. NEITHER OF THE GENERAL PARTNER OR THE INVESTMENT ADVISOR CONDUCTS SALES OR MARKETING IN LEBANON, NOR DO THEY HAVE ANY AGENTS, OR ANY AUTHORISED SALES PERSONS THEREIN. NO INFORMATION APPEARING IN THIS MEMORANDUM SHALL BE DEEMED AS AN OFFER FOR SERVICES OR PRODUCTS, FROM THE GENERAL PARTNER OR THE INVESTMENT ADVISOR, THEIR BRANCHES OR SUBSIDIARIES, OR AS AN OFFER OR THE SOLICITATION FOR A PURCHASE OR SALE OFFER OF SECURITIES OR ANY OTHER INVESTMENT PRODUCT. EACH OF THE PARTNERSHIP, THE GENERAL PARTNER AND THE INVESTMENT ADVISOR DISCLAIMS ALL LIABILITIES REGARDING THE CONTENT OF THESE PAGES AND THE USE THAT COULD BE MADE BY ANYONE. ANY PERSON WILLING TO BE SUPPLIED WITH ONE OF THE SERVICES OR PRODUCTS PRESENTED HEREIN SHOULD CONTACT THE INVESTMENT ADVISOR OUTSIDE LEBANON IN ORDER TO OBTAIN INFORMATION ON THE AVAILABILITY OF THE SERVICE OR PRODUCT IN QUESTION, AS WELL AS THE CONTRACTUAL CONDITIONS AND PRICES APPLICABLE THERETO. ACCESS TO THE PRODUCTS AND SERVICES DESCRIBED HEREIN MAY BE SUBJECT TO RESTRICTIONS VIS-À-VIS CERTAIN PERSONS OR IN CERTAIN COUNTRIES.

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NONE OF THE PRODUCTS OR SERVICES PRESENTED HEREIN SHALL BE SUPPLIED TO A PERSON IN THE EVENT THAT THE LAW OF HIS/HER COUNTRY OF ORIGIN, OR ANY OTHER COUNTRY CONCERNING HIM/HER, PROHIBITS IT. THE READER OF THIS MESSAGE SHOULD ENSURE THAT HE/SHE IS LEGALLY AUTHORIZED TO DO SO. ALTHOUGH THE GENERAL PARTNER MAKES ALL REASONABLE EFFORTS TO ENSURE IT RECEIVES INFORMATION FROM SOURCES IT DEEMS RELIABLE, IT DOES NOT CLAIM THAT ALL INFORMATION OR OPINIONS PRESENTED IN ARE TRUE, RELIABLE AND COMPLETE. THE INFORMATION AND OPINIONS INCLUDED IN THIS MEMORANDUM ARE SUPPLIED FOR INFORMATION PURPOSES AND ONLY FOR PERSONAL USE. THEY MAY BE MODIFIED WITHOUT PRIOR NOTICE. INFORMATION APPEARING IN THIS MEMORANDUM DOES NOT CONSTITUTE, IN ANY WAY, INVESTMENT ADVICE OR LEGAL, TAX OR OTHER ADVICE. IT MAY NOT EITHER BE CONSIDERED AS GROUNDS FOR AN INVESTMENT OR OTHER DECISION. ANY INVESTMENT DECISION MUST RELY ON RELEVANT, SPECIFIC AND PROFESSIONAL ADVICE.

FOR MALAYSIAN RESIDENTS ONLY: PRIOR PERMISSION OF THE MALAYSIAN SECURITIES COMMISSION PURSUANT TO THE MALAYSIAN CAPITAL MARKETS AND SERVICES ACT 2007 HAS NOT AND WILL NOT BE OBTAINED FOR THE MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE OR ISSUANCE OF AN INVITATION TO SUBSCRIBE FOR OR PURCHASE THE INTERESTS IN MALAYSIA. NEITHER THE MEMORANDUM NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION THEREWITH HAS BEEN REGISTERED AS A PROSPECTUS OR DEPOSITED WITH THE SECURITIES COMMISSION UNDER THE CAPITAL MARKETS AND SERVICES ACT 2007. ACCORDINGLY:

- (I) THE MEMORANDUM AND ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION THEREWITH MAY NOT BE DISTRIBUTED, CIRCULATED OR MADE AVAILABLE DIRECTLY OR INDIRECTLY IN MALAYSIA AND THE OFFEROR SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER IN THE EVENT THIS MEMORANDUM AND ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION THEREWITH IS DISTRIBUTED OR MADE AVAILABLE IN MALAYSIA; AND
- (II) THE INTERESTS MAY NOT BE MADE AVAILABLE, OFFERED FOR SUBSCRIPTION OR PURCHASE DIRECTLY AND INDIRECTLY IN MALAYSIA, AND NO INVITATION TO SUBSCRIBE FOR OR PURCHASE OF THE INTERESTS MAY BE MADE DIRECTLY OR INDIRECTLY TO ANY PERSON IN MALAYSIA. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY. IT IS YOUR SOLE RESPONSIBILITY TO SATISFY YOURSELF AS TO THE FULL OBSERVANCE OF THE LAWS OF MALAYSIA AND TO OBTAIN ALL RELEVANT GOVERNMENT AND REGULATORY APPROVALS INCLUDING BUT NOT LIMITED TO EXCHANGE CONTROL LAWS;
- (III) NOTHING IN THIS MEMORANDUM AND ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION THEREWITH SHALL CONSTITUTE IN ANY MANNER WHATSOEVER A PROPOSAL TO MAKE AVAILABLE, OFFER FOR SUBSCRIPTION OR PURCHASE OR TO ISSUE AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN MALAYSIA OR A PROPOSAL TO IMPLEMENT ANY OF THE FOREGOING IN MALAYSIA; AND
- (IV) THE SECURITIES ARE BEING OFFERED TO YOU OUTSIDE MALAYSIA UNDER A VERY LIMITED AND EXCLUSIVE PRIVATE PLACEMENT.

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FOR MEXICAN RESIDENTS ONLY: THE INTERESTS HAVE NOT BEEN REGISTERED WITH THE NATIONAL REGISTER OF SECURITIES MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION AND MAY NOT BE PUBLICLY OFFERED IN MEXICO. THIS MEMORANDUM MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO. THE INTERESTS MAY BE OFFERED AS PRIVATE OFFERING IN TERMS OF ARTICLE 8 OF THE SECURITIES MARKET LAW.

FOR NEW ZEALAND RESIDENTS ONLY: THIS MEMORANDUM DOES NOT CONSTITUTE AND SHOULD NOT BE CONSTRUED AS AN OFFER, INVITATION, PROPOSAL OR RECOMMENDATION TO APPLY FOR INTERESTS IN THE PARTNERSHIP BY PERSONS IN NEW ZEALAND WHO DO NOT MEET THE CRITERIA BELOW. APPLICATIONS OR ANY REQUESTS FOR INFORMATION FROM PERSONS IN NEW ZEALAND WHO DO NOT MEET THE CRITERIA BELOW WILL NOT BE ACCEPTED.

THE OFFER OF INTERESTS IN THE PARTNERSHIP IS MADE ONLY TO PERSONS WHO ARE "WHOLESALE INVESTORS" FOR THE PURPOSES OF THE NEW ZEALAND FINANCIAL MARKETS CONDUCT ACT 2013 (THE "FMCA") AND WHO HAVE PROVIDED AN APPROPRIATE CERTIFICATE TO THE ISSUER (IF REQUIRED).

THIS MEMORANDUM AND ANY SUPPLEMENT(S) ARE NOT A PRODUCT DISCLOSURE STATEMENT FOR THE PURPOSES OF THE FMCA. THIS OFFER DOES NOT CONSTITUTE A "REGULATED OFFER" TO RETAIL INVESTORS FOR THE PURPOSES OF THE FMCA.

IN MAKING AN APPLICATION FOR INTEREST, EACH NEW ZEALAND INVESTOR WARRANTS AND CONFIRMS THAT THEY ARE A "WHOLESALE INVESTOR" FOR THE PURPOSES OF CLAUSE 3 OF SCHEDULE 1 OF THE FMCA, WHICH INCLUDES A PERSON WHO:

IS IN AN "INVESTMENT BUSINESS";

MEETS THE "INVESTMENT ACTIVITY CRITERIA";

IS "LARGE";

IS A "GOVERNMENT AGENCY";

(AS THOSE TERMS ARE DEFINED IN THE FMCA)

BY APPLYING FOR INTERESTS IN THE PARTNERSHIP, EACH NEW ZEALAND INVESTOR IS DEEMED TO AGREE THAT THEY ARE NOT ACQUIRING THE INTERESTS IN THE PARTNERSHIP WITH A VIEW TO OFFERING THEM TO RETAIL INVESTORS (AS THAT TERM IS DEFINED IN THE FMCA), AND THAT IF IN THE FUTURE THEY ELECT TO SELL ANY OF THE INTERESTS IN THE PARTNERSHIP, THEY WILL NOT DO SO IN ANY MANNER WHICH WILL, OR IS LIKELY TO, RESULT IN THE INTERESTS IN THE PARTNERSHIP BEING SUBJECT TO THE FMCA OR MAY RESULT IN BLACKSTONE REAL ESTATE ASSOCIATES ■■■ OR ANY OF ITS DIRECTORS OR RELATED BODIES CORPORATE INCURRING ANY LIABILITY WHATSOEVER.

FOR OMANI RESIDENTS ONLY: THE INTERESTS IN THE PARTNERSHIP, THIS MEMORANDUM OR ANY OFFERING MATERIAL RELATING TO THE INTERESTS IN THE PARTNERSHIP MAY NOT BE MARKETED OR DISTRIBUTED TO ANY PERSON IN OMAN OTHER THAN BY AN ENTITY LICENSED TO MARKET NON-OMANI SECURITIES BY THE

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CAPITAL MARKET AUTHORITY AND THEN ONLY IN ACCORDANCE WITH ANY TERMS AND CONDITIONS OF SUCH LICENSE.

FOR PANAMANIAN RESIDENTS ONLY: THESE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE SUPERINTENDENCE OF SECURITIES MARKET OF THE REPUBLIC OF PANAMA (FORMER, NATIONAL SECURITIES COMMISSION) UNDER DECREE LAW N°1 OF JULY 8, 1999 AND LAW 67 OF SEPTEMBER 1, 2011 AND/OR ITS REGULATIONS (THE "PANAMANIAN SECURITIES ACT") AND MAY NOT BE PUBLICLY OFFERED OR SOLD WITHIN PANAMA, EXCEPT IN CERTAIN LIMITED TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE PANAMANIAN SECURITIES ACT. THESE INTERESTS DO NOT BENEFIT FROM THE TAX INCENTIVES PROVIDED BY THE PANAMANIAN SECURITIES ACT AND ARE NOT SUBJECT TO REGULATION OR SUPERVISION BY THE SUPERINTENDENCE OF SECURITIES MARKET OF THE REPUBLIC OF PANAMA.

FOR PERUVIAN RESIDENTS ONLY: THE INTERESTS WILL BE SOLD THROUGH A PRIVATE OFFERING IN PERU. THE OFFERING WILL NOT BE REGISTERED WITH THE PERUVIAN SECURITIES AND EXCHANGE COMMISSION (SUPERINTENDENCIA DEL MERCADO DE VALORES) AND WILL NOT QUALIFY AS A PUBLIC OFFERING PURSUANT TO PERUVIAN SECURITIES MARKET LAW (LEY DEL MERCADO DE VALORES).

FOR QATAR RESIDENTS ONLY: THIS OFFERING HAS NOT BEEN FILED WITH, REVIEWED OR APPROVED BY THE QATAR CENTRAL BANK, ANY OTHER RELEVANT QATAR GOVERNMENTAL BODY OR SECURITIES EXCHANGE.

FOR SAUDI ARABIAN RESIDENTS ONLY: THIS MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE OFFERS OF SECURITIES REGULATIONS ISSUED BY THE CAPITAL MARKET AUTHORITY.

THE CAPITAL MARKET AUTHORITY DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS MEMORANDUM. PROSPECTIVE PURCHASERS OF THE INTERESTS OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE INTERESTS. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS MEMORANDUM YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

FOR SINGAPORE RESIDENTS ONLY: THE PARTNERSHIP IS NOT AUTHORISED UNDER SECTION 286 OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) (THE "SFA") OR RECOGNISED UNDER SECTION 287 OF THE SFA BY THE MONETARY AUTHORITY OF SINGAPORE (THE "MAS") AND THE INTERESTS IN THE PARTNERSHIP ARE NOT ALLOWED TO BE OFFERED TO THE RETAIL PUBLIC.

EACH OF THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE INTERESTS IN THE PARTNERSHIP IS NOT A PROSPECTUS AS DEFINED IN THE SFA AND ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES DOES NOT APPLY. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER AN INVESTMENT IN THE PARTNERSHIP IS SUITABLE FOR YOU.

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AS THIS MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MAS, THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE INTERESTS IN THE PARTNERSHIP MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE INTERESTS IN THE PARTNERSHIP BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO THE PUBLIC OR ANY MEMBER OF THE PUBLIC IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR PURSUANT TO SECTION 304 OF THE SFA, (II) TO A "RELEVANT PERSON" AS DEFINED IN SECTION 305(5) OF THE SFA, OR ANY PERSON PURSUANT TO SECTION 305(2) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 305 OF THE SFA OR (III) IN ACCORDANCE WITH THE CONDITIONS OF ANY OTHER APPLICABLE PROVISIONS OF THE SFA, AS THE SAME MAY BE AMENDED FROM TIME TO TIME. THE INTERESTS IN THE PARTNERSHIP SUBSCRIBED OR PURCHASED PURSUANT TO SECTIONS 304 OR 305 OF THE SFA MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH PROVISIONS OF SECTIONS 304A AND 305A OF THE SFA RESPECTIVELY.

WHERE THE INTERESTS IN THE PARTNERSHIP ARE ACQUIRED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR, THE SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION HAS ACQUIRED THE INTERESTS IN THE PARTNERSHIP UNDER SECTION 305 EXCEPT:

TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON AS DEFINED IN SECTION 305(5) OR ARISING FROM AN OFFER UNDER SECTION 275(1A) OF THE SFA;

WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR

WHERE THE TRANSFER IS BY OPERATION OF LAW.

WHERE THE INTERESTS IN THE PARTNERSHIP ARE ACQUIRED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, THE BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT TRUST HAS ACQUIRED THE INTERESTS UNDER SECTION 305 EXCEPT:

TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON AS DEFINED IN SECTION 305(5) OF THE SFA OR ARISING FROM AN OFFER THAT IS MADE ON TERMS THAT SUCH RIGHTS OR INTEREST ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) (OR SUCH OTHER AMOUNT AS MAY BE PRESCRIBED UNDER THE SFA) FOR EACH TRANSACTION, WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS;

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WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR

WHERE THE TRANSFER IS BY OPERATION OF LAW.

BY ACCEPTING RECEIPT OF THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE INTERESTS IN THE PARTNERSHIP, A PERSON IN SINGAPORE REPRESENTS AND WARRANTS THAT HE IS ENTITLED TO RECEIVE SUCH DOCUMENT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH ABOVE AND AGREES TO BE BOUND BY THE LIMITATIONS CONTAINED HEREIN.

FOR SWISS RESIDENTS ONLY: THE PARTNERSHIP HAS NOT BEEN LICENSED FOR DISTRIBUTION TO NON-QUALIFIED INVESTORS WITH THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”) AS A FOREIGN COLLECTIVE INVESTMENT SCHEME PURSUANT TO ARTICLE 120 PARA 1 OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES OF 23 JUNE 2006, AS AMENDED (“CISA”). ACCORDINGLY, PURSUANT TO ARTICLE 120 PARA. 4 CISA, THE INTERESTS MAY ONLY BE OFFERED AND THIS MEMORANDUM MAY ONLY BE DISTRIBUTED IN OR FROM SWITZERLAND BY WAY OF DISTRIBUTION TO QUALIFIED INVESTORS AS DEFINED IN THE CISA AND ITS IMPLEMENTING ORDINANCE (“QUALIFIED INVESTORS”) IF THE PARTNERSHIP HAS ENTERED INTO WRITTEN AGREEMENTS WITH A REPRESENTATIVE (THE “REPRESENTATIVE”) AND A PAYING AGENT (THE “PAYING AGENT”) IN SWITZERLAND. THE REPRESENTATIVE AND PAYING AGENT OF THE PARTNERSHIP IS SOCIETE GENERALE, PARIS, ZURICH BRANCH, TALACKER 50, 8001 ZÜRICH. THE STATUTORY DOCUMENTS OF THE PARTNERSHIP SUCH AS THE MEMORANDUM, AND THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP ARE AVAILABLE ONLY TO QUALIFIED INVESTORS FREE OF CHARGE FROM THE REPRESENTATIVE. IN RESPECT OF THE INTERESTS DISTRIBUTED IN SWITZERLAND TO QUALIFIED INVESTORS, PLACE OF PERFORMANCE AND JURISDICTION IS AT THE REGISTERED OFFICE OF THE REPRESENTATIVE. INVESTORS IN THE INTERESTS OF THE PARTNERSHIP DO NOT BENEFIT FROM THE SPECIFIC INVESTOR PROTECTION PROVIDED BY CISA AND THE SUPERVISION BY THE FINMA IN CONNECTION WITH THE LICENSING FOR DISTRIBUTION.

FOR TAIWANESE RESIDENTS ONLY: INTERESTS IN THE PARTNERSHIP CANNOT BE OFFERED, DISTRIBUTED, TRANSFERRED OR RESOLD IN TAIWAN WITHOUT PRIOR APPROVAL OR REGISTRATION FROM OR WITH THE ROC FINANCIAL SUPERVISORY COMMISSION PURSUANT TO THE APPLICABLE LAWS OR MEETING THE PRIVATE PLACEMENT EXEMPTION UNDER THE APPLICABLE LAWS.

TRANSFER OF THE INTERESTS IN THE PARTNERSHIP IS ONLY LIMITED TO THE FOLLOWING SITUATIONS:

- (1) REDEMPTION OF THE INTERESTS BY FOREIGN FUND INSTITUTIONS;
- (2) TRANSFER TO ANOTHER QUALIFIED INSTITUTIONAL INVESTOR OR QUALIFIED NON-INSTITUTIONAL INVESTOR AS MENTIONED ABOVE;
- (3) WHERE THE TRANSFER OCCURS BY OPERATION OF LAWS; OR

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- (4) WHERE OTHERWISE APPROVED BY THE ROC FINANCIAL SUPERVISORY COMMISSION.

FOR THAILAND RESIDENTS ONLY: NO SOLICITATION FOR INVESTMENT IN THE INTERESTS CAN BE MADE IN THAILAND OR TO ANY RESIDENT OF THAILAND UNLESS

- (I) SUCH SOLICITATION IS CONDUCTED BY AN OFFSHORE SECURITIES COMPANY HOLDING SECURITIES LICENCES GRANTED BY AN OFFSHORE REGULATOR WHICH IS AN ORDINARY MEMBER OF THE INTERNATIONAL ORGANISATION OF SECURITIES COMMISSION (IOSCO); AND
- (II) SUCH SOLICITATION IS MADE TO:
 - A. THE GOVERNMENT PENSION FUND;
 - B. THE SOCIAL SECURITY FUND;
 - C. INSURANCE COMPANIES;
 - D. COMMERCIAL BANKS;
 - E. BANKS ESTABLISHED UNDER SPECIFIC LAW;
 - F. SECURITIES COMPANIES FOR MANAGEMENT OF THEIR OWN ASSETS;
 - G. OTHER FINANCIAL INSTITUTIONS AS SPECIFIED BY THE OFFICE OF THE THAI SECURITIES AND EXCHANGE COMMISSION WITH APPROVAL FROM THE THAI SECURITIES AND EXCHANGE COMMISSION; AND
 - H. SECURITIES COMPANIES FOR MANAGEMENT OF THE ASSETS OF THE ELIGIBLE INVESTORS IN (A) TO (G) ABOVE BY MEANS OF PRIVATE FUND MANAGEMENT, OR FOR MANAGEMENT OF MUTUAL FUNDS OR PROVIDENT FUNDS.
- (III) THE INVESTMENT BY EACH INVESTOR AS MENTIONED IN (II) ABOVE IS ALSO SUBJECT TO THE SPECIFIC GOVERNING LAW OF EACH ENTITY.

AND OTHERWISE IN COMPLIANCE WITH APPLICABLE REGULATIONS OF THE THAI SECURITIES AND EXCHANGE COMMISSION.

FOR TURKISH RESIDENTS ONLY: THE ISSUANCE IN TURKEY OF OWNERSHIP INTERESTS IN NON-TURKISH LIMITED PARTNERSHIPS IS SUBJECT TO THE AUTHORIZATION OF THE CAPITAL MARKETS BOARD. BELOW ARE THE GENERAL CONDITIONS APPLIED BY THE CAPITAL MARKETS BOARD FOR THE ISSUANCE OF FOREIGN SECURITIES BY PRIVATE PLACEMENT.

THIS MEMORANDUM IS INTENDED SOLELY FOR QUALIFIED INVESTORS DEFINED UNDER TURKISH CAPITAL MARKET LEGISLATION OF THE REPUBLIC OF TURKEY PERMITTED TO ACQUIRE SECURITIES BY PRIVATE PLACEMENT UNDER TURKISH CAPITAL MARKETS LAW, AND THIS MEMORANDUM MAY NOT BE CONSIDERED EITHER AS A CIRCULAR OR AN OFFERING MEMORANDUM OR PROMOTION FOR SALES BY PRIVATE PLACEMENT. THE SALE OF THE INTERESTS BY PRIVATE PLACEMENT IS SUBJECT TO AN APPROVAL

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REQUIREMENT BY THE CMB AND CAN BE MADE ONLY BY AN INTERMEDIARY INSTITUTION AUTHORIZED IN TURKEY. THE SALE OF THE INTERESTS TO ANY PERSON, DIRECTLY OR INDIRECTLY, IN TURKEY IS SUBJECT TO THE CAPITAL MARKETS LAW, THE TAX LAWS AND TO THE OTHER APPLICABLE LAWS AND REGULATIONS OF THE REPUBLIC OF TURKEY.

FOR UNITED ARAB EMIRATES RESIDENTS ONLY (EXCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE (“DIFC”)): THE INTERESTS OFFERED ARE NOT REGULATED UNDER THE LAWS OF THE UNITED ARAB EMIRATES (“UAE”) RELATING TO FUNDS, INVESTMENTS OR OTHERWISE. NEITHER THE PARTNERSHIP NOR THIS MEMORANDUM IS APPROVED BY THE UAE CENTRAL BANK, THE SECURITIES AND COMMODITIES AUTHORITY (“SCA”), THE DUBAI FINANCIAL SERVICES AUTHORITY (“DFSA”) OR ANY OTHER REGULATORY AUTHORITY IN THE UAE (INCLUDING THE DIFC). THIS MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL AND IS BEING DISTRIBUTED SOLELY TO PERSONS MEETING THE EXEMPT ENTITY CRITERIA IN ACCORDANCE WITH THE BOARD DECISION NO. 13 OF 2013 CONCERNING THE AMENDMENT OF THE REGULATIONS AS TO MUTUAL FUNDS. THIS MEMORANDUM (A) DOES NOT CONSTITUTE A PUBLIC OFFER, OR AN ADVERTISEMENT OR SOLICITATION TO THE GENERAL PUBLIC, (B) IS INTENDED ONLY FOR THE ORIGINAL RECIPIENTS HEREOF TO WHOM THIS MEMORANDUM IS PERSONALLY PROVIDED AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, AND (C) NO SALE OF SECURITIES, INTERESTS OR OTHER INVESTMENT PRODUCTS IN RELATION TO OR IN CONNECTION WITH ANY FUND IS INTENDED TO BE CONSUMMATED WITHIN THE UAE. THE INTERESTS REFERRED TO IN THIS MEMORANDUM ARE NOT OFFERED OR INTENDED TO BE SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE UAE. THE INFORMATION IS NOT DIRECTED AT AND SHOULD NOT BE READ BY PERSONS IN ANY OF THE FREE ZONES IN THE UAE (INCLUDING THE DIFC). FURTHER, THE INFORMATION CONTAINED IN THIS MEMORANDUM IS NOT INTENDED TO LEAD TO THE CONCLUSION OF ANY CONTRACT OF ANY NATURE WITHIN THE TERRITORY OF THE UAE. NOTHING CONTAINED IN THIS MEMORANDUM IS INTENDED TO CONSTITUTE INVESTMENT, LEGAL, TAX, ACCOUNTING OR OTHER PROFESSIONAL ADVICE IN, OR IN RESPECT OF, THE UAE. THIS MEMORANDUM IS CONFIDENTIAL AND FOR YOUR INFORMATION ONLY AND NOTHING IN THIS MEMORANDUM IS INTENDED TO ENDORSE OR RECOMMEND A PARTICULAR COURSE OF ACTION. YOU SHOULD CONSULT WITH AN APPROPRIATE PROFESSIONAL FOR SPECIFIC ADVICE RENDERED ON THE BASIS OF YOUR SITUATION.

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Appendix: Overview of Blackstone Real Estate Investments

Pre-BREP Investment Record (*\$ in thousands*)

		Inception through October 13, 1998 ⁽¹⁾					
<u>Date of Initial Investment</u>	<u>Investment</u>	<u>Total Invested Capital⁽²⁾</u>	<u>Realized Proceeds</u>	<u>Unrealized Value</u>	<u>Total Realized/Unrealized Value</u>	<u>Total Realized/Unrealized Gain</u>	<u>Gross Annual Rate of Return⁽³⁾</u>
Investments – Realized							
November 1991	Savers Savings	\$12,150	\$30,583	\$ -	\$30,583	\$18,433	66.2%
April 1992	Savers Southeast	1,000	2,164	-	2,164	1,164	37.0%
December 1992	Westridge Court	3,750	11,536	-	11,536	7,786	31.7%
June 1993	Davidson Hotels	14,314	75,546	-	75,546	61,232	57.4%
December 1993	Edward J. DeBartolo Corp. ⁽⁴⁾	109,500	225,361	-	225,361	115,861	35.0%
	Total	\$140,714	\$345,190	\$ -	\$345,190	\$204,476	42.7%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP I Investment Record (*\$ in thousands*)

Inception through January 28, 2003⁽⁵⁾

Date of Initial Investment	Investment	Total Invested Capital ⁽⁶⁾	Realized Proceeds	Unrealized Value	Total Realized/Unrealized Value	Total Realized/Unrealized Gain	Gross Annual Rate of Return ⁽⁷⁾
Investments – Realized							
March 1994	Houston Marriott	\$4,347	\$10,168	\$ -	\$10,168	\$5,821	64.2%
March 1994	Colorado Springs Marriott	2,591	14,088	-	14,088	11,497	186.4%
September 1994	Lisle Radisson / Office Building	5,937	18,134	-	18,134	12,197	101.0%
December 1994	Denver Hilton	5,040	11,432	-	11,432	6,392	78.9%
January 1995	K-Mart Portfolio	7,575	11,998	-	11,998	4,423	25.0%
February 1995	Atlanta Sheraton	6,226	15,307	-	15,307	9,081	106.8%
February 1995	Trumbull Marriott Debt	6,894	21,997	-	21,997	15,103	38.8%
February 1995	SF Hyatt Burlingame	21,310	152,234	-	152,234	130,924	86.7%
February 1995	Great Bridge Shopping Center	1,062	4,380	-	4,380	3,318	38.2%
February 1995	Cadillac Fairview ⁽⁸⁾	65,513	138,971	-	138,971	73,458	17.4%
March 1995	Philadelphia Marriott	7,460	16,965	-	16,965	9,505	110.2%
June 1995	Huntington Hilton Debt	6,495	8,116	-	8,116	1,621	23.6%
October 1995	Century City Participations	14,032	24,826	-	24,826	10,794	53.3%
October 1995	Fort Magruder Inn / Interstate Stock ⁽⁹⁾	4,529	12,467	-	12,467	7,938	46.2%
November 1995	225 North Michigan Avenue	23,985	93,994	-	93,994	70,009	72.5%
December 1995	Colonial Square Shopping Center	2,026	5,034	-	5,034	3,008	21.8%
December 1995	CIGNA Hotel Portfolio	34,998	42,874	-	42,874	7,876	45.4%
December 1995	Preston Center Land	4,590	10,109	-	10,109	5,519	14.8%
December 1995	StoneCrest Office Complex	5,829	21,013	-	21,013	15,184	60.2%
May 1996	IBIS Golf and Country Club	17,896	20,950	-	20,950	3,054	2.4%
June 1996	Interstate Option	23,533	67,293	-	67,293	43,760	71.0%
June 1996	400 R Street	9,600	22,127	-	22,127	12,527	65.2%
June 1996	Two Logan Square	24,700	55,837	-	55,837	31,137	42.0%
August 1996	Hyatt Regency Cambridge	21,000	71,959	-	71,959	50,959	41.4%
August 1996	One IBM Plaza	30,000	144,345	-	144,345	114,345	61.0%
October 1996	Worldwide Plaza ⁽¹⁰⁾	110,000	311,090	-	311,090	201,090	79.0%
Total		\$467,168	\$1,327,708	\$ -	\$1,327,708	\$860,540	51.3%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP II Investment Record

(\$ in thousands)

Inception through December 14, 2006⁽¹⁾

Date of Initial Investment	Investment	Total Invested Capital ⁽²⁾	Realized Proceeds	Unrealized Value	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽³⁾
Investments – Realized							
November 1996	2800 Eisenhower Avenue	\$4,485	\$8,098	\$ -	\$8,098	\$3,613	46.2%
November 1996	Hyatt Regency Reston	20,193	68,067	-	68,067	47,874	41.8%
November 1996	Imry Portfolio	10,299	15,418	-	15,418	5,119	47.4%
December 1996	GSSW Portfolio	11,625	33,331	-	33,331	21,706	33.6%
January 1997	Four Seasons Philadelphia	22,944	64,397	-	64,397	41,453	40.1%
January 1997	One Logan Square	6,352	19,225	-	19,225	12,873	77.8%
February 1997	Grand Hyatt Atlanta	26,574	49,477	-	49,477	22,903	17.4%
March 1997	Texas Instruments Campus	14,609	34,581	-	34,581	19,972	78.8%
March 1997	Four Seasons Atlanta	19,180	15,501	-	15,501	(3,679)	(5.2%)
March 1997	Wilshire Courtyard	33,800	71,557	-	71,557	37,757	37.5%
May 1997	Balfour Portfolio	24,277	51,521	-	51,521	27,244	15.6%
July 1997	Riverfront Office Park	24,701	108,843	-	108,843	84,142	66.8%
July 1997	Descartes Office Tower	57,717	139,302	-	139,302	81,585	54.6%
July 1997	Swissotel Portfolio	107,992	274,412	-	274,412	166,420	34.1%
September 1997	Houston Westchase Land	6,580	9,479	-	9,479	2,899	40.6%
October 1997	Four Seasons Beverly Hills	7,411	10,314	-	10,314	2,903	31.0%
October 1997	Maxus Energy Tower	13,459	275	-	275	(13,184)	(65.2%)
November 1997	China Basin Landing	25,496	119,348	-	119,348	93,852	69.3%
November 1997	Arundel Great Court	20,225	41,420	-	41,420	21,195	28.7%
December 1997	National City Center	20,768	40,375	-	40,375	19,607	88.1%
January 1998	Prime Group Realty Trust	46,363	68,311	-	68,311	21,948	16.4%
January 1998	Ritz Carlton Amelia Island	38,661	60,544	-	60,544	21,883	16.9%
February 1998	The Investment Building	28,347	61,418	-	61,418	33,071	27.5%
March 1998	Pulte Home Corporation	31,747	38,960	-	38,960	7,213	23.3%
March 1998	Ritz Carlton Boston	25,373	60,231	-	60,231	34,858	44.9%
March 1998	Sanwa Bank Loan	6,139	6,223	-	6,223	84	1.4%
April 1998	Alex Brown Building	19,609	26,649	-	26,649	7,040	106.8%
April 1998	Houston/Conoco Land	8,972	7,179	-	7,179	(1,793)	(2.7%)
May 1998	Baldwin Ranch	13,217	22,861	-	22,861	9,644	42.5%
June 1998	The Savoy Group ⁽¹⁴⁾	169,744	308,698	-	308,698	138,954	11.0%
June 1998	City Center Land	16,324	18,500	-	18,500	2,176	2.6%
July 1998	Cross Point	26,606	56,205	-	56,205	29,599	12.7%
July 1998	Paliburg Holdings	15,251	16,017	-	16,017	766	0.6%
August 1998	Watergate Hotel	19,001	9,952	-	9,952	(9,050)	(11.7%)
August 1998	South Coast Metro Center	26,259	35,242	-	35,242	8,983	16.5%
September 1998	Mitry Compans Warehouse	9,005	30,184	-	30,184	21,179	23.8%
November 1998	Aon Suburban Campus	15,619	31,120	-	31,120	15,501	28.7%
December 1998	Aon Center (formerly Amoco)	91,377	134,467	-	134,467	43,090	8.6%
March 1999	Village Center at Dulles	11,398	27,820	-	27,820	16,422	28.4%
March 1999	1225 Connecticut Avenue	15,659	23,100	-	23,100	7,441	22.0%
April 1999	Mid-America Apartment Portfolio	10,500	24,935	-	24,935	14,435	25.9%
April 1999	125 & 150 CambridgePark	24,223	43,215	-	43,215	18,992	25.6%
April 1999	Rincon Center	36,764	140,391	-	140,391	103,627	23.6%
June 1999	Rockwall I & II	11,550	21,887	-	21,887	10,337	42.6%
July 1999	Louis Joliet Mall	13,200	65,375	-	65,375	52,175	48.2%
August 1999	Plessis Pate Warehouse	2,910	4,624	-	4,624	1,714	27.2%
August 1999	Zac le Parc Warehouse	3,114	4,123	-	4,123	1,009	26.9%
June 2000	Copernic	3,258	8,442	-	8,442	5,184	216.1%
Total		\$1,218,877	\$2,531,614	\$ -	\$2,531,614	\$1,312,738	25.6%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP III Investment Record (*\$ in thousands*)

Inception through September 30, 2015⁽¹⁵⁾

Date of Initial Investment	Investment	Total Invested Capital ⁽¹⁶⁾	Realized Proceeds	Unrealized Value	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽¹⁷⁾
Investments – Realized							
September 1999	Southfield Town Center	\$90,160	\$78,580	\$ -	\$78,580	\$(11,580)	(4.2%)
October 1999	Bethesda Metro Center	35,377	66,704	-	66,704	31,327	19.7%
October 1999	Berkshire Realty Holdings	126,683	198,695	-	198,695	72,012	14.3%
November 1999	M.D. Hodges	83,379	209,400	-	209,400	126,021	25.5%
December 1999	CGHS Hotel Portfolio	43,045	64,600	-	64,600	21,555	9.2%
January 2000	350 Sansome Street	8,008	2,524	-	2,524	(5,484)	(19.8%)
April 2000	Axe Pleyel Office Development	2,130	14,300	-	14,300	12,170	214.8%
April 2000	120 Broadway	32,525	63,450	-	63,450	30,925	19.4%
April 2000	33 New Montgomery	15,604	27,005	-	27,005	11,401	11.0%
April 2000	Westin St. Francis	59,558	247,566	-	247,566	188,008	31.2%
May 2000	1525 Wilson Blvd.	15,374	28,303	-	28,303	12,929	26.3%
June 2000	Central at San Tomas	35,236	28,418	-	28,418	(6,818)	(10.2%)
June 2000	Thames Exchange	39,981	61,785	-	61,785	21,804	8.1%
June 2000	IBM Technology Campus	21,693	53,245	-	53,245	31,552	21.3%
July 2000	Maison Neuve Warehouse	13,150	32,222	-	32,222	19,072	26.1%
July 2000	535 Mission Land	21,350	20,940	-	20,940	(410)	(0.6%)
July 2000	Lodgian Notes	23,902	17,600	-	17,600	(6,302)	(5.3%)
September 2000	Seven World Trade Center	88,405	189,500	-	189,500	101,095	26.1%
September 2000	One Boston Place	18,880	30,650	-	30,650	11,770	26.8%
December 2000	Project 702 & 703	16,625	2,161	-	2,161	(14,464)	(65.7%)
March 2001	Hyatt Regency Maui	51,967	140,105	-	140,105	88,138	51.5%
April 2001	Resolution Portfolio	37,084	7,000	-	7,000	(30,084)	(14.5%)
April 2001	Barbanners Office Development	6,775	22,183	-	22,183	15,408	38.0%
July 2001	Tremblaine Warehouse	2,931	3,723	-	3,723	792	68.7%
August 2001	Vintners' Place	16,646	15,824	-	15,824	(822)	(1.7%)
September 2001	Parcolog Warehouse	9,759	18,115	-	18,115	8,356	25.3%
November 2001	Homestead Studio Suites	119,099	729,859	-	729,859	610,759	68.9%
March 2002	609 Fifth Avenue	23,357	44,957	-	44,957	21,600	74.7%
March 2002	Hatfield	2,841	4,460	-	4,460	1,620	25.2%
May 2002	Homestead Note Acquisition	37,917	48,383	-	48,383	10,466	20.1%
May 2002	Triangle Retail Center	11,089	17,072	-	17,072	5,983	21.1%
June 2002	Prime Office Portfolio	22,549	26,973	-	26,973	4,424	9.1%
June 2002	Capital Senior Living	11,644	25,161	-	25,161	13,517	33.8%
July 2002	Hemel Hempstead	19,269	15,205	-	15,205	(4,064)	(7.4%)
August 2002	Lumiere	40,094	146,802	-	146,802	106,709	56.1%
August 2002	Colonie Center	9,000	25,361	-	25,361	16,361	67.3%
September 2002	Park Place	42,760	103,785	-	103,785	61,025	95.2%
October 2002	Woking Industrial	5,951	7,355	-	7,355	1,404	5.9%
October 2002	Southridge Mall	16,698	82,806	-	82,806	66,108	154.6%
January 2003	Concordia Properties	75,772	192,169	-	192,169	116,397	68.4%
January 2003	Nikko Dusseldorf Complex	8,725	30,639	-	30,639	21,914	43.4%
April 2003	Skanska Office Portfolio	17,515	36,105	-	36,105	18,590	46.2%
June 2003	Cottonwood Village	3,614	8,578	-	8,578	4,964	55.1%
June 2003	MainStay Suites	20,336	105,263	-	105,263	84,926	159.5%
June 2003	Iron Mountain	2,999	15,781	-	15,781	12,782	90.7%
December 2003	Marriott Munich	5,843	14,161	-	14,161	8,318	63.7%
July 2004	Les Portes de Beaune	2,123	3,033	-	3,033	910	23.2%
Total		\$1,415,422	\$3,328,504	\$ -	\$3,328,504	\$1,913,082	27.2%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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148 Blackstone Real Estate Partners Europe V

BREP International Investment Record (€ Thousands)

Inception through September 30, 2015

Date of Initial Investment	Investment	Total Invested Capital ⁽¹⁸⁾	Realized Proceeds	Unrealized Value ⁽¹⁹⁾	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽²⁰⁾
Investments - Realized / Partially Realized							
April 2001	Resolution Portfolio	€57,277	€9,705	€ -	€9,705	€(47,571)	(19.3%)
April 2001	Barbanners Office Development	11,607	28,651	-	28,651	17,043	26.9%
August 2001	Vintners' Place	27,417	23,482	-	23,482	(3,936)	(5.1%)
September 2001	Parcolog Warehouse	16,134	23,423	-	23,423	7,288	14.7%
March 2002	Hatfield	4,892	6,974	-	6,974	2,083	19.5%
May 2002	Triangle Retail Center	18,260	24,992	-	24,992	6,732	15.1%
July 2002	Hemel Hempstead	23,414	16,722	-	16,722	(6,692)	(9.2%)
August 2002	Lumiere	61,230	198,219	-	198,219	136,989	49.2%
October 2002	Woking Industrial	8,665	9,167	-	9,167	501	1.5%
January 2003	Nikko Dusseldorf Complex	12,481	37,725	-	37,725	25,244	36.9%
April 2003	Skanska Office Portfolio	24,349	46,731	-	46,731	22,382	39.0%
June 2003	Iron Mountain	3,864	19,382	-	19,382	15,519	86.8%
September 2003	Marriott Grosvenor	23,807	60,384	-	60,384	36,577	66.4%
November 2003	Spirit Amber	34,378	60,840	-	60,840	26,462	42.4%
December 2003	Marriott Munich	7,173	17,847	-	17,847	10,673	66.2%
December 2003	Deutsche Bank Portfolio ⁽²¹⁾	76,648	116,289	2,434	118,723	42,075	39.2%
July 2004	Les Portes de Beaune	2,613	4,067	-	4,067	1,454	27.0%
December 2004	German Residential - WCM Portfolio ⁽²¹⁾	72,606	200,111	1,800	201,911	129,305	44.2%
February 2005	NHP / Southern Cross ⁽²³⁾	90,758	239,544	-	239,544	148,787	148.2%
May 2005	Skanska II	14,315	33,334	-	33,334	19,019	125.6%
May 2005	Bastuban Office	7,421	18,614	-	18,614	11,194	65.6%
November 2005	Ashbourne ⁽²³⁾	11,709	45,493	-	45,493	33,784	322.3%
November 2005	KX200	14,819	63,904	-	63,904	49,084	26.4%
December 2005	Grosvenor Crescent	11,917	40,015	-	40,015	28,099	147.0%
April 2006	KDHM ⁽²²⁾	19,943	13,125	1,515	14,640	(5,304)	(4.6%)
	Total	€657,699	€1,358,741	€5,749	€1,364,490	€706,791	32.6%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

ER305378-MAXWELL

BREP IV Investment Record (*\$ in thousands*)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽²⁰⁾	Realized Proceeds	Unrealized Value ⁽²¹⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽²⁵⁾
Investments – Realized/Partially Realized							
August 2003	1717 Arch Street ⁽²¹⁾	\$61,957	\$50,019	\$80,898	\$130,918	\$68,961	8.4%
September 2003	Marriott Grosvenor	9,517	25,053	–	25,053	15,537	70.9%
November 2003	Larkspur Hospitality Loan	8,550	12,408	–	12,408	3,858	23.1%
November 2003	Spirit Amber ⁽²⁶⁾	13,323	25,067	–	25,067	11,744	48.9%
December 2003	Charter Oak	53,759	126,098	–	126,098	72,338	70.6%
December 2003	Deutsche Bank Portfolio ⁽²¹⁾	62,997	97,413	2,001	99,414	36,416	40.4%
February 2004	Hyatt Regency Washington	36,296	144,306	–	144,306	108,010	152.4%
May/October 2004	Extended Stay America/Wellesley Suites ⁽²⁷⁾	316,932	1,130,236	–	1,130,236	813,304	119.5%
July 2004	Hawaii Marriotts ⁽²¹⁾	135,514	196,455	4,250	200,705	65,191	4.5%
August 2004	BC Retail ⁽²¹⁾	15,747	652	8,343	8,995	(6,752)	(6.5%)
October 2004	Prime Hospitality ⁽²⁸⁾	158,547	360,258	34,634	394,891	236,344	1,000+%
December 2004	German Residential - WCM Portfolio ⁽²¹⁾	64,344	171,788	1,595	173,384	109,040	44.3%
January 2005	Rockwall / White Flint Crossing	15,941	33,855	–	33,855	17,914	18.1%
January 2005	Dominion Tower	12,863	5,061	–	5,061	(7,802)	(11.6%)
February 2005	NHP / Southern Cross ⁽²³⁾	80,091	202,597	–	202,597	122,507	132.0%
March 2005	Town and Country	164,489	–	–	–	(164,489)	(100.0%)
April 2005	1500 Donn Mills	5,394	8,900	–	8,900	3,506	68.1%
May 2005	Extended Stay America - Sierra Suites ⁽²⁷⁾	14,128	47,625	–	47,625	33,497	1,000+%
May 2005	Skanska II	5,759	12,542	–	12,542	6,782	129.2%
May 2005	Bastuban Office	2,986	8,274	–	8,274	5,288	76.9%
June 2005	Downing Street Toronto Office Portfolio	18,388	38,544	–	38,544	20,156	14.1%
June 2005	Boca Raton / T-Rex Corporate Center	48,407	–	–	–	(48,407)	(100.0%)
July 2005	University Gateway	22,000	25,727	–	25,727	3,727	2.7%
August 2005	Tycos Industrial	3,800	9,210	–	9,210	5,410	106.7%
October 2005	ESA 1st Additional ⁽²⁷⁾	6,872	12,644	–	12,644	5,772	55.1%
October 2005	Canadian Office Portfolio	16,755	64,791	–	64,791	48,036	29.1%
November 2005	Ashbourne ⁽²³⁾	9,189	34,882	–	34,882	25,693	300.9%
November 2005	KX200	5,972	27,171	–	27,171	21,199	27.1%
December 2005	Grosvenor Crescent	4,802	17,927	–	17,927	13,124	167.3%
January 2006	La Quinta ⁽²⁹⁾	87,973	193,669	86,156	279,826	191,853	17.5%
January 2006	La Quinta - Baymont	5,935	12,000	–	12,000	6,065	1,000+%
February 2006	Canadian Office Portfolio Additional	21,279	63,202	–	63,202	41,923	23.7%
March 2006	ESA 2nd Additional ⁽²⁷⁾	6,995	12,871	–	12,871	5,876	69.9%
April 2006	KDHM ⁽²²⁾	8,864	5,647	673	6,320	(2,544)	(5.1%)
June 2006	ESA 3rd Additional ⁽²⁷⁾	7,163	13,180	–	13,180	6,017	100.9%
	Total – Realized / Partially Realized⁽³⁰⁾	1,513,528	3,190,073	218,087	3,408,160	1,894,632	64.2%
Investments – Unrealized							
December 2004	Boca Resorts ⁽³¹⁾	360,804	121,439	566,915	688,354	327,549	7.4%
March 2005	The London NYC (Rihga) ⁽³²⁾	122,211	49,086	225,953	275,039	152,828	9.4%
August 2005	Wyndham International Inc. ⁽³³⁾	740,675	286,841	1,805	288,645	(452,030)	(48.6%)
	Total – Unrealized	1,223,690	457,366	794,672	1,252,038	28,347	0.3%
	Total	\$2,737,219	\$3,647,439	\$1,012,759	\$4,660,198	\$1,922,979	23.0%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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150 Blackstone Real Estate Partners Europe V

BREP V Investment Record (*\$ in thousands*)

Inception through September 30, 2015

Date of Initial Investment	Investment	Total Invested Capital ⁽⁹⁾	Realized Proceeds	Unrealized Value ⁽⁹⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽⁹⁾
Investments – Realized/Partially Realized							
January 2006	La Quinta – Baymont	\$23,740	\$48,000	\$ –	\$48,000	\$24,260	1,000%+
January 2006	La Quinta ⁽²⁹⁾	351,773	774,485	344,626	1,119,111	767,338	17.5%
February 2006	La Quinta 1st Additional ⁽²⁹⁾	11,198	23,367	13,115	36,482	25,284	14.0%
May 2006	Center Parcs (U.K.)	80,212	249,229	–	249,229	169,017	21.5%
May 2006	Grand Esplanade	7,851	10,218	–	10,218	2,367	3.8%
June 2006	DS Funds Hotels	5,534	17,692	–	17,692	12,158	17.2%
July 2006	CarrAmerica Realty Corporation ⁽³⁶⁾	857,853	2,292,505	117,773	2,410,278	1,552,424	100.2%
July 2006	La Quinta 2nd Additional ⁽²⁹⁾	19,762	28,009	15,720	43,729	23,966	9.5%
October 2006	La Quinta 3rd Additional ⁽²⁹⁾	26,517	52,784	29,625	82,409	55,892	14.4%
October 2006	BAA Toggle Facility	5,621	–	–	–	(5,621)	(100.0%)
October 2006	Trizec ⁽⁵⁷⁾	950,659	704,706	957,989	1,662,695	712,036	10.9%
November 2006	Maritim Reichshof Hotel Hamburg	1,741	2,329	–	2,329	588	4.4%
November 2006	Somerfield PIK Note	12,517	14,175	–	14,175	1,658	6.1%
December 2006	Zurich Senior Living Portfolio	32,606	119,100	–	119,100	86,494	37.3%
December 2006	Canadian Office Portfolio	31,828	66,467	–	66,467	34,639	20.9%
December 2006	Canadian Office Portfolio Add-ons	26,153	42,766	–	42,766	16,613	14.6%
January 2007	100 Middlesex Street	29,948	34,947	–	34,947	4,998	4.5%
February 2007	Equity Office Properties ⁽³⁸⁾	2,239,750	2,857,444	2,924,068	5,781,512	3,541,762	13.0%
February 2007	La Quinta 4th Additional ⁽²⁹⁾	22,955	43,874	24,625	68,499	45,544	14.4%
February 2007	Marriott Copenhagen	5,996	1,842	–	1,842	(4,154)	(14.2%)
February 2007	Deutsche Interhotel Portfolio ⁽²¹⁾	53,893	–	2,321	2,321	(51,573)	(31.6%)
March 2007	La Quinta 5th Additional ⁽²⁹⁾	22,047	20,925	11,745	32,670	10,623	5.6%
January 2008	CarrAmerica Add-ons	19,038	39,006	–	39,006	19,969	14.4%
	Total – Realized / Partially Realized⁽⁹⁾	4,839,191	7,443,869	4,441,291	11,885,160	7,045,969	17.0%
Investments – Unrealized							
January 2006	Hilton Ft. Lauderdale Marina ⁽⁴⁰⁾	140,265	37,274	61,664	98,937	(41,328)	(4.9%)
January 2006	MeriStar Florida Hotel Portfolio ⁽⁴¹⁾	198,605	6,514	129,777	136,291	(62,314)	(4.5%)
May 2006	MeriStar Hospitality Corporation ⁽⁴²⁾	453,604	358,792	226,727	585,519	131,915	5.1%
June 2006	Hospitality Europe B.V. ⁽⁴³⁾	57,919	10,564	37,575	48,139	(9,780)	(2.9%)
July 2006	Center Parcs (Europe) ⁽⁴⁴⁾	21,597	10,136	5,841	15,977	(5,620)	(4.7%)
September 2006	Vitalia Wave I ⁽⁴⁵⁾	7,811	–	5,854	5,854	(1,957)	(3.3%)
September 2006	Westin Trianon Palace ⁽⁴⁶⁾	8,854	–	6,291	6,291	(2,562)	(4.3%)
November 2006	French Budget Hotel Portfolio ⁽⁴⁷⁾	14,771	–	9,228	9,228	(5,542)	(5.7%)
March 2007	Vitalia Wave II ⁽⁴⁵⁾	28,002	–	20,988	20,988	(7,014)	(3.4%)
	Total – Unrealized⁽⁹⁾	931,427	423,280	492,829	916,109	(15,318)	(0.3%)
	Total	\$5,770,619	\$7,867,150	\$4,934,120	\$12,801,269	\$7,030,651	14.8%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP International II Investment Record (€ Thousands)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽⁴⁹⁾	Realized Proceeds	Unrealized Value ⁽¹⁹⁾	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽⁵⁰⁾
Investments – Realized / Partially Realized							
May 2006	Center Parcs (U.K.)	€184,214	€676,860	€–	€676,860	€492,645	24.0%
May 2006	Grand Esplanade	16,876	24,061	–	24,061	7,184	5.1%
June 2006	DS Funds Hotel	12,935	42,461	–	42,461	29,526	17.5%
October 2006	BAA Toggle Facility	13,311	–	–	–	(13,311)	(100.0%)
November 2006	Somerfield PIK Note	29,059	33,881	–	33,881	4,823	7.6%
November 2006	Maritim Reichshof Hotel Hamburg	4,068	5,176	–	5,176	1,108	3.6%
January 2007	100 Middlesex Street	62,190	83,150	–	83,150	20,960	8.4%
February 2007	Deutsche Interhotel Portfolio ⁽²¹⁾	122,169	–	5,261	5,261	(116,908)	(31.5%)
February 2007	Marriott Copenhagen	13,719	5,074	–	5,074	(8,645)	(12.1%)
August 2007	Swissotel Dusseldorf	5,262	9,784	–	9,784	4,522	9.3%
October 2007	Hilton Hotels Corporation ⁽⁵¹⁾	265,269	474,528	300,426	774,954	509,685	16.1%
December 2007	Fairmont Portfolio ⁽²¹⁾	44,888	18,592	1,198	19,791	(25,097)	(16.7%)
	Total – Realized / Partially Realized⁽⁵²⁾	773,960	1,373,567	375,028	1,748,595	974,635	13.2%
Investments – Unrealized							
June 2006	Hospitality Europe B.V. ⁽⁴³⁾	133,272	23,595	86,388	109,983	(23,289)	(3.0%)
July 2006	Center Parcs (Europe) ⁽⁴⁴⁾	51,240	23,611	13,859	37,470	(13,770)	(4.9%)
September 2006	Vitalia Wave I ⁽⁴⁵⁾	18,225	–	13,659	13,659	(4,566)	(3.3%)
September 2006	Westin Trianon Palace ⁽⁴⁶⁾	20,181	–	14,340	14,340	(5,840)	(4.3%)
November 2006	French Budget Hotel Portfolio ⁽⁴⁷⁾	32,397	–	20,241	20,241	(12,156)	(5.7%)
March 2007	Vitalia Wave II ⁽⁴⁵⁾	63,229	–	47,390	47,390	(15,839)	(3.4%)
July 2007	Vitalia Wave III ⁽⁴⁵⁾	98,800	–	152,549	152,549	53,748	5.7%
July 2007	Nido Barcelona ⁽⁵³⁾	31,125	–	9,026	9,026	(22,099)	(16.1%)
October 2007	Alliance Hotel Portfolio ⁽⁵⁴⁾	111,745	7,747	–	7,747	(103,999)	(39.0%)
February 2008	Vitalia Wave IV ⁽⁴⁵⁾	56,721	–	53,776	53,776	(2,945)	(0.8%)
April 2008	Synergy ⁽⁵⁵⁾	7,905	–	17,573	17,573	9,669	11.8%
	Total – Unrealized⁽⁵⁶⁾	624,839	54,953	425,932	480,885	(143,955)	(3.5%)
	Total	€1,398,799	€1,428,520	€800,960	€2,229,479	€830,680	7.1%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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152 Blackstone Real Estate Partners Europe V

BREP VI Investment Record (*\$ in thousands*)

Inception through September 30, 2015

Date of Initial Investment	Investment	Total Invested Capital ⁽⁵⁷⁾	Realized Proceeds	Unrealized Value ⁽⁵⁹⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽⁵⁸⁾
Investments – Realized/Partially Realized							
February 2007	Equity Office Properties ⁽⁵⁸⁾	\$1,694,062	\$2,143,083	\$2,193,051	\$4,336,134	\$2,642,072	13.1%
May 2007	18 King Street	10,622	18,279	–	18,279	7,657	16.9%
August 2007	350 Plumeria	4,828	10,469	–	10,469	5,642	135.4%
August 2007	Swissotel Dusseldorf	2,385	3,560	–	3,560	1,174	6.0%
October 2007	Hilton Hotels Corporation ⁽⁵¹⁾	3,003,163	4,762,321	3,363,272	8,125,592	5,122,429	15.2%
December 2007	Fairmont Portfolio ⁽²¹⁾	21,223	7,925	567	8,492	(12,731)	(18.4%)
February 2008	Highfield Place	5,589	10,446	–	10,446	4,858	39.2%
November 2008	Changshou Mall	83,889	118,254	–	118,254	34,365	12.5%
November 2008	Insite Asset Management	1,620	2,350	–	2,350	730	17.2%
September 2009	Montgomery Washington Tower	21,548	47,937	–	47,937	26,389	140.1%
November 2009	Broadgate Estate ⁽²¹⁾	58,645	245,134	6,879	252,012	193,368	44.2%
December 2009	SeaWorld Parks & Entertainment ⁽⁵⁹⁾	100,080	224,035	33,896	257,931	157,851	30.1%
December 2009	Highland Hospitality	68,060	244,071	–	244,071	176,010	204.5%
February 2010	Nido Notting Hill	3,410	8,805	–	8,805	5,394	53.6%
March 2010	Lloyd Center and WestShore Plaza	67,736	105,416	–	105,416	37,680	16.6%
April 2010	Ashford	43,974	88,450	–	88,450	44,476	36.4%
July 2010	Japan Loan Portfolio ⁽²¹⁾⁽⁶⁰⁾	63,532	84,100	13,275	97,375	33,843	21.2%
July 2010	Whitehall	6,711	16,360	–	16,360	9,649	1,000+%
August 2010	Sunwest Senior Living Portfolio	199,566	465,939	–	465,939	266,373	46.5%
Sept/Oct 2010	Columbia Sussex ⁽⁶¹⁾	199,813	213,312	60,199	273,511	73,698	14.4%
October 2010	Calwest ⁽²¹⁾	587,785	1,068,344	18,491	1,086,835	499,050	22.8%
October 2010	CityView ⁽⁶²⁾	101,500	81,904	91,751	173,655	72,155	13.3%
November 2010	Industrial Venture ⁽²¹⁾	428,496	1,325,733	21,519	1,347,251	918,756	35.2%
November 2010	Pealridge	60,266	153,370	–	153,370	93,104	86.8%
November 2010	General Growth Properties	488,005	1,122,844	–	1,122,844	634,839	61.8%
February 2011	Hotel del Coronado	129,771	261,368	–	261,368	131,597	30.0%
February 2011	Embassy	31,504	46,060	–	46,060	14,556	23.0%
March 2011	Chiswick Park ⁽⁶³⁾	90,662	144,828	59,256	204,084	113,423	39.9%
May 2011	Valad ⁽⁶⁴⁾	321,755	223,492	259,159	482,650	160,895	11.3%
June 2011	Brixmor ⁽⁶⁵⁾	1,042,475	1,878,116	821,331	2,699,447	1,656,971	30.6%
June 2011	Lodging Asset #1	13,054	15,210	–	15,210	2,156	15.3%
June 2011	125 and 150 Cambridge Park Drive ⁽²¹⁾	32,241	119,244	11,000	130,244	98,002	55.1%
July 2011	229 West 43rd Street	104,184	304,472	–	304,472	200,288	35.9%
July 2011	Pacific Shores	74,348	149,599	–	149,599	75,251	28.5%
August 2011	Lodging Asset #2 (Grand Del Mar)	22,045	33,158	–	33,158	11,112	1,000+%
August 2011	German Multifamily Platform	56,969	99,627	–	99,627	42,658	27.9%
December 2011	Condorcet Office Complex	17,647	42,928	–	42,928	25,281	37.7%
Total – Realized / Partially Realized⁽⁶⁶⁾		9,263,165	15,890,542	6,865,185	22,755,728	13,492,563	18.2%
Investments – Unrealized							
May 2007	Hyatt Sarasota ⁽⁶⁷⁾	50,850	25,022	38,100	63,123	12,273	3.2%
June 2007	Nido Barcelona ⁽⁵³⁾	13,988	–	4,057	4,057	(9,932)	(16.1%)
July 2007	Vitalia Wave III ⁽⁴⁵⁾	46,800	–	72,260	72,260	25,460	5.8%
October 2007	Alliance Hotel Portfolio ⁽⁵⁴⁾	52,991	3,347	–	3,347	(49,644)	(40.9%)
January 2008	Caesar's Entertainment ⁽⁶⁸⁾	164,660	–	30,728	30,728	(133,932)	(24.6%)
February 2008	Vitalia Wave IV ⁽⁴⁵⁾	26,220	–	24,859	24,859	(1,361)	(0.8%)
April 2008	Synergy ⁽⁵⁵⁾	4,091	–	9,096	9,096	5,004	11.8%
February 2010	Great Eagle – Dalian ⁽⁶⁹⁾	88,395	–	68,476	68,476	(19,919)	(4.5%)
June 2010	Glenborough ⁽⁷⁰⁾	129,811	150,670	105,917	256,588	126,777	22.7%
October 2010	Extended Stay Hotels ⁽⁷¹⁾	526,000	536,669	806,796	1,343,465	817,465	26.7%
November 2010	U.K. PropCo Bonds ⁽⁷²⁾	2,987	–	159	159	(2,828)	(56.4%)
May 2011	1140 Avenue of Americas ⁽⁷³⁾	54,681	–	82,413	82,413	27,732	11.0%
June 2011	Stratford Centre ⁽⁷⁴⁾	9,316	–	11,935	11,935	2,619	6.0%
August 2011	BREP Poland Retail Venture ⁽⁷⁵⁾	43,066	639	62,121	62,761	19,695	9.8%
September 2011	Manyata Business Park ⁽⁷⁶⁾	197,500	3,810	348,529	352,339	154,839	15.2%
September 2011	Mint Hotels ⁽⁷⁷⁾	111,324	102,009	93,623	195,632	84,308	16.9%
December 2011	Houndshill Shopping Centre ⁽⁷⁸⁾	7,115	948	8,864	9,812	2,698	9.6%
December 2011	Quadron Business Park ⁽⁷⁹⁾	62,911	–	146,610	146,610	83,699	26.3%
April 2014	Hilton Timeshare ⁽⁸⁰⁾	72,487	–	72,487	72,487	–	0.0%
Total – Unrealized⁽⁸¹⁾		1,665,194	823,116	1,810,768	2,633,884	968,690	10.8%
Total		\$10,928,359	\$16,713,659	\$8,675,953	\$25,389,612	\$14,461,253	17.5%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP Europe III Investment Record (€ Thousands)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽⁸²⁾	Realized Proceeds	Unrealized Value ⁽⁸⁹⁾	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽⁸³⁾
Investments – Realized / Partially Realized							
November 2009	Broadgate Estate ⁽²¹⁾	€124,052	€570,054	€14,562	€584,616	€460,564	47.3%
February 2010	Nido Notting Hill	5,596	15,712	–	15,712	10,116	59.5%
March 2011	Chiswick Park ⁽⁶³⁾	199,616	327,061	139,947	467,008	267,391	42.9%
August 2011	German Multifamily Platform	124,286	229,355	–	229,355	105,068	30.9%
December 2011	Condorcet Office Complex	39,238	103,010	–	103,010	63,771	41.6%
January 2012	German Office Portfolio #1	17,508	26,975	–	26,975	9,466	35.7%
June 2012	U.K. Office CMBS #1	1,410	2,867	–	2,867	1,457	46.1%
February 2013	Metrovacesa Loan	39,442	43,568	–	43,568	4,126	668.8%
July 2013	Colisee	28,152	62,330	–	62,330	34,178	55.4%
August 2013	Irish Retail #1	29,622	37,858	–	37,858	8,236	16.6%
	Total – Realized / Partially Realized⁽⁸⁴⁾	608,924	1,418,789	173,150	1,591,939	983,015	43.7%
Investments – Unrealized							
November 2010	U.K. PropCo Bonds ⁽⁷²⁾	6,645	–	353	353	(6,292)	(56.4%)
June 2011	Stratford Centre ⁽⁷⁴⁾	19,125	–	24,502	24,502	5,377	6.0%
August 2011	BREP Poland Retail Venture ⁽⁷³⁾	90,563	1,500	130,635	132,135	41,573	9.9%
September 2011	Mint Hotels ⁽⁷⁷⁾	232,543	254,403	195,566	449,969	217,426	20.3%
December 2011	Houndshill Shopping Centre ⁽⁷⁸⁾	15,994	2,160	19,927	22,087	6,093	9.7%
December 2011	BREP Poland Retail Venture II ⁽⁸⁵⁾	35,360	720	10,959	11,679	(23,681)	(26.8%)
February 2012	U.K. Logistics Platform ⁽⁸⁶⁾	211,590	242,164	282,555	524,718	313,128	36.7%
March 2012	European Office CMBS #1 ⁽⁸⁷⁾	32,889	1,256	57,485	58,741	25,851	19.3%
June 2012	Multi Corporation ⁽⁸⁸⁾	509,636	3,031	723,834	726,865	217,229	17.1%
July 2012	Devonshire Square ⁽⁸⁹⁾	90,575	8,529	238,202	246,731	156,156	39.2%
August 2012	Turkey Retail Portfolio ⁽⁹⁰⁾	74,294	45,609	106,613	152,222	77,928	29.1%
September 2012	Gecina ⁽⁹¹⁾	333,552	288,056	236,109	524,165	190,613	23.8%
October 2012	Italian Mixed-Use Portfolio ⁽⁹²⁾	24,784	–	34,981	34,981	10,197	12.5%
December 2012	Paul Doumer ⁽⁹³⁾	49,200	–	67,921	67,921	18,721	12.2%
December 2012	Burlington Hotel ⁽⁹⁴⁾	34,582	24,520	43,712	68,233	33,651	29.3%
December 2012	BREP Poland Retail Venture III ⁽⁹⁵⁾	14,400	–	17,374	17,374	2,974	7.4%
April 2013	Adelphi ⁽⁹⁶⁾	112,110	–	191,472	191,472	79,362	26.9%
May 2013	IVG Debt ⁽⁹⁷⁾	14,213	–	13,624	13,624	(589)	(1.9%)
June 2013	Lacon House ⁽⁹⁸⁾	70,446	–	129,406	129,406	58,961	52.7%
Aug 2012–Feb 2014	European Logistics Portfolio I ⁽⁹⁹⁾	313,253	168,107	421,754	589,861	276,608	29.4%
September 2013	Franciacorta Outlet Center ⁽¹⁰⁰⁾	42,985	6,000	80,010	86,010	43,024	41.6%
	Total – Unrealized⁽¹⁰¹⁾	2,328,739	1,046,055	3,169,824	4,215,879	1,887,140	24.9%
	Total	€2,937,663	€2,464,844	€3,342,974	€5,807,818	€2,870,154	30.3%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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154 Blackstone Real Estate Partners Europe V

BREP VII Investment Record

(\$ in thousands)

Inception through September 30, 2015

Date of Initial Investment	Investment	Total Invested Capital ⁽⁹²⁾	Realized Proceeds	Unrealized Value ⁽⁹⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽⁸⁸⁾
Investments – Realized/Partially Realized							
December 2011	Bank of America Merrill Lynch ⁽¹⁰⁴⁾	\$562,758	\$777,382	\$393,630	\$1,171,012	\$608,254	42.1%
December 2011	Equity One Grocery Retail ⁽⁶³⁾	111,578	194,456	65,562	260,018	148,440	38.0%
December 2011	Eurohypo Distressed Loan Portfolio ⁽¹⁰⁵⁾	164,492	182,410	44,911	227,321	62,829	20.7%
January 2012	German Office Portfolio #1	5,799	9,200	–	9,200	3,401	38.3%
February 2012	John Hancock Center Mezzanine B Loan Purchase	62,935	65,879	–	65,879	2,944	984.8%
March 2012	Parc 55 ⁽²¹⁾	69,860	291,700	7,257	298,957	229,097	82.2%
April 2012	Green Cube	17,258	30,025	–	30,025	12,767	203.6%
April 2012	Starhub Green ⁽²¹⁾	59,319	91,032	6,511	97,542	38,223	17.9%
June 2012	CB Richard Ellis Fund 4 Loan	103,687	133,907	–	133,907	30,221	24.9%
June 2012	EDT Retail ⁽²¹⁾	347,000	622,550	3,561	626,110	279,110	56.6%
June 2012	U.K. Office CMBS #1	440	975	–	975	535	53.0%
June 2012	Dexus Industrial Portfolio ⁽⁸³⁾	205,000	416,122	75,225	491,348	286,348	40.7%
July 2012	Regency Retail Portfolio ⁽⁶⁵⁾	50,810	171,071	50,118	221,189	170,379	108.6%
July 2012	Lloyds Australian Non-Performing Loan ⁽¹⁰⁰⁾	108,268	112,468	63,679	176,147	67,880	44.2%
December 2012	Trump Parc ⁽¹⁰⁶⁾	51,315	45,807	17,614	63,421	12,107	15.9%
January 2013	5 Times Square	57,232	84,282	–	84,282	27,049	33.1%
January 2013	BREP VII Industrial Venture ⁽²¹⁾	505,500	873,116	15,401	888,517	383,017	58.0%
February 2013	Metrovaoesa Loan	13,392	14,018	–	14,018	626	155.1%
June 2013	Kimco Retail Joint Venture	265,000	499,300	–	499,300	234,300	51.0%
July 2013	Colisee	9,095	17,177	–	17,177	8,082	42.3%
August 2013	Irish Retail #1	9,941	10,591	–	10,591	651	4.1%
August 2013	Regency II Retail Portfolio	70,000	133,550	–	133,550	63,550	78.0%
October 2013	Coeur Defense	8,148	9,042	–	9,042	895	57.4%
October 2013	Irish Hotels	4,674	5,336	–	5,336	661	16.3%
October 2013	GE Multifamily Portfolio ⁽¹⁰⁷⁾	633,000	476,257	853,238	1,329,494	696,494	60.5%
December 2013	Irish/U.K. Mixed Use #1	28,262	36,260	–	36,260	7,999	39.5%
April 2014	Continental Hotel Portfolio	26,107	30,085	–	30,085	3,977	194.0%
Total – Realized / Partially Realized⁽⁸⁸⁾		3,550,869	5,333,997	1,577,203	6,911,201	3,360,332	48.0%
Investments – Unrealized							
December 2011	Duke Suburban Office ⁽¹⁰⁹⁾	280,225	84,792	380,844	465,636	185,411	16.3%
December 2011	BREP Poland Retail Venture II ⁽⁸⁷⁾	11,662	248	3,614	3,863	(7,799)	(26.7%)
February 2012	U.K. Logistics Platform ⁽⁸⁶⁾	68,579	70,713	91,671	162,384	93,806	34.6%
March 2012	151 Castlereagh ⁽¹¹⁰⁾	32,800	13,550	58,843	72,393	39,593	28.5%
March 2012	European Office CMBS #1 ⁽⁸⁷⁾	10,671	408	18,651	19,059	8,388	19.3%
May 2012	Eagle Hospitality ⁽¹¹¹⁾	126,226	223,351	100,068	323,419	197,193	60.4%
Various	Invitation Homes ⁽¹¹²⁾	1,330,000	703,644	1,596,833	2,300,477	970,477	23.6%
June 2012	Multi Corporation ⁽⁸⁸⁾	202,373	995	281,685	282,680	80,307	17.4%
July 2012	Glendale Office Buildings ⁽¹¹³⁾	29,265	–	38,822	38,822	9,557	9.2%
July 2012	Devonshire Square ⁽⁸⁹⁾	27,849	2,759	73,240	75,999	48,150	39.4%
August 2012	Turkey Retail Portfolio ⁽⁹⁰⁾	23,314	13,049	33,456	46,505	23,191	27.8%
Aug 2012–Feb 2014	European Logistics Platform I ⁽⁹⁹⁾	100,755	49,615	137,464	187,079	86,324	29.0%
September 2012	Cabi Office Portfolio ⁽¹¹⁴⁾	182,451	–	292,745	292,745	110,295	23.0%
September 2012	Morgan Multifamily Portfolio ⁽⁴⁵⁾	95,043	54,148	190,992	245,140	150,097	43.8%
September 2012	Gecina ⁽⁹¹⁾	108,237	92,864	76,613	169,477	61,240	24.0%
October 2012	Motel 6 ⁽¹¹⁵⁾	611,791	742,808	1,209,690	1,952,498	1,340,706	56.8%
October 2012	Embassy Holding Company ⁽¹¹⁶⁾	211,777	–	364,420	364,420	152,643	20.9%
October 2012	100 Montgomery Street ⁽¹¹⁷⁾	54,124	–	124,834	124,834	70,711	32.9%
October 2012	Italian Mixed-Use Portfolio ⁽⁹²⁾	7,991	–	11,279	11,279	3,288	12.5%
December 2012	Paul Doumer ⁽⁹³⁾	15,878	–	21,920	21,920	6,042	12.3%
December 2012	Burlington Hotel ⁽⁹⁴⁾	11,194	6,917	14,150	21,067	9,872	27.1%
December 2012	Top Ryde Mall ⁽¹¹⁸⁾	143,277	57,619	218,497	276,115	132,838	27.9%
December 2012	China Resources Land Nantong ⁽¹¹⁹⁾	66,178	27,200	58,651	85,851	19,674	13.8%
December 2012	BREP Poland Retail Venture III ⁽⁹²⁾	4,809	–	5,802	5,802	993	7.4%
January 2013	Garden Square ⁽¹²⁰⁾	89,500	–	131,114	131,114	41,614	15.6%
February 2013	Baokun Warehouse Joint Venture ⁽¹²¹⁾	21,500	–	26,330	26,330	4,830	11.0%
March 2013	EON Office Park ⁽¹²²⁾	84,100	–	188,527	188,527	104,427	41.3%
March 2013	CapitalLand Residential Portfolio ⁽¹²³⁾	12,387	16,526	18,150	34,675	22,288	92.9%
April 2013	Adelphi ⁽⁹⁶⁾	37,083	–	63,334	63,334	26,251	27.1%
Various	Invitation Homes 2 ⁽¹¹²⁾⁽¹⁴⁾	199,974	86,168	213,101	299,269	99,295	18.8%
May 2013	Select Service Hotel Portfolio ⁽¹²⁵⁾	822,659	222,357	1,203,013	1,425,370	602,711	48.0%
May 2013	IVG Debt ⁽⁹⁷⁾	4,622	–	4,431	4,431	(192)	(1.9%)
May 2013	Orange County Office Portfolio ⁽¹²⁶⁾	159,167	–	244,906	244,906	85,739	31.4%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

ER305378-MAXWELL

BREP VII Investment Record (*\$ in thousands*)

Inception through September 30, 2015

Date of Initial Investment	Investment	Total Invested Capital ⁽²⁾	Realized Proceeds	Unrealized Value ⁽³⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽⁴⁾
Investments – Unrealized (Cont.)							
June 2013	Lacon House ⁽⁹⁰⁾	\$20,979	\$ –	\$38,538	\$38,538	\$17,559	50.0%
June 2013	Greensborough Plaza Shopping Center ⁽²⁷⁾	24,286	–	33,877	33,877	9,591	17.1%
July 2013	Hyatt Waikiki ⁽¹²⁸⁾	131,194	–	198,325	198,325	67,131	20.8%
July 2013	GE Capital Real Estate Office Portfolio ⁽¹²⁹⁾	18,081	–	36,505	36,505	18,423	43.8%
July 2013	Wuhan Logistics	3,126	–	3,126	3,126	–	0.0%
August 2013	Logan Mega Center ⁽¹³⁰⁾	4,215	316	7,207	7,523	3,308	35.4%
September 2013	Franciscorta Outlet Center ⁽¹⁰⁰⁾	14,317	1,972	26,648	28,621	14,304	41.6%
Various	Invitation Homes 3 ^(120,131)	100,000	–	145,153	145,153	45,153	20.1%
September 2013	Hughes Center ⁽¹³²⁾	111,313	76,086	112,631	188,717	77,404	36.7%
September 2013	Home HQ Artamon ⁽¹³³⁾	6,131	741	12,613	13,353	7,222	54.3%
September 2013	CBREI Residential Portfolio ⁽¹³⁴⁾	6,696	3,695	12,202	15,897	9,201	69.2%
September 2013	Hulic Kawasaki Logistics ⁽¹³⁵⁾	3,491	2,518	6,844	9,361	5,870	83.0%
October 2013	St. Enoch Shopping Center ⁽¹³⁶⁾	20,916	2,557	28,665	31,222	10,307	23.8%
October 2013	One America Square ⁽¹³⁷⁾	11,657	2,601	22,190	24,791	13,134	57.0%
October 2013	Spanish Multifamily Portfolio ⁽¹³⁸⁾	39,226	–	58,694	58,694	19,469	31.3%
November 2013	SCP Group ⁽¹³⁹⁾	68,460	1,100	94,766	95,866	27,406	20.3%
December 2013	Alphaville ⁽¹⁴⁰⁾	284,410	1,920	344,351	346,271	61,861	11.5%
December 2013	Central Park of Lisle ⁽¹⁴¹⁾	37,000	7,478	50,454	57,932	20,932	29.9%
December 2013	Hilton Paris Opera ⁽¹⁴²⁾	18,899	–	27,107	27,107	8,208	22.6%
December 2013	Italian Commercial Portfolio ⁽¹⁴³⁾	26,723	1,643	36,365	38,008	11,284	25.6%
December 2013	Franshion Ningbo Residential Joint Venture ⁽⁶⁰⁾	18,396	6,000	16,521	22,521	4,126	14.2%
December 2013	Dutch Office Portfolio ⁽¹⁴⁴⁾	27,380	14,798	21,825	36,623	9,243	21.7%
Dec 2013– March 2014	European Logistics Platform II ⁽¹⁴⁵⁾	167,468	9,858	219,606	229,465	61,997	27.7%
December 2013	Sonae Italy ⁽¹⁴⁶⁾	15,066	766	17,923	18,689	3,623	14.1%
January 2014	TCL Warehouse	6,129	–	6,129	6,129	–	0.0%
February 2014	Four Seasons Las Colinas ⁽¹⁴⁷⁾	46,146	–	66,084	66,084	19,937	24.4%
February 2014	Platinum (Dublin Offices) ⁽¹⁴⁸⁾	10,920	–	23,589	23,589	12,669	60.7%
February 2014	20 Old Bailey ⁽¹⁴⁹⁾	11,843	–	24,726	24,726	12,883	57.3%
February 2014	119 West 40th Street Non-Performing Loan ⁽¹⁵⁰⁾	47,400	–	100,550	100,550	53,150	60.4%
March 2014	Portigon Portfolio ⁽¹⁵¹⁾	21,542	–	27,573	27,573	6,031	25.4%
April 2014	Invitation Homes 4 ^(120,152)	200,000	–	269,888	269,888	69,888	22.8%
April 2014	Atlantic 1 ⁽¹⁵³⁾	20,988	2,857	22,970	25,827	4,839	17.4%
April 2014	Pakpolee Center ⁽¹⁵⁴⁾	11,063	–	12,059	12,059	996	6.6%
April 2014	Embassy TechVillage ⁽¹⁵⁵⁾	18,880	–	28,367	28,367	9,487	38.5%
May 2014	Hamburg Mixed-Use Asset ⁽¹⁵⁶⁾	10,886	720	15,771	16,491	5,605	36.1%
May 2014	O'Flynn Portfolio ⁽¹⁵⁷⁾	101,386	–	120,121	120,121	18,735	13.1%
May 2014	Italian Retail Portfolio ⁽¹⁵⁸⁾	20,943	1,519	29,347	30,866	9,923	33.3%
May 2014	Western Rim Multifamily Portfolio ⁽¹⁵⁹⁾	100,180	39,705	104,971	144,676	44,497	38.2%
May - June 2014	Spanish Hotels	10,268	–	10,268	10,268	–	0.0%
May 2014	Express Towers and PTPF Portfolio ⁽¹⁶⁰⁾	17,579	–	27,050	27,050	9,472	41.2%
May 2014	Hotel Kabuki ⁽¹⁶¹⁾	18,420	–	26,902	26,902	8,482	35.4%
May 2014	Metrozone Residential ⁽¹⁶²⁾	6,178	688	6,354	7,042	863	11.6%
June 2014	Anticpa	5,541	–	5,541	5,541	–	0.0%
July 2014	Merlin Portfolio ⁽¹⁶³⁾	36,949	–	63,518	63,518	26,569	56.3%
July 2014	25 North Colonnade ⁽¹⁶⁴⁾	19,737	3,682	21,848	25,530	5,794	25.9%
July 2014	Park Avenue Tower ⁽¹⁶⁵⁾	214,012	–	224,997	224,997	10,985	4.3%
July 2014	Tysan Holdings ⁽¹⁶⁶⁾	30,123	–	44,056	44,056	13,933	39.7%
July 2014	Spanish Office Portfolio ⁽¹⁶⁷⁾	11,647	–	14,380	14,380	2,733	27.9%
July 2014	Pollux ⁽¹⁶⁷⁾	9,973	–	11,237	11,237	1,264	14.9%
August 2014	Solana Business Park ⁽¹⁶⁸⁾	82,050	–	88,885	88,885	6,835	7.4%
August 2014	Max Property Group ⁽¹⁶⁹⁾	81,514	17,704	105,181	122,885	41,371	49.3%
September 2014	Invitation Homes 5 ^(120,170)	227,422	–	270,423	270,423	43,001	18.5%
September 2014	399 Boylston Street ⁽¹⁷¹⁾	33,000	–	38,404	38,404	5,404	16.0%
September 2014	Rue Villiot ⁽¹⁷²⁾	8,560	–	10,182	10,182	1,623	18.6%
September 2014	IDFC Portfolio ⁽¹⁷³⁾	16,109	–	24,762	24,762	8,654	60.0%
September 2014	JLF Japan Logistics Portfolio ⁽¹⁷⁴⁾	6,011	–	10,589	10,589	4,578	85.7%
October 2014	ARCP Power Center Retail Portfolio ⁽¹⁷⁵⁾	380,000	93,189	508,696	601,885	221,885	64.2%
October 2014	Embassy One	7,628	–	7,628	7,628	–	0.0%
October 2014	Bamboo Retail Portfolio ⁽¹⁷⁶⁾	69,958	–	75,328	75,328	5,370	8.4%
November 2014	Le Dome	10,456	662	10,456	11,118	662	7.6%
November 2014	The Sanctuary ⁽¹⁷⁷⁾	18,875	1,253	27,659	28,912	10,037	65.5%
November 2014	Fashion District Portfolio ⁽¹⁷⁸⁾	11,269	789	16,388	17,176	5,908	65.5%
December 2014	MesseTurn ⁽¹⁷⁹⁾	24,238	–	27,934	27,934	3,696	18.0%
November 2014	Dutch Grocery-Anchored Retail Portfolio ⁽¹⁸⁰⁾	11,476	662	12,977	13,639	2,163	25.5%
November 2014	ESAF Logistics & Retail Portfolio ⁽¹⁸¹⁾	25,891	552	26,871	27,423	1,532	9.0%
December 2014	Italian Office Portfolio ⁽¹⁸²⁾	31,544	2,207	33,771	35,978	4,434	23.6%
December 2014	RioPrime Portfolio	46,250	–	46,250	46,250	–	0.0%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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156 Blackstone Real Estate Partners Europe V

BREP VII
Investment Record
(\$ in thousands)

Inception through September 30, 2015

Date of Initial Investment	Investment	Inception through September 30, 2015					Gross Annual Rate of Return ⁽¹⁰⁰⁾
		Total Invested Capital ⁽⁹²⁾	Realized Proceeds	Unrealized Value ⁽⁹⁵⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	
Investments – Unrealized (Cont.)							
December 2014	The Cosmopolitan ⁽¹⁸³⁾	\$492,000	\$ –	\$754,488	\$754,488	\$262,488	71.6%
December 2014	21 Anderson Residential Project	10,191	–	10,191	10,191	–	0.0%
December 2014	Dutch Office Portfolio II ⁽¹⁸⁴⁾	4,171	1,818	3,061	4,879	708	31.2%
December 2014	GE Japan Residential Portfolio ⁽¹⁸⁵⁾	56,850	–	84,275	84,275	27,425	92.0%
December 2014	Paterson Suites Residential Project	4,464	–	4,464	4,464	–	0.0%
December 2014	Spanish Residential Loan Portfolio I ⁽¹⁸⁶⁾	17,532	–	21,158	21,158	3,627	37.2%
December 2014	Spanish Multifamily II ⁽¹⁸⁷⁾	3,830	–	4,401	4,401	571	28.5%
December 2014	Yoo and Pristine Residential	13,470	–	13,470	13,470	–	0.0%
December 2014	Spanish Office Portfolio II ⁽¹⁸⁸⁾	3,130	–	3,289	3,289	159	15.3%
January 2015	European Logistics Platform III ⁽¹⁸⁹⁾	30,827	441	39,613	40,055	9,228	40.5%
January 2015	Oxygen SEZ ⁽¹⁹⁰⁾	10,162	–	15,829	15,829	5,667	122.7%
January 2015	Cannon Bridge House ⁽¹⁹¹⁾	18,026	–	19,634	19,634	1,609	16.7%
January 2015	3093 Broadway	26,464	–	26,464	26,464	–	0.0%
February 2015	Prædium Multifamily Portfolio ⁽¹⁹²⁾	422,992	23,398	483,685	507,083	84,091	39.7%
March 2015	Atrium Dublin Offices	9,227	–	9,227	9,227	–	0.0%
March 2015	Avenue Montaigne ⁽¹⁹³⁾	9,184	–	9,657	9,657	473	9.5%
April 2015	Hercules Portfolio ⁽¹⁹⁴⁾	107,946	–	118,212	118,212	10,266	28.8%
May 2015	CG Malls Portfolio ⁽¹⁹⁴⁾	22,092	–	23,333	23,333	1,241	17.0%
May 2015	CNL Hotel Portfolio ⁽¹⁹⁵⁾	304,324	10,000	317,109	327,109	22,785	20.1%
May 2015	Dutch Logistics Portfolio ⁽¹⁹⁶⁾	3,680	–	4,165	4,165	485	42.7%
June 2015	Willis Tower ⁽¹⁹⁷⁾	395,000	–	420,479	420,479	25,479	21.1%
June 2015	Palmanova	5,505	–	5,505	5,505	–	0.0%
	Total – Unrealized⁽⁹⁸⁾	10,438,947	2,805,626	13,497,504	16,303,130	5,864,184	28.7%
	Total	\$13,989,815	\$8,139,624	\$15,074,707	\$23,214,331	\$9,224,516	34.3%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP Asia Investment Record (*\$ in thousands*)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽²⁰⁰⁾	Realized Proceeds	Unrealized Value ⁽¹⁹⁾	Total Realized/Unrealized Value	Total Realized/Unrealized Gain/(Loss)	Gross Annual Rate of Return ⁽²⁰⁰⁾
Investments – Unrealized							
June 2013	Greensborough Plaza Shopping Center ⁽¹²⁷⁾	\$96,277	\$ –	\$135,509	\$135,509	\$39,233	17.6%
July 2013	Wuhan Logistics	12,400	–	12,400	12,400	–	0.0%
July 2013	GE Capital Real Estate Office Portfolio ⁽¹²⁹⁾	71,594	–	146,019	146,019	74,425	44.6%
August 2013	Logan Mega Center ⁽¹³⁰⁾	16,735	1,263	28,828	30,091	13,356	35.9%
September 2013	Home HQ Artarmon ⁽¹³³⁾	24,348	2,962	50,451	53,413	29,065	54.9%
September 2013	CBREI Residential Portfolio ⁽¹³⁴⁾	26,389	14,779	48,808	63,587	37,197	70.8%
September 2013	Hulic Kawasaki Logistics ⁽¹³⁵⁾	13,795	10,071	27,374	37,445	23,650	84.4%
November 2013	SCP Group ⁽¹³⁹⁾	272,038	4,400	379,064	383,464	111,425	20.8%
December 2013	Franshion Ningbo Residential Joint Venture ⁽⁶²⁾	72,898	24,000	66,086	90,086	17,188	14.9%
January 2014	TCL Warehouse	24,343	–	24,343	24,343	–	0.0%
April 2014	Pakpolee Center ⁽¹⁵⁴⁾	44,000	–	48,236	48,236	4,236	7.1%
April 2014	Embassy TechVillage ⁽¹⁵⁵⁾	75,200	–	113,467	113,467	38,267	39.0%
May 2014	Express Towers and PTPL Portfolio ⁽¹⁶⁰⁾	69,920	–	108,202	108,202	38,282	41.8%
May 2014	Metrozone Residential ⁽¹⁶²⁾	24,640	2,752	25,414	28,166	3,526	11.9%
July 2014	Merlin Portfolio ⁽¹⁶³⁾	145,798	–	254,073	254,073	108,274	58.0%
July 2014	Tysan Holdings ⁽¹⁰⁴⁾	119,877	–	176,226	176,226	56,349	40.3%
September 2014	IDFC Portfolio ⁽¹⁷³⁾	64,000	–	99,049	99,049	35,049	60.9%
September 2014	JLF Japan Logistics Portfolio ⁽¹⁷⁴⁾	23,718	–	42,356	42,356	18,638	88.1%
October 2014	Embassy One	30,200	–	30,200	30,200	–	0.0%
October 2014	Bamboo Retail Portfolio ⁽¹⁷⁶⁾	278,169	–	301,312	301,312	23,142	9.1%
December 2014	Paterson Suites Residential Project	17,699	–	17,699	17,699	–	0.0%
December 2014	GE Japan Residential Portfolio ⁽¹⁸⁵⁾	223,354	–	337,099	337,099	113,745	98.0%
December 2014	21 Anderson Residential Project	40,455	–	40,455	40,455	–	0.0%
December 2014	Yoo and Pristine Residential	53,720	–	53,720	53,720	–	0.0%
January 2015	Oxygen SEZ ⁽¹⁹⁰⁾	40,400	–	63,317	63,317	22,917	125.2%
	Total – Unrealized⁽²⁰¹⁾	1,881,968	60,227	2,405,887	2,466,114	584,146	24.0%
	Total	\$1,881,968	\$60,227	\$2,405,887	\$2,466,114	\$584,146	24.0%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP Europe IV Investment Record

(€ in thousands)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽²⁰²⁾	Realized Proceeds	Unrealized Value ⁽¹⁹⁾	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽²⁰³⁾
Investments – Realized							
October 2013	Coeur Defense	€23,531	€26,640	€ –	€26,640	€3,109	71.6%
October 2013	Irish Hotels	13,752	16,857	–	16,857	3,105	26.2%
December 2013	Irish/U.K. Mixed Use #1	82,240	113,749	–	113,749	31,510	54.1%
April 2014	Continental Hotel Portfolio	75,200	88,471	–	88,471	13,271	244.1%
	Total Realized	194,722	245,717	–	245,717	50,995	64.0%
Investments – Unrealized							
October 2013	St. Enoch Shopping Center ⁽¹⁹⁰⁾	60,791	8,963	84,086	93,049	32,258	25.5%
October 2013	One America Square ⁽¹³⁷⁾	34,179	7,616	65,573	73,189	39,010	57.6%
October 2013	Spanish Multifamily Portfolio ⁽¹³⁸⁾	114,924	–	173,057	173,057	58,133	31.9%
December 2013	Hilton Paris Opera ⁽¹⁴²⁾	54,745	–	79,169	79,169	24,424	23.2%
December 2013	Italian Commercial Portfolio ⁽¹⁴³⁾	78,363	5,840	106,195	112,035	33,672	26.3%
December 2013	Dutch Office Portfolio ⁽¹⁴⁴⁾	79,047	51,891	63,598	115,489	36,442	29.3%
December 2013	Sonae Italy ⁽¹⁴⁶⁾	43,743	2,560	52,428	54,988	11,245	15.0%
Dec 2013-Mar 2014	European Logistics Platform II ⁽¹⁴⁵⁾	493,239	35,255	652,617	687,872	194,634	29.7%
February 2014	Platinum (Dublin Offices) ⁽¹⁴⁸⁾	31,849	–	69,370	69,370	37,520	61.5%
February 2014	20 Old Bailey ⁽¹⁴⁹⁾	34,478	–	72,772	72,772	38,294	58.4%
March 2014	Portigon Portfolio ⁽¹⁵¹⁾	67,075	–	86,912	86,912	19,836	28.0%
April 2014	Atlantio 1 ⁽¹⁵³⁾	60,184	9,710	66,432	76,143	15,959	20.3%
April 2014	Spanish Hotels	29,608	–	29,608	29,608	–	0.0%
May 2014	Hamburg Mixed-Use Asset ⁽¹⁵⁶⁾	31,200	2,560	45,599	48,159	16,959	38.3%
May 2014	O'Flynn Portfolio ⁽¹⁵⁷⁾	288,553	–	346,368	346,368	57,816	14.1%
May 2014	Italian Retail Portfolio ⁽¹⁵⁸⁾	60,000	5,440	84,733	90,173	30,173	35.4%
May 2014	Multi Corporation ⁽¹⁶⁰⁾	100,000	–	125,005	125,005	25,005	17.8%
June 2014	Antieipa	16,229	–	16,229	16,229	–	0.0%
July 2014	25 North Colonnade ⁽¹⁶⁴⁾	57,464	13,477	64,189	77,665	20,201	31.4%
July 2014	Spanish Office Portfolio ⁽¹⁶⁶⁾	34,300	–	42,773	42,773	8,473	29.4%
August 2014	Max Property Group ⁽¹⁶⁹⁾	241,857	64,098	314,941	379,039	137,182	55.9%
September 2014	Rue Villiot ⁽¹⁷²⁾	26,046	–	31,391	31,391	5,345	20.1%
September 2014	Pollux ⁽¹⁶⁷⁾	31,472	–	35,698	35,698	4,226	15.8%
November 2014	Le Dome	32,995	2,400	32,995	35,395	2,400	8.7%
November 2014	The Sanctuary ⁽¹⁷⁷⁾	59,440	4,542	88,134	92,676	33,237	69.2%
November 2014	Fashion District Portfolio ⁽¹⁷⁹⁾	35,577	2,880	52,190	55,070	19,493	68.9%
December 2014	MesseTurm ⁽¹⁷⁹⁾	76,789	–	89,214	89,214	12,424	19.1%
November 2014	Dutch Grocery-Anchored Retail Portfolio ⁽¹⁸⁰⁾	36,275	2,400	41,550	43,950	7,675	28.8%
November 2014	ESAF Logistics & Retail Portfolio ⁽¹⁸¹⁾	84,820	2,000	88,749	90,749	5,930	10.9%
December 2014	Italian Office Portfolio ⁽¹⁸²⁾	104,766	8,000	113,081	121,081	16,315	26.9%
December 2014	Spanish Residential Loan Portfolio I ⁽¹⁸⁰⁾	59,555	–	72,509	72,509	12,954	39.2%
December 2014	Dutch Office Portfolio II ⁽¹⁸⁴⁾	13,196	6,403	9,779	16,182	2,986	42.6%
December 2014	Spanish Multifamily II ⁽¹⁸⁷⁾	12,785	–	14,851	14,851	2,066	31.1%
December 2014	Spanish Office Portfolio II ⁽¹⁸⁸⁾	10,180	–	10,790	10,790	610	18.2%
January 2015	European Logistics Platform III ⁽¹⁸⁹⁾	98,387	1,600	127,601	129,201	30,814	42.5%
January 2015	Cannon Bridge House ⁽¹⁹¹⁾	63,099	–	69,361	69,361	6,263	18.6%
March 2015	Atrium Dublin Offices	32,310	–	32,310	32,310	–	0.0%
March 2015	Avenue Montaigne ⁽¹⁹⁵⁾	32,038	–	34,021	34,021	1,983	11.5%
April 2015	Hercules Portfolio ⁽¹⁹⁴⁾	400,007	–	445,529	445,529	45,522	35.0%
May 2015	Dutch Logistics Portfolio ⁽¹⁹⁶⁾	13,094	–	14,949	14,949	1,855	46.3%
May 2015	CG Malls Portfolio ⁽¹⁹⁴⁾	77,707	–	83,199	83,199	5,492	21.7%
June 2015	Palmanova	19,368	–	19,368	19,368	–	0.0%
June 2015	Shine Logistics Portfolio	92,278	–	92,278	92,278	–	0.0%
July 2015	Tourmalet Portfolio	73,035	–	73,035	73,035	–	0.0%
July 2015	GE Capital Real Estate – European Equity Portfolio ⁽²⁰⁴⁾	210,547	–	221,100	221,100	10,553	51.5%
	Total – Unrealized⁽²⁰⁵⁾	3,707,594	237,635	4,600,116	4,837,751	1,130,157	31.5%
	Total	€3,902,316	€483,352	€4,600,116	€5,083,468	€1,181,152	32.4%

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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BREP VIII Investment Record⁽²¹⁰⁾ (*\$ in thousands*)

		Inception through September 30, 2015					
Date of Initial Investment	Investment	Total Invested Capital ⁽²⁰⁶⁾	Realized Proceeds	Unrealized Value ⁽¹⁹⁾	Total Realized / Unrealized Value	Total Realized / Unrealized Gain / (Loss)	Gross Annual Rate of Return ⁽²⁰⁷⁾
Investments – Unrealized							
July 2015	GE Capital Real Estate - US Equity Portfolio ⁽²⁰⁸⁾	\$618,084	\$ –	\$691,207	\$691,207	\$73,123	158.3%
July 2015	GE Capital Real Estate - European Equity Portfolio ⁽²⁰⁹⁾	<u>\$7,975</u>	=	<u>60,246</u>	<u>60,246</u>	<u>2,271</u>	<u>38.6%</u>
	Total⁽²⁰⁹⁾	\$676,059	\$ –	\$753,162	\$753,162	\$77,103	n/m

Note: Past performance is not necessarily indicative of future results. Please refer to endnotes and further investment details are available upon request.

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Endnotes

- (1) October 13, 1998 represents the final disposition date for Pre-BREP investments.
- (2) Total invested capital includes amounts invested by Blackstone Capital Partners (Davidson Hotels and Edward J. DeBartolo Corp.) and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (3) Represents the gross (i.e., before management fees, organizational and partnership expenses, and the general partner's allocation of profits) IRR based on proceeds received as of October 13, 1998. The net IRR for these investments is approximately 33.4% after management fees, organizational and partnership expenses, and the general partner's allocation of profits, assuming the same management fee and distribution provisions as BREP Funds, but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Capital was outstanding on a weighted average basis for 3.6 years. The gross IRR and holding period are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners.
- (4) Realized proceeds include \$125.5 million of Simon Property Group stock distributed to the partners of Blackstone Capital Partners based on the market value of such stock on the distribution date.
- (5) January 28, 2003, represents the final disposition date for BREP I investments.
- (6) Total invested capital includes amounts invested by BREP I and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (7) Represents the gross IRR based on proceeds received as of January 28, 2003. The net IRR for these investments is approximately 39.7% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Capital was outstanding on a weighted average basis for 2.7 years. The gross IRR and holding period are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners.
- (8) Total invested capital excludes \$18.7 million of limited partner co-investment.
- (9) Realized proceeds represent \$12.5 million of Patriot stock distributed to the partners of BREP I based on the market value of such stock on the distribution date.
- (10) Realized proceeds include \$69.4 million of Equity Office Properties Trust stock distributed to the partners of BREP I based on the market value of such stock on the distribution date.
- (11) December 14, 2006, represents the final disposition date for BREP II investments.
- (12) Total invested capital includes amounts invested by BREP II and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (13) Represents the gross IRR based on proceeds received as of December 14, 2006. The net IRR for these investments is approximately 18.8% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Capital was outstanding on a weighted average basis for 3.8 years. The gross IRR and holding period are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners.
- (14) Total invested capital excludes \$96.7 million of limited partner co-investment.
- (15) Investments have been fully realized, final distribution expected in 2016.

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- (16) Total invested capital includes amounts invested by BREP III and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone's limited partners and their affiliates.
- (17) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these investments is approximately 21.4% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Capital was outstanding on a weighted average basis for 3.8 years. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners.
- (18) Total invested capital includes amounts invested by BREP International and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (19) Blackstone values its investments quarterly in accordance with specific Valuation Guidelines that have been developed in consideration of the GAAP requirements under ASC 820-10, Fair Value Measurements ("SFAS No. 157"), with effect from January 1, 2007, the date of Blackstone's adoption of SFAS No. 157. For private investments, Blackstone uses a (i) Discounted Cash Flow Methodology, (ii) Performance Multiple Methodology, (iii) Option Value Methodology, (iv) Capitalization Rate Methodology and (v) Projected Cash Flow through Maturity Methodology. The discounted cash flow methodology ("DCF" or "Income Approach") or performance multiple methodology ("Market Approach") will generally be applied as the primary methodologies to value private investments. The secondary methodology (e.g., the Market Approach if a DCF served as the primary methodology) is intended to support the conclusions reached under the primary approach. Blackstone will explain differences between results of the income and market or other approaches utilizing quantitative and/or qualitative information, as appropriate. Additionally, the firm-wide valuation committee will assess whether consistent valuations are used for valuations across business units or areas where those business units or areas are valuing the same investment. Investments that are publicly traded in active markets and unrestricted are valued at the closing price of such securities in the principal market in which the security trades, or in the absence of a principal market, in the most advantageous market (or the applicable as-converted price) on the valuation date. Investments that are publicly traded in active markets and restricted are valued at the closing price as of the valuation date and discounts will be considered for formal restrictions that limit the sale of the securities. Further information regarding methodology utilized for any individual investment is available upon request.
- (20) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 23.1% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 2.7 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 2.8 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (21) The unrealized value represents undistributed cash-on-hand from the sale of the asset.
- (22) The unrealized value represents the estimated net proceeds in connection with the sale of the asset.
- (23) Blackstone Capital Partners IV ████, one of Blackstone's private equity funds, also participates in the NHP / Southern Cross / Ashbourne investment and invested \$324.0 million of capital.

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- (24) Total invested capital includes amounts invested by BREP IV and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone's limited partners and their affiliates.
- (25) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 13.3% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Investments valued at original cost are included in the computation of the unrealized returns. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 3.7 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 6.1 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (26) Blackstone Capital Partners IV [REDACTED], one of Blackstone's Private Equity funds, also participates in this investment and invested \$214.5 million of capital.
- (27) Blackstone Capital Partners IV [REDACTED], one of Blackstone's Private Equity funds, also participates in the Extended Stay America/Wellesley Suites, Sierra Suites, and 3 ESA add-on investments and invested \$352.1 million of capital.
- (28) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 10.0% terminal capitalization rate, as well as the market price of La Quinta (NYSE: LQ) common stock of \$15.78/share as of September 30, 2015.
- (29) The unrealized value reflects the market price of La Quinta (NYSE:LQ) common stock of \$15.78/share as of September 30, 2015.
- (30) Per the "Total – Realized/Partially Realized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/ (Loss)" are net of \$0.5 million of unrealized net currency loss.
- (31) The unrealized value represents the general partner's estimate of the value of this investment based on 5-year discounted cash flow analysis assuming a blended 8.1% terminal capitalization rate.
- (32) The unrealized value represents the general partner's estimate of the value of this investment based on 5-year discounted cash flow analysis assuming a 14.4x terminal EBITDA multiple.
- (33) The unrealized value represents cash-on-hand and/or the estimated residual value of the remaining assets in the portfolio.
- (34) Total invested capital includes amounts invested by BREP V and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (35) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 11.3% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 4.9 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 6.1 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.

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- (36) The unrealized value reflects the market price of Hudson Pacific Properties (NYSE:HPP) common stock of \$28.79/share as of September 30, 2015 less a 1.5% illiquidity discount.
- (37) The unrealized value represents the general partner's estimate of the value of the investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate and the market price of Hudson Pacific Properties (NYSE:HPP) common stock of \$28.79/share as of September 30, 2015 less a 1.5% illiquidity discount.
- (38) The unrealized value represents the general partner's estimate of the value of the investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate.
- (39) Per the "Total – Realized/Partially Realized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/ (Loss)" are net of \$0.3 million of unrealized net currency loss.
- (40) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.2% terminal capitalization rate.
- (41) The unrealized value represents the general partner's estimate of the value of this investment based on 5-year discounted cash flow analysis assuming a 8.3x terminal EBITDA multiple.
- (42) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 8.2% terminal capitalization rate.
- (43) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 8.0% terminal capitalization rate.
- (44) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 10.4% terminal capitalization rate.
- (45) The unrealized value represents the estimated net proceeds in connection with the contracted sales price of the asset.
- (46) Sold in February 2014, proceeds used to reduce debt of the Hospitality Europe B.V. portfolio. Unrealized value reflects estimated proceeds expected to be distributed upon final liquidation of the Hospitality Europe B.V. portfolio.
- (47) The unrealized value represents the general partner's estimate of the value of this investment based on a 5 year discounted cash flow analysis assuming a 10.5% terminal capitalization rate.
- (48) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of \$11.1 million of unrealized net currency loss.
- (49) Total invested capital includes amounts invested by BREP International II and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (50) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 5.5% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 6.0 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 7.0 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (51) The unrealized value reflects the market price of Hilton Worldwide (NYSE:HLT) common stock of \$22.94/share as of September 30, 2015. The unrealized value is reduced by a debt financing collateralized by a portion of our remaining stock in HLT. Excludes \$1.4 billion of BREP limited partner co-investment. Blackstone Capital Partners V ■■■, one of Blackstone's Private Equity funds,

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- also participates in this investment and invested \$1.7 billion of capital, excluding \$56.5 million of BCP limited partner co-investment.
- (52) Per the “Total – Realized/Partially Realized” line item, “Unrealized Value”, “Total Realized/Unrealized Value” and “Total Realized/Unrealized Gain/ (Loss)” are net of €68.1 million of unrealized net currency gain.
 - (53) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.3% terminal capitalization rate.
 - (54) The general partner has written the investment down to zero.
 - (55) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 12.5x terminal EBITDA multiple.
 - (56) Per the “Total – Unrealized” line item, “Unrealized Value”, “Total Realized/Unrealized Value” and “Total Realized/Unrealized Gain/(Loss)” are net of €2.9 million of unrealized net currency loss.
 - (57) Total invested capital includes amounts invested by BREP VI and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone’s limited partners and their affiliates.
 - (58) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner’s estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 13.2% after management fees, organizational and partnership expenses, and the general partner’s allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Investments valued at original cost are included in the computation of the unrealized returns. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 2.7 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 5.0 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
 - (59) The unrealized value reflects the market price of SeaWorld Parks & Entertainment (NYSE:SEAS) common stock of \$17.81/share plus an accrued dividend. Blackstone Capital Partners V ██████, one of Blackstone’s Private Equity funds, also participated in this investment and invested \$650.0 million of capital, excluding \$110.0 million of BCP limited partner co-investment.
 - (60) Total invested capital excludes \$262.7 million of limited partner co-investment.
 - (61) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 9.2x terminal EBITDA multiple.
 - (62) The unrealized value represents the general partner’s estimate of the value of this investment based on estimates on the pace of land development, the sales of completed condominiums and the sale of land parcels.
 - (63) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.0% terminal capitalization rate.
 - (64) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.7% terminal capitalization rate for income producing properties.
 - (65) The unrealized value reflects the market price of Brixmor Property Group (NYSE:BRX) common stock of \$23.48/share as of September 30, 2015. The unrealized value is reduced by a debt financing collateralized by a portion of our remaining stock in BRX. Brixmor invested capital excludes \$1.3 billion of BREP limited partner co-investment.

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- (66) Per the "Total – Realized/Partially Realized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/ (Loss)" are net of \$88.5 million of unrealized net currency loss.
- (67) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.0% terminal capitalization rate.
- (68) The unrealized value reflects the market price of Caesar's Entertainment Corp (NASDAQ:CZR) common stock of \$5.89/share as well as Caesar's Acquisition Company (NASDAQ:CACQ) common stock of \$7.10/share less a 6% illiquidity discount. Blackstone Capital Partners V ■■■, one of Blackstone's Private Equity funds, also participates in this investment and invested \$160.1 million of capital.
- (69) The unrealized value represents the general partner's estimate of the value of this investment based on a discounted cash flow analysis associated with the developmental project.
- (70) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.0% terminal capitalization rate.
- (71) The unrealized value reflects the market price of Extended Stay (NYSE:STAY) common stock of \$16.78/share as of September 30, 2015.
- (72) The unrealized value represents the option value of this investment or .05x the remaining invested capital basis plus cash on hand.
- (73) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate.
- (74) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.4% terminal capitalization rate.
- (75) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 6.3% terminal capitalization rate.
- (76) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (77) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.5% terminal capitalization rate.
- (78) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.5% terminal capitalization rate.
- (79) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (80) Hilton Timeshare invested capital excludes \$60.9 million of BREP limited partner co-investment.
- (81) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of \$176.3 million of unrealized net currency loss.
- (82) Total invested capital includes amounts invested by BREP Europe III and Blackstone (including its side-by-side investments), but excludes co-investments made by Blackstone's limited partners and their affiliates.
- (83) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 19.7% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for 2.5 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 2.6 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the

- date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (84) Per the “Total – Realized/Partially Realized” line item, “Unrealized Value”, “Total Realized/Unrealized Value” and “Total Realized/Unrealized Gain/(Loss)” are net of €18.6 million of unrealized net currency gain.
 - (85) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.8% terminal capitalization rate.
 - (86) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 5.6% terminal capitalization rate.
 - (87) The unrealized value represents 91.5% of the face value of the note.
 - (88) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.7% terminal capitalization rate.
 - (89) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.4% terminal capitalization rate.
 - (90) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 7.9% terminal capitalization rate.
 - (91) The unrealized value reflects the market price of Gecina SA (EPA: GFC) common stock of €108.95/share as of September 30, 2015. Total invested capital excludes €1.2 billion of limited partner co-investment.
 - (92) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.8% terminal capitalization rate.
 - (93) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.6% terminal capitalization rate.
 - (94) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
 - (95) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.3% terminal capitalization rate.
 - (96) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.3% terminal capitalization rate.
 - (97) The unrealized value represents 84.7% of the face value of the note.
 - (98) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
 - (99) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate. Total realized proceeds include third quarter proceeds distributed in Q4 2015 of €25.0 million and \$9.0 million for BREP Europe III and BREP VII, respectively.
 - (100) The unrealized value represents the general partner’s estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.8% terminal capitalization rate.
 - (101) Per the “Total – Unrealized” line item, “Unrealized Value”, “Total Realized/Unrealized Value” and “Total Realized/Unrealized Gain/(Loss)” are net of €142.8 million of unrealized net currency gain.
 - (102) Total invested capital includes amounts invested by BREP VII and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone’s limited partners and their affiliates.
 - (103) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner’s estimated valuations as of September 30, 2015. The net IRR for these realized/unrealized investments is approximately 24.5% after management fees, organizational and partnership expenses, and the general partner’s allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Investments valued at original cost are included in the computation of the unrealized returns. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments,

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capital was outstanding on a weighted average basis for 1.5 years. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 1.7 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.

- (104) The unrealized value represents the general partner's estimate of the value of this investment based on a discounted cash flow analysis assuming various outcomes on the underlying investments.
- (105) The unrealized value represents 57% of the face value of the note.
- (106) The unrealized value represents 24% of the face value of the note.
- (107) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.9% terminal capitalization rate.
- (108) Per the "Total – Realized/Partially Realized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/ (Loss)" are net of \$19.5 million of unrealized net currency loss.
- (109) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (110) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.0% terminal capitalization rate.
- (111) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 8.3x terminal EBITDA multiple.
- (112) The unrealized value represents the general partner's estimate of the value of this investment based on actual purchase prices and refurbishment costs, recognition of 60% of the purchase price discount to market value and retail home price appreciation since acquisition.
- (113) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
- (114) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.7% terminal capitalization rate.
- (115) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.3x terminal EBITDA multiple.
- (116) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 8.5% terminal capitalization rate.
- (117) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 6.0% terminal capitalization rate.
- (118) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.0% terminal capitalization rate.
- (119) The unrealized value represents the general partner's estimate of the value of this investment based on a discounted cash flow analysis associated with the developmental project.
- (120) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.2% terminal capitalization rate.
- (121) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.0% terminal capitalization rate.
- (122) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (123) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (124) Total invested capital excludes \$999.9 million of limited partner co-investment.

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- (125) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 10.5x terminal EBITDA multiple.
- (126) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate.
- (127) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.0% terminal capitalization rate.
- (128) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 12.0x terminal EBITDA multiple.
- (129) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.8% terminal capitalization rate.
- (130) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
- (131) Total invested capital excludes \$300 million of limited partner co-investment. Blackstone Tactical Opportunities also participates in this investment and invested \$99.2 million of capital.
- (132) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.0% terminal capitalization rate.
- (133) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.0% terminal capitalization rate.
- (134) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.2% terminal capitalization rate.
- (135) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.6% terminal capitalization rate.
- (136) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.1% terminal capitalization rate.
- (137) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (138) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.5% terminal capitalization rate.
- (139) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.9% terminal capitalization rate.
- (140) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.6x terminal EBITDA multiple.
- (141) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
- (142) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.2% terminal capitalization rate.
- (143) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 7.0% terminal capitalization rate.
- (144) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.8% terminal capitalization rate. Total realized proceeds include third quarter proceeds distributed in Q4 2015 of €46.7 million and \$13.3 million for BREP Europe IV and BREP VII, respectively.
- (145) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a blended 6.8% terminal capitalization rate.
- (146) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.8% terminal capitalization rate.
- (147) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 12.0x terminal EBITDA multiple.

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- (148) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 3.6% terminal capitalization rate.
- (149) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (150) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.3% terminal capitalization rate.
- (151) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.2% terminal capitalization rate.
- (152) Blackstone Tactical Opportunities Equity also participates in this investment and invested \$100.0 million of capital.
- (153) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.0% terminal capitalization rate.
- (154) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 3.1% terminal capitalization rate.
- (155) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (156) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.4% terminal capitalization rate.
- (157) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate.
- (158) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.9% terminal capitalization rate.
- (159) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.9% terminal capitalization rate.
- (160) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (161) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 12.5x terminal EBITDA multiple.
- (162) The unrealized value represents the general partner's estimate of the value of this investment based on estimates on the sales of residential units.
- (163) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.5% terminal capitalization rate.
- (164) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.4% terminal capitalization rate.
- (165) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.7% terminal capitalization rate.
- (166) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.1% terminal capitalization rate.
- (167) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.4% terminal capitalization rate.
- (168) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
- (169) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.8% terminal capitalization rate.
- (170) Blackstone Total Alternatives Solution participates in this investment and invested \$25.0 million.
- (171) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.8% terminal capitalization rate.

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- (172) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.5% terminal capitalization rate.
- (173) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (174) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.3% terminal capitalization rate.
- (175) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.5% terminal capitalization rate.
- (176) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate.
- (177) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (178) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.5% terminal capitalization rate.
- (179) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.1% terminal capitalization rate.
- (180) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.1% terminal capitalization rate.
- (181) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate.
- (182) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (183) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 11.5x terminal EBITDA multiple.
- (184) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate. Total realized proceeds include third quarter proceeds distributed in Q4 2015 of €5.2 million and \$1.5 million for BREP Europe IV and BREP VII, respectively.
- (185) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.8% terminal capitalization rate.
- (186) The unrealized value represents 42% of the face value of the note.
- (187) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.5% terminal capitalization rate.
- (188) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.8% terminal capitalization rate.
- (189) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.8% terminal capitalization rate.
- (190) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 8.5% terminal capitalization rate.
- (191) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.5% terminal capitalization rate.
- (192) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.9% terminal capitalization rate.
- (193) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 4.0% terminal capitalization rate.
- (194) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.1% terminal capitalization rate.

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- (195) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming an 12.0x terminal EBITDA multiple.
- (196) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate.
- (197) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 6.3% terminal capitalization rate.
- (198) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of \$614.7 million of unrealized net currency loss.
- (199) Total invested capital includes amounts invested by BREP Asia and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone's limited partners and their affiliates.
- (200) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these unrealized investments is approximately 14.2% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Investments valued at original cost are included in the computation of the unrealized returns. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 1.2 years as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (201) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of \$223.8 million of unrealized net currency loss.
- (202) Total invested capital includes amounts invested by BREP Europe IV and Blackstone (including its side-by-side investments), but excludes co-investment amounts made by Blackstone's limited partners and their affiliates.
- (203) Represents the gross IRR based on proceeds received through September 30, 2015 and the general partner's estimated valuations as of September 30, 2015. The net IRR for these unrealized investments is approximately 21.4% after management fees, organizational and partnership expenses, and the general partner's allocation of profits but does not include taxes or withholdings incurred by the limited partners directly or indirectly through withholdings by the partnership. Investments valued at original cost are included in the computation of the unrealized returns. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized investments, capital was outstanding on a weighted average basis for five months. For realized/unrealized investments, capital has been outstanding on a weighted average basis for 11 months as of September 30, 2015. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (204) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 5.0% terminal capitalization rate.
- (205) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of €64.8 million of unrealized net currency gain.
- (206) Total invested capital includes amounts invested by BREP VIII and Blackstone (including its side-by-side investments).

- (207) Represents the gross IRR based on the estimated valuations as of September 30, 2015. The net IRR for these unrealized investments is not meaningful at this time. There can be no assurance that unrealized value of the investments will be realized at the valuations shown. For realized/unrealized investments, capital was outstanding on a weighted average basis for one month. The gross IRR and holding periods are calculated based on the date capital is drawn from the limited partners until the date a realized investment was disposed of, or through September 30, 2015, for unrealized investments. For gross IRR purposes, current income is recorded on the date the quarter ended. The net IRR is calculated based on the date capital is drawn from the limited partners until the date the proceeds from sale or current income is distributed to the limited partners, or through September 30, 2015, for unrealized investments.
- (208) The unrealized value represents the general partner's estimate of the value of this investment based on a 5-year discounted cash flow analysis assuming a 7.0% terminal capitalization rate.
- (209) Per the "Total – Unrealized" line item, "Unrealized Value", "Total Realized/Unrealized Value" and "Total Realized/Unrealized Gain/(Loss)" are net of \$1.7 million of unrealized net currency gain.
- (210) BREP VIII commenced its investment activities in April 2015 and the returns for BREP VIII are likely to decline over time. The track record information presented herein relates to investments that constituted a larger transaction in GE Capital Real Estate by Blackstone. Such investments may not be representative of the investments to be made by BREP VIII generally, and other investments to be made by BREP VIII (and the returns thereon) may be more consistent with the investment strategy and investment objectives of BREP VIII.

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Limited Liability Company Agreement of AlphaKeys European Real Estate Opportunities Fund II, L.L.C.

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ALPHAKEYS EUROPEAN REAL ESTATE OPPORTUNITIES FUND II, L.L.C.

This LIMITED LIABILITY COMPANY AGREEMENT of ALPHAKEYS EUROPEAN REAL ESTATE OPPORTUNITIES FUND II, L.L.C., a Delaware limited liability company (the "Fund") is made and entered into as of [_____], 2016, by and among the Persons listed in the Member Register as Members.

RECITALS:

WHEREAS, the Fund was formed under the Act pursuant to a Certificate of Formation filed with the Secretary of State of the State of Delaware, with UBSFA as the initial Member of the Fund (the "Initial Member"); and

WHEREAS, the parties hereto wish to effect the following: (a) the admission of the Members listed on the signature pages hereto as members of the Fund; (b) the withdrawal of the Initial Member; and (c) the continuation of the Fund on the terms set forth herein.

NOW, THEREFORE, the parties hereto hereby agree to continue the Fund, as follows:

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ARTICLE I—GENERAL PROVISIONS

1.1. Definitions. As used herein, the following terms shall have the meanings set forth below:

“20% in Interest” shall mean, as of any date, Non-Defaulting Members that then in the aggregate have Capital Commitments of in excess of 20% of the Capital Commitments of all Non-Defaulting Members.

“Act” shall mean the Delaware Limited Liability Company Act, 6 *Del C.* § 18-101 *et seq.*, as amended, and any successor to such statute.

“Additional Costs” shall have the meaning set forth in Section 10.2(c).

“Additional Member” shall mean any Person admitted to the Fund as a Member after the Initial Closing, other than Substitute Members admitted to the Fund as contemplated by Sections 5.3(c) or (d), 10.1(d) and 10.3.

“Adjustment Date” shall mean the last day of each Fiscal Year or any other date that the Member Designee determines to be appropriate for an interim closing of the Fund’s books.

“Administrative Fee” shall have the meaning set forth in Section 7.1.

“Administrative Services Agreement” shall mean the Administrative Services Agreement entered into between the Fund and the Administrator, including any amendments thereto.

“Administrator” shall initially mean UBSFA, a Delaware limited liability company, in its capacity as administrator of the Fund pursuant to the Administrative Services Agreement, and shall include any successor (other than any successor administrator appointed in connection with a termination of the Administrative Services Agreement) and permitted assigns in such capacity.

“Advisers Act” shall mean the Investment Advisers Act of 1940, as amended from time to time, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

“Advisory Program” shall mean the UBS Institutional Consulting program or another UBSFS advisory program, as permitted by the Administrator in its sole discretion, pursuant to which UBSFS or its Affiliates will receive a fee directly from participants therein.

“Affiliate” shall mean, with respect to any Person, another Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” and its corollaries mean, without limitation, (i) the direct or indirect ownership of in excess of 50% of the equity interests (or interests convertible into or otherwise exchangeable for equity interests) in a Person or (ii) the possession of the direct or indirect right to vote in excess of 50% of the voting Securities or elect in excess of 50% of the board of directors or other governing body of a Person (whether by Securities ownership, contract or otherwise), and “Affiliated” shall have the correlative meaning.

“Affiliated Members” shall mean Members who are officers, directors, employees of, or Persons otherwise Affiliated with, the Administrator or any of its Affiliates. For the avoidance of doubt, the Member Designee, acting in such capacity, shall not be deemed an Affiliated Member for purposes of this Agreement.

"Agreement" shall mean this Limited Liability Company Agreement, as amended, supplemented or restated from time to time.

"Alternative Vehicle" shall have the meaning set forth in Section 4.5.

"Attorney-in-Fact" shall have the meaning set forth in Section 12.2(a).

"Attributable Event" shall have the meaning set forth in Section 2.5(e).

"Attribution Rules" shall mean the ownership attribution rules of the FCC, including, but not limited to, 47 C.F.R. §§ 20.6(e); 21.912, Note 1; 24.709; 24.720; 26.101(b), (c); 73.3555, Note 2(g); 74.931(j), Note 1; 76.501, Note 2(g); 76.503, Note 2; 76.504, Note 1; 76.505(g); Attribution Reconsideration Order, 58 Radio Regulation 2d 604 (1985); Further Attribution Reconsideration Order, 1 FCC Rcd 802 (1986), Report and Order, 14 FCC Rcd 12559 (1999); Report and Order, 14 FCC Rcd 19014 (1999); Memorandum Opinion and Second Order on Reconsideration, 16 FCC Rcd 1067 (2001); and Memorandum Opinion and Order on Reconsideration, 16 FCC Rcd 1097 (2001), all as the same may be amended or supplemented from time to time.

"Available Assets" shall mean, as of any date, the excess of (a) the cash, cash equivalent items and the Value of Temporary Investments then held by the Fund less (b) the sum of such amounts as the Member Designee determines to be necessary for (i) the payment of Fund Expenses, whether fixed or contingent, including capital contributions or anticipated contributions to the Underlying Fund or Underlying Fund Manager, and (ii) the establishment of appropriate reserves for Fund Expenses as may arise, including the maintenance of adequate working capital for the continued conduct of the Fund's investment activities and operations, or for any other purpose as the Member Designee may deem appropriate.

"Bad Actor" shall mean any person who is or has been subject to, is experiencing, or has experienced (in each case, within the period of time prescribed by the applicable disqualifying or disclosable event under Rule 506(d), assuming the Fund were engaged in a sale of its Interests as of the date of any determination of such person's status by the Member Designee) any of the events described in clauses (i)-(viii) under Rule 506(d)(1).

"Benefit Plan Investor" shall mean (a) any employee benefit plan subject to ERISA, (b) any "plan" described in Section 4975(e)(1) of the Code, and (c) any entity that is treated as having "plan assets" of such plans by reason of the Plan Assets Regulation or otherwise.

"BHC Act" shall mean the U.S. Bank Holding Company Act of 1956, as amended.

"Brokerage Account" shall have the meaning set forth in Section 5.2(e).

"Business Day" shall mean any day other than (a) Saturday and Sunday and (b) any other day on which banks located in New York City are required or authorized by law to remain closed.

"Capital Account" shall have the meaning set forth in Section 6.1.

"Capital Call Date" shall have the meaning set forth in Section 5.2(a).

"Capital Call Notice" shall have the meaning set forth in Section 5.2(a).

"Capital Calls" shall mean the calls by the Member Designee for Capital Contributions by the Members from time to time pursuant to Section 5.2.

"Capital Commitment" shall mean, with respect to any Member and as of any date, the amount then set forth opposite the name of such Member in the Member Register as such Member's capital commitment to the Fund.

"Capital Contribution" shall mean, with respect to any Member, the Initial Capital Contribution of such Member, the amount of capital contributed by such Member to the Fund pursuant to a single Capital Call or the aggregate amount of such contributions that have been made by such Member to the Fund, as the context may require.

"Cayman Vehicle" shall have the meaning set forth in Section 4.6.

"Claims" shall have the meaning set forth in Section 9.1(a).

"Closing" shall mean the Initial Closing and any date as of which the Member Designee shall admit one or more Subsequent Members to the Fund pursuant to this Agreement and one or more Investor Applications or permit an increase in the Capital Commitment of any previously admitted Member in accordance with Section 10.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Company Minimum Gain" has the same meaning as "partnership minimum gain" set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Confidential Information" means the name or address (whether business, residence or mailing) of any Member or any other information relating to the Fund, the Portfolio Investments (as defined below), the Members, the Administrator, the Member Designee, the Underlying Fund (including its investments and portfolio companies), the Underlying Fund GP and the Underlying Fund Manager (each as defined below) that is not generally available to the public, except, with respect to a Member, any information in such Member's possession from a third party which is under no obligation to maintain the confidentiality of such information. For the avoidance of doubt, "Confidential Information" shall include information about the Fund obtained by a Member, including, without limitation, information disclosed to such Member by such Member's financial or other advisors.

"Conflicts Review Committee" shall mean such committee or independent representative appointed by the Member Designee to seek the approval in connection with any transactions that require approval under the Investment Advisers Act of 1940, as amended, including Section 206(3) thereunder, or otherwise. To the extent permitted by law, the approval of the Conflicts Review Committee will be binding upon the Fund and each of the Members. The Conflicts Review Committee will not participate in the management or control of the Fund. The Fund may pay the members of the Conflicts Review Committee an initial fee and a fee for each review sought by the Member Designee.

"Covered Person" shall mean the Administrator and its Affiliates, any Member Designee (including, without limitation, in its capacity as Tax Matters Partner and/or Attorney-in-Fact) and its Affiliates, members of the Conflicts Review Committee, and the members of any each of the current and former shareholders, directors, officers, principals, trustees, partners, members, employees, managers and agents of any of them, and any other Person

designated by the Member Designee as a Covered Person who serves on behalf of the Fund.

“Credit Provider” shall have the meaning set forth in Section 4.2.

“Damages” shall have the meaning set forth in Section 9.1(a).

“Default” shall have the meaning set forth in Section 5.3(a).

“Defaulted Amount” shall have the meaning set forth in Section 5.3(b).

“Defaulted Capital Commitment” shall have the meaning set forth in Section 5.3(c).

“Defaulting Member” shall have the meaning set forth in Section 5.3(a).

“Disabling Conduct” shall mean, with respect to any Person, fraud, willful misfeasance, conviction of a felony, willful violation of law, gross negligence, or reckless disregard of duties in the conduct of such Person’s office, in each case having a material adverse effect on the Fund.

“Distributable Cash” shall mean cash received by the Fund from the sale or other disposition of, or dividends, distributions, interest or other income from or in respect of, a Portfolio Investment, or otherwise received by the Fund, other than Capital Contributions; *provided* that the Member Designee may determine to reduce the amount of proceeds from dispositions of Portfolio Investments to be distributed by such amounts as the Member Designee determines to be necessary for (a) the payment of Fund Expenses, whether fixed or contingent, (including capital contributions to the Underlying Fund or Underlying Fund Manager Fees and Expenses) and (b) the establishment of appropriate reserves for such Fund Expenses as may arise, or in anticipation of future funding in the discretion of the Member Designee, including the maintenance of adequate working capital for the continued conduct of the Fund’s investment activities and operations, and such amounts shall not constitute “Distributable Cash”.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“FATCA” shall have the meaning set forth in Section 6.16.

“FCC” shall mean the Federal Communications Commission.

“Final Underlying Fund Closing Date” shall mean the last day on which a purchase of a limited partnership interest in the Underlying Fund can be closed under the Underlying Fund Documents.

“Financial Company” means (i) an insured bank as defined in 12 U.S.C. § 1813(h), (ii) any institution (including, without limitation, industrial loan companies and industrial banks) organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands which both (A) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others and (B) is engaged in the business of making commercial loans, (iii) a company registered as a bank holding company with the Board of Governors of the Federal Reserve System pursuant to

12 U.S.C. § 1842 and the regulations promulgated thereunder or an entity deemed to be a bank holding company pursuant to such regulations, (iv) a savings association as defined in 12 U.S.C. § 1813(b), (v) a company registered as a savings and loan holding company with the Board of Governors of the Federal Reserve System pursuant to 12 U.S.C. § 1467a, or (vi) any entity that controls or is deemed to control any of the entities described in the preceding clauses (i) through (v).

"Fiscal Year" shall mean the fiscal year of the Fund, as set forth in Section 1.5.

"Fund" shall have the meaning set forth in the preamble hereto.

"Fund Expenses" shall mean costs, expenses and liabilities that in the judgment of the Member Designee are incurred by or arise out of the operation and activities of the Fund, including but not limited to: (a) the Administrative Fee and other administrative fees and expenses, including fees to a custodian and other providers of administrative or support services; (b) the fees, costs and expenses relating to consummated Portfolio Investments and proposed but unconsummated investments, including the evaluation, acquisition, holding and disposition thereof; (c) the Fund's allocable share of the fees and expenses of the Underlying Fund and Underlying Fund Manager Fees and Expenses, to the extent that such fees and expenses are not reimbursed by the Underlying Fund or another third Person; (d) interest and any other expenses related to any Fund borrowings; (e) fees, costs and expenses related to the purchase, holding and sale of Temporary Investments, including advisory or managerial fees, costs and expenses payable to the Member Designee, the Administrator, one of their Affiliates or another third party in connection therewith; (f) premiums for insurance protecting the Fund and any Covered Persons from liabilities in connection with Fund affairs; (g) legal, custodial, auditing, accounting and banking fees and expenses, including fees and expenses associated with the preparation of the Fund's financial statements, tax returns and Schedule K-1s; (h) consulting and marketing fees and expenses; (i) costs of computing the value of the Fund's assets, including without limitation appraisal and valuation expenses; (j) investor servicing expenses; (k) costs associated with the maintenance of books and records (including investment reporting); (l) costs and expenses associated with complying with government requirements, including any applicable federal or state laws; (m) costs of printing and mailings; (n) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles as well as extraordinary expenses such as litigation expenses and payments for indemnification of the Member Designee, the Administrator, the Underlying Fund and other Persons to whom the Fund may have a contractual indemnification obligation; (o) other out-of-pocket fees and expenses incurred by the Member Designee, the Administrator and any service providers; (p) taxes and other governmental charges, fees and duties payable by the Fund; (q) Damages; (r) costs and expenses of reporting to the Members and any meetings of Members; (s) costs and expenses of any feeder vehicle organized to invest in the Fund, including any organizational expenses thereof; (t) any amounts necessary to fund a Defaulting Member's Defaulted Amount (including the amount of any borrowing) and any costs associated with the foregoing in the event that the Fund is unable to recover such amounts from the Defaulting Member; and (u) costs of winding up and liquidating the Fund; but not including Organizational Expenses.

"Initial Capital Contribution" shall have the meaning set forth in Section 5.2(a).

"Initial Closing" shall mean the initial closing of the sale of Interests in the Fund which will occur on such date as the Member Designee may determine.

"Initial Member" shall mean UBSFA.

"Interest(s)" shall mean, as of any date, the entire limited liability company interest in the Fund owned by a Member as of such date, including the right of such Member to any and all benefits to which a Member may be entitled under this Agreement, together with the obligations of such Member to comply with all the terms and provisions of this Agreement.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

"Investment Period" shall mean the period commencing on the date hereof and ending upon the termination of the investment period of the Underlying Fund, in accordance with the terms of the Underlying Fund Documents.

"Investment Period Expiration Date" shall mean the expiration of the final date of the Investment Period, in accordance with the terms of the Underlying Fund Documents.

"Investor Application" shall mean, with respect to any Member, the Investor Application executed by such Member in connection with such Member's purchase of an Interest in the Fund.

"Limited Voting Member" shall have the meaning set forth in Section 2.1(f) hereof.

"Majority in Interest" shall mean, as of any date, the Non-Defaulting Members that then in the aggregate have Capital Commitments of in excess of 50% of the Capital Commitments of all Non-Defaulting Members.

"Marketable Securities" shall mean Securities that are (i) traded on an established U.S. national or non-U.S. securities exchange or (ii) reported through NASDAQ or a comparable established non-U.S. over-the-counter trading system or (iii) otherwise traded over-the-counter or purchased and sold in transactions effected pursuant to Rule 144A under the Securities Act, in each case that the Member Designee believes are marketable at a price approximating their Value within a reasonable period of time.

"Media Company" shall mean any business in which the Fund or the Underlying Fund has made an equity investment, a debt with equity investment or a debt-only investment, to the extent such investment is subject to the FCC's "equity plus debt" rule, that, directly or indirectly, owns, controls or operates a broadcast radio or television station, a U.S. cable television system, a "daily newspaper" (as such term is defined in 47 C.F.R. § 73.3555 of the FCC's rules), a multipoint multichannel distribution system, a local multipoint distribution system, an open video system, a commercial mobile radio service or any other communications facility the operations of which are subject to regulation by the FCC under the Communications Act of 1934, as amended; in addition to (A) the Attribution Rules; or (B) the Ownership Rules.

"Member Designee" shall be (i) the Administrator, pursuant to the delegation set forth in Section 2.1(b), (ii) upon the termination of the delegation to the Administrator set forth in Section 2.1(b), a Qualified Replacement appointed pursuant to Section 2.1(c), or (iii) upon the termination of the delegations to the Administrator and any Qualified Replacement set forth in Section 2.1(b), the Members acting by a Majority in Interest (excluding for such

purpose any Affiliated Members) unless a higher percentage in Interest vote is required hereunder.

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" set forth in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" set forth in Treasury Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

"Member Register" shall have the meaning set forth in Section 3.4.

"Members" shall mean, as of any date, the Persons then listed in the Member Register as investors in the Fund, and shall include their successors and permitted assigns to the extent admitted to the Fund as members in accordance with the terms hereof, in their capacities as Members of the Fund, and shall exclude any Person that ceases to be a Member in accordance with the terms hereof.

"NASDAQ" shall mean the automated screen-based quotation system operated by the Nasdaq Stock Market, Inc., or any successor thereto.

"Non-Defaulting Members" shall have the meaning set forth in Section 5.3(b).

"Nonrecourse Deductions" shall have the meaning specified in Treasury Regulations Section 1.752-1(a)(2).

"Nonrecourse Liability" shall have the meaning specified in Treasury Regulations Section 1.704-2(b)(3).

"Offering Memorandum" means the Confidential Offering Memorandum of the Fund, dated January 2016, as amended or otherwise supplemented from time to time.

"Organizational Expenses" shall mean all costs and expenses incurred in connection with the formation and organization of, and sale of Interests (at any Closing) in, the Fund, as determined by the Member Designee, including all out-of-pocket legal, accounting, consulting, marketing, printing, travel (including travel by employees or agents of the Placement Agent related to the offering) and filing fees and expenses, but not including Placement Fees or Fund Expenses.

"Ownership Rules" shall mean the multiple and cross-ownership rules of the FCC, including, but not limited to, 47 C.F.R. §§ 20.6(d); 21.912; 24.709; 24.720; 26.101(a); 73.3555; 74.931(k), (j); 76.501; 76.503; 76.504; 76.505; and any other regulations or written policies of the FCC which limit or restrict ownership in Media Companies, all as the same may be amended or supplemented from time to time.

"Parallel Fund" shall have the meaning set forth in Section 4.4.

"Period" shall mean, in the case of the first Period, the period commencing on the date of this Agreement and ending on the next succeeding Adjustment Date, and thereafter shall mean the Period commencing on the day after an Adjustment Date and ending on the next Adjustment Date.

"Person" shall mean any individual or entity, including (but not limited to) a corporation, partnership, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated association, sole proprietorship, government or governmental agency or authority "and any other person" within the meaning of §18-101(12) of the Act.

"Placement Agent" shall mean UBSFS.

"Placement Agreement" shall mean the Placement Agreement entered into between the Fund and the Placement Agent as contemplated by Section 1.10(a).

"Placement Fee" shall have the meaning set forth in Section 1.10(b).

"Plan Assets Regulation" shall mean the Department of Labor plan assets regulations, 29 C.F.R. § 2510.3-101, or any successor thereto.

"Portfolio Investments" shall mean investments made by the Fund, including any Temporary Investments and any investment in the Underlying Fund.

"Proceeding" shall have the meaning set forth in Section 9.1(a).

"Qualified Replacement" shall mean a party that is suitability qualified to manage the affairs of the Fund as determined by a Majority in Interest (excluding for such purpose any Affiliated Members).

"Remaining Capital Commitment" shall mean, with respect to any Member and as of any date, the amount of such Member's Capital Commitment that has not been contributed as a Capital Contribution as of such date or that has been restored in accordance with this Agreement.

"Rule 506(d)" shall mean Rule 506(d) under the Securities Act.

"Securities" shall mean shares of capital stock, limited partnership interests, limited liability company interests, warrants, options, bonds, notes, debentures and other equity and debt securities of whatever kind of any Person, whether readily marketable or not.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

"Sharing Percentage" shall mean, with respect to any Member and as of any date, a fraction, expressed as a percentage, (i) the numerator of which is the Capital Commitment of such Member and (ii) the denominator of which is the aggregate amount of the Capital Commitments of all Members, in each case as of such date and taking into account any adjustment pursuant to Section 1.10(b).

"Soliciting Members" shall have the meaning set forth in Section 13.1.

"Subsequent Capital Contribution" shall have the meaning set forth in Section 5.2(a).

"Subsequent Members" shall have the meaning set forth in Section 10.2(a).

"Substitute Member" shall have the meaning set forth in Section 10.1(d).

"Tax Matters Partner" shall have the meaning set forth in Section 6.14.

"Temporary Investments" shall mean investments in: (a) short- and medium-term fixed income investments whose interest is generally exempt from federal income taxes or similar securities of governmental and private issuers; (b) cash or cash equivalents; (c) marketable direct obligations issued or unconditionally guaranteed by the United States, or issued by any agency thereof, maturing within one year from the date of acquisition thereof; (d) money market instruments, commercial paper or other short-term debt obligations having at the date of purchase by the Fund the highest or second highest rating obtainable from either Standard & Poor's, a division of the McGraw-Hill Companies Inc., or Moody's Investors Service Inc., or their respective successors, or other nationally recognized securities rating organizations; (e) interest bearing accounts at a registered broker-dealer; (f) money market funds; (g) certificates of deposit maturing within one year from the date of acquisition thereof issued by commercial banks incorporated under the laws of the United States or any State thereof or the District of Columbia, each having at the date of acquisition by the Fund combined capital and surplus of not less than \$100 million; (h) overnight repurchase agreements with primary Federal Reserve Bank dealers collateralized by direct U.S. Government obligations; and (i) pooled investment funds or accounts that normally invest primarily in Securities or instruments of the type described in clauses (a) through (e) above.

"Term" shall have the meaning set forth in Section 1.4.

"Transfer" shall mean any sale, assignment, conveyance, pledge, mortgage, encumbrance, hypothecation or other disposition, and "Transferred", "Transferring" and similar forms shall have correlative meanings.

"Transferee" shall have the meaning set forth in Section 10.1(b)(i).

"Transferor" shall have the meaning set forth in Section 10.1(b)(i).

"Treasury Regulations" shall mean the regulations of the Treasury Department issued pursuant to the Code, as amended from time to time.

"UBS" shall mean UBS AG and any of its affiliates.

"UBSFA" shall mean UBS Fund Advisor, L.L.C.

"UBSFS" shall mean UBS Financial Services Inc.

"Unaffiliated Fund Percentages" shall mean a percentage established for each non-Affiliated Member on the Fund's books as of the first day of each Fiscal Year (or relevant portion thereof). The Unaffiliated Fund Percentage of a non-Affiliated Member shall be determined by dividing the balance of the non-Affiliated Member's Capital Account as of the commencement of such Fiscal Year (or relevant portion thereof) by the sum of the Capital Accounts of all of the non-Affiliated Members as of the commencement of the

Fiscal Year (or relevant portion thereof). The sum of the Unaffiliated Fund Percentages of all non-Affiliated Members shall equal 100%.

"Underlying Fund" shall mean Blackstone Real Estate Partners Europe V ■■■, a Cayman Islands exempted limited partnership.

"Underlying Fund Documents" shall mean the agreements pursuant to which investors subscribe to the Underlying Fund, the limited partnership agreement of the Underlying Fund and the other documents relating to the offering of interests in, organization and governance of the Underlying Fund, all as from time to time in effect.

"Underlying Fund GP" shall mean Blackstone Real Estate Associates Europe V ■■■, a Cayman Islands exempted limited partnership.

"Underlying Fund Manager" shall mean Blackstone Real Estate Advisors ■■■, a Delaware limited partnership, or such persons it may designate.

"Underlying Fund Manager Fees and Expenses" shall mean fees and expenses payable to the Underlying Fund Manager pursuant to the Underlying Fund Documents.

"Value" shall mean, as of any date, (a) with respect to Marketable Securities (i) that are primarily traded on a securities exchange, their closing sale price on the principal securities exchange on which they are traded on such date or, if no sales occurred on such day, the mean between the closing "bid" and "asked" prices on such day and (ii) the principal market for which is or is deemed to be the over-the-counter market, their closing sales prices on such date, as published by NASDAQ or any similar organization, or if such price is not so published on such day, the mean between their closing "bid" and "asked" prices, if available, on such day, which prices may be obtained from any reputable pricing service, broker or dealer selected by the Member Designee, and (b) with respect to all other Securities or other assets of the Fund, other than cash or Interests, the value determined by the Member Designee in good faith considering all factors, information and data it deems to be pertinent.

1.2. Name and Office.

- (a) The name of the Fund is "ALPHAKEYS EUROPEAN REAL ESTATE OPPORTUNITIES FUND II, L.L.C." or such other name as the Member Designee shall from time to time determine, in its sole discretion. Upon the termination of the Fund, the resignation of the Administrator or the termination of the Administrative Services Agreement, all of the Fund's right, title and interest in and to the use of the name "ALPHAKEYS EUROPEAN REAL ESTATE OPPORTUNITIES FUND II, L.L.C." or any variation thereof, including any name to which the name of the Fund may have been changed, shall become the property of the Administrator, and the Members shall have no right and no interest in and to the use of any such name.
- (b) The Fund shall have its principal place of business at the office of UBS Financial Services Inc., 1285 Avenue of the Americas, New York, New York 10019. The registered office of the Fund in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, and the registered agent for service of process on the Fund at such address is Corporation Service Company. At any time, the Fund may designate another principal place of business, registered agent or registered office.

(c) The Fund agrees that "AlphaKeys" is a registered service mark owned by UBS and that, at the Administrator's request, it will (i) take all necessary action to change the name of the Fund to a name not including "AlphaKeys" in any form within 10 days of the Administrator's request, that the Fund's failure to do so shall not be compensable by monetary damages and that the Administrator shall be entitled to equitable relief to enforce the Fund's obligation hereunder; and (ii) as promptly as reasonably practicable, but in no event later than five days after the Administrator's request, cease to use the "AlphaKeys" registered service mark in any manner, including, but not limited to, use in any sales literature or promotional material, the name of the Administrator or UBS in any form or combination thereof. In the event that the Fund fails to comply with the foregoing, the Fund shall indemnify the Administrator for all costs associated with enforcing its rights hereunder, at law or equity, including, without limitation, damages (actual and consequential) and injunctive relief. The provisions of this Section shall survive the termination or cancellation of this Agreement.

- 1.3.** Purposes. The Fund has been organized (a) to invest substantially all of its capital in limited partnership interests in the Underlying Fund in accordance with and subject to the other provisions of this Agreement, (b) to invest in Temporary Investments, and (c) to engage in such other activities as are necessary or incidental to the foregoing.
- 1.4.** Term. The Fund shall continue until it is dissolved. The term of the Fund is expected to end as soon as practicable after the term of the Underlying Fund as determined by the Member Designee in its discretion (such term being referred to as the "Term"). Notwithstanding the expiration of the Term, the Fund shall continue in existence as a separate legal entity until cancellation of the Certificate of Formation of the Fund in accordance with Section 11.3.
- 1.5.** Fiscal Year. The Fiscal Year of the Fund shall end on December 31, unless the Code requires a different taxable year, in which case "Fiscal Year" shall mean such taxable year.
- 1.6.** Powers. Subject to the other provisions of this Agreement, including without limitation Section 2.1 hereof, the Member Designee, on behalf of the Fund, shall be and hereby is authorized and empowered to do or cause to be done any and all acts necessary or incidental in furtherance of the purposes of the Fund, without any further act, approval or vote of any Person, including any Member, except as may be expressly required herein. Without limiting the generality of the foregoing, the Member Designee, on behalf of the Fund, is hereby authorized and empowered:
- (a) to purchase, borrow, hold, sell and Transfer Securities and any other assets of the Fund and any rights therein, to vote proxies and exercise all rights, on behalf of the Fund, with respect to Securities and any other assets owned by the Fund;
 - (b) to establish, maintain or close one or more offices within or outside the State of Delaware and in connection therewith to rent or acquire office space and to engage personnel;
 - (c) to open, maintain, conduct and close bank and brokerage (including margin) accounts, to draw checks or other orders for the payment of moneys, to exchange U.S. dollars held by the Fund into non-U.S. currencies and vice versa, to enter into currency forward and futures contracts and to hedge Portfolio Investments (but not for speculative purposes), and to invest such funds as are temporarily not otherwise required for the Fund purposes in Temporary Investments;

- (d) to set aside funds for reasonable reserves, anticipated contingencies and working capital;
- (e) to bring, defend, settle and dispose of Claims or Proceedings;
- (f) to enter into, execute, deliver and perform its obligations under contracts, agreements and other undertakings of every kind, and amendments thereto, it may deem advisable, necessary or incidental to the offer and sale of interests in the Fund, conducting the business of the Fund, or to the acquisition, holding and Transfer of Portfolio Investments, and to take such other actions necessary or incidental thereto;
- (g) to borrow money in accordance with Section 4.2;
- (h) to prepare and file or cause to be prepared and filed all tax returns of the Fund; to make such elections under the Code and other relevant tax laws as to the treatment of items of Fund income, gain, loss, deduction and credit and as to all other relevant matters, as the Tax Matters Partner deems necessary or appropriate; to determine which items are to be capitalized or treated as current expenses; and, subject to Section 8.1, to select the method of accounting and bookkeeping procedures to be used by the Fund;
- (i) to take all action that may be necessary, advisable, convenient or incidental for the continuation of the Fund's valid existence as a limited liability company under the Act and in each other jurisdiction in which such action is necessary to protect the limited liability of the Members or to enable the Fund, consistent with such limited liability, to conduct the investment and other activities in which it is engaged;
- (j) to take any action necessary or appropriate in order to ensure that the Interests do not have to be registered under the Securities Act or that the Fund is not required to register as an investment company under the Investment Company Act, including, without limitation, the right to restrict the number or nature of beneficial owners of the Interests;
- (k) to take, or refrain from taking, any action necessary or desirable in order to comply with applicable law or to avoid adverse consequences that might result from the necessity of complying with applicable law including, without limitation, making structural, operating or other changes to the Fund, selling or otherwise disposing of a Portfolio Investment, requiring the sale or withdrawal in whole or in part of any Member's Interest or dissolving the Fund. The Members shall cooperate (including with the Member Designee) in arranging a suitable method to minimize or eliminate such illegality or other adverse consequence;
- (l) to carry on any other activities necessary or incidental to any of the foregoing;
- (m) to retain administrators, consultants, custodians, attorneys, placement agents, accountants, investment advisors and other agents and employees, including Persons that may be Members or Affiliates thereof or Affiliates of the Member Designee, the Administrator, the Underlying Fund Manager or the Underlying Fund GP, and to authorize each such agent and employee (who may be designated as officers) to act for and on behalf of the Fund; and

- (n) to permit any Person retained pursuant to clause (k) above to engage and terminate the services of others to assist them in providing services to the Fund.
- 1.7.** Specific Authorization. The Fund, or the Administrator on behalf of the Fund, may execute, deliver and perform the Investor Applications and any other agreements to induce any Person to purchase interests in the Fund, and any amendments to such agreements, all without any further act, approval or vote of any Member or other Person, and all Investor Applications and such other agreements executed, delivered or performed prior to the date of this Agreement are hereby ratified in all respects. The specific authorization in this Section 1.7 shall not be deemed to constitute a restriction on the power of the Fund or the Administrator, on behalf of the Fund, to enter into other agreements subject to any other restrictions expressly set forth in this Agreement.
- 1.8.** Admission of Members; Withdrawal of Initial Member. Immediately following the admission of Members on the date hereof, the Initial Member, by its execution and delivery of a counterpart of this Agreement, shall withdraw from the Fund and shall have no further rights or claims against, or obligations as the Initial Member of, the Fund. UBSFA or any of its Affiliates may subsequently become a Member. One or more Persons shall be admitted at the Initial Closing as Members at the time that (a) this Agreement or an instrument pursuant to which such Members agree to be bound by all the terms and provisions hereof and an Investor Application or a counterpart thereof are executed by or on behalf of such Persons and accepted by the Administrator and (b) such Persons are listed by the Member Designee as Members in the Member Register. After the Initial Closing, Persons shall be admitted as Members as provided in Article X.
- 1.9.** Expenses. All Organizational Expenses and Fund Expenses shall be paid by the Fund. To the extent that the Member Designee, the Administrator or any of their Affiliates pays any Organizational Expenses or Fund Expenses on behalf of the Fund, the Fund shall reimburse the Member Designee, the Administrator or such Affiliate therefor upon request.
- 1.10.** Placement Agreement; Payment of Placement Fee.
- (a) The Fund is hereby authorized to enter into a Placement Agreement pursuant to which the Placement Agent will be retained to assist in the placement of Interests. The engagement by the Fund of the Placement Agent as contemplated hereby shall be as set forth in the Placement Agreement, specifying in further detail the rights and duties of the Placement Agent.
- (b) A Member will be charged by the Placement Agent a placement fee (the "Placement Fee") of 2% of such Member's Capital Commitment, subject to waiver by the Placement Agent in limited circumstances. The Placement Fee shall be in addition to any Capital Contributions such Member is required to make to the Fund and shall not reduce such Member's Capital Commitment, including for purposes of determining such Member's Sharing Percentage. Notwithstanding anything to the contrary contained herein, no Member who is a client of UBSFS and invests in the Fund through an Advisory Program shall be charged a Placement Fee.
- 1.11.** U.S. Federal Tax Status. It is intended that the Fund be classified as a partnership for U.S. federal income tax purposes. The Fund shall not file any election pursuant to Treasury Regulation Section 301.7701-3(c) to be treated as an entity other than a partnership. The Fund shall not elect, pursuant to Section 761(a) of the Code, to be excluded from the provisions of Subchapter K of the Code.

- 1.12. Classes, Tranches or Series of Interests.** The Fund may create one or more additional classes ("Classes"), tranches ("Tranches") or series ("Series") of Interests which may differ in terms of, among other things, denomination of currency, the timing and amounts of fees and allocations charged, withdrawal rights, minimum initial Capital Contribution, assets underlying the Class, Tranche or Series and other terms. The Fund may, in its sole discretion and from time to time, establish an additional class of interests which may differ in terms of, among other things, the timing and amount of fees charged, distribution rights and other terms. In particular, the Fund may establish an additional class of preferred equity interests (which may be held by the Member Designee or its Affiliates) that may differ in terms of, among other things, a priority with respect to distributions and in dissolution, the right to a preferred return, the right to receive certain cash proceeds, different voting rights, the timing and amount of fees charged and withdrawal rights. The Member Designee may, in its sole discretion, agree with a Member to modify or waive any other rights of or terms applicable to such Member. The Member Designee also shall have the authority to enter into side letters or other similar agreements with a particular Member without the approval of other Members of the Fund.

ARTICLE II—ADMINISTRATION OF THE FUND

2.1. Administration of the Fund.

- (a) The Fund has entered into an Administrative Services Agreement with the Administrator pursuant to which the Administrator has agreed to provide administrative and support services to the Fund with respect to its investment and other activities, acting directly or through its duly appointed agents, including performing all duties of the Administrator identified in this Agreement. The Members hereby ratify and approve the execution and delivery of the Administrative Services Agreement by the Fund prior to the Initial Closing.
- (b) Pursuant to §18-407 under the Act, and subject to Section 2.1(e), each Member hereby delegates to the Administrator in its capacity as Member Designee, all of the rights, powers, duties and obligations of such Member to manage and control the business and affairs of the Fund; provided, however, that the Members do not delegate (i) their rights under Section 12.1 to vote on amendments to the Agreement, (ii) their rights under Article XIII to call a meeting of the Members; or (iii) their rights under Section 7.1(e) to vote to terminate the Administrative Services Agreement and/or to revoke the delegation of rights and powers to the Member Designee. Pursuant to the delegation made pursuant to this Section 2.1(b), until such time as the Members revoke the Member Designee's rights to manage the Fund, no Member shall (i) take part in the operation, administration, management or control of the Fund's investment or other activities, transact any business in the Fund's name or have the power to sign documents for or otherwise bind the Fund, or (ii) have any right, express or implied, to approve, disapprove, compel or prohibit any management action or inaction under this Agreement, or by or with respect to the Fund, except for those rights of the Members expressly retained pursuant to the preceding sentence. For the avoidance of doubt, except for the proviso stated above, until such time as (x) the Members revoke their delegation to the Member Designee or (y) the Administrator or its Qualified Replacement resign as Member Designee, the power and authority of the Members to vote, consent, or approve with respect to any matter arising under this Agreement for which the Members may otherwise be entitled to act is hereby waived and delegated to the Member Designee.
- (c) The Member Designee may (i) resign as Member Designee of the Fund and (ii) with (x) the prior consent of the Member Designee on behalf of the Fund, or (y) prior notice to the Members and, to the extent consistent with applicable law, without the prior consent of the Member Designee on behalf of the Fund, cause a Qualified Replacement to be appointed as replacement Member Designee. Further, the Members acting by a Majority in Interest (excluding Affiliated Members), at a meeting of the Members called for such purpose in accordance with Article XIII, may revoke the Member Designee's rights and powers to manage the Fund under Section 2.1(b); provided, however, that the Members must first arrange to delegate such rights and powers to manage the Fund to a Qualified Replacement approved by the Administrator.
- (d) Subject to Sections 2.1(c) and 2.1(e), in the event that there is an issue to be voted upon by the limited partners of the Underlying Fund, the Member Designee, in its discretion, shall determine how the Fund's interest in the Underlying Fund shall be voted.

- (e) Notwithstanding Section 2.1(b), but subject to Section 2.1(c), (i) except as set forth in this Section 2.1(e), the Member Designee may cause the Fund to vote on all matters presented by the Underlying Fund other than those related to the selection, approval or disposition of portfolio investments by the Underlying Fund, (ii) where a vote presented by the Underlying Fund involves the selection, approval or disposition of portfolio investments of the Underlying Fund, the Member Designee shall abstain from voting (to the extent it deems it advisable to do so under the BHC Act) on any matter presented by the Underlying Fund related to the selection, approval or disposition of portfolio investments by the Underlying Fund in any Financial Company or their direct or indirect holding companies and (iii) unless the Member Designee obtains the prior approval of the Members following a reasonable opportunity for the Members to object, the Member Designee shall abstain from voting (to the extent it deems it advisable to do so under the BHC Act) on matters presented by the Underlying Fund (A) if the Fund owns more than 24.99% of the total capital contributions to the Underlying Fund or (B) that are related to the selection, approval or disposition of portfolio investments other than those that are Financial Companies or their direct or indirect holding companies.
- (f) The Member Designee may, in its sole discretion, designate any Member as a "Limited Voting Member." Whenever the Fund solicits or requires the vote or approval of Members on any matter, a Limited Voting Member's Capital Account balance (with respect to votes requiring approval by a Majority (or other specified percentage) in Interest) or Unaffiliated Fund Percentage (with respect to votes requiring approval by a Majority (or other specified percentage) in Interest where such votes exclude Affiliated Members), as the case may be, for such vote or approval shall be deemed, solely for the purpose of such voting or approval, to be the lesser of (i) such Limited Voting Member's Capital Account balance or Unaffiliated Fund Percentage, as the case may be, and (ii) 19.99%. The Member Designee will adjust the Capital Account balances or Unaffiliated Fund Percentages of other Members pro rata to reflect the above adjustment with respect to the vote or approval of Members on any such matter, such that (i) the sum of the Unaffiliated Fund Percentages after such adjustment is equal to 100% or (ii) the sum of such Capital Account Balances after the adjustment is equal to the sum of such Capital Account Balances before the adjustment, as the case may be. Nothing in this Section 2.1(f) shall be deemed to grant to the Members any rights to approve of or consent to any matters that they do not otherwise have a right to approve of or consent to hereunder.
- (g) The Member Designee may in the future, in its sole discretion and without notice to the Members, restructure the Fund or the Member Designee in order to comply with laws or regulations (including the BHC Act), or to reduce or eliminate the impact or applicability of any bank regulatory restrictions to which the Member Designee or the Fund: (i) are subject, or (ii) will be subject upon engaging in a new business transaction. The Fund may in the future transfer any portion of its investment in the Underlying Fund to an investment vehicle affiliated with the Underlying Fund (including, without limitation, the underlying master fund or any parallel fund established for the Fund) as permitted by the Underlying Fund, in the Member Designee's sole discretion and without prior notice to, or consent from, the Members.

2.2. Reliance by Third Parties. In dealing with the Member Designee, the Administrator and their duly appointed agents, no Person shall be required to inquire as to the Members' (or the Member Designee's), the Administrator or any such agent's authority to bind the Fund.

2.3. Other Activities of the Member Designee, and the Administrator; Conflicts of Interest.

- (a) The Member Designee and the Administrator (including their officers, employees and agents) shall not be required to devote all of their time to the affairs of the Fund, but shall devote such time as in their judgment is necessary and appropriate to perform its obligations under this Agreement and the Administrative Services Agreement.
- (b) The Member Designee, the Administrator and their Affiliates (including other investment funds advised by the Member Designee or the Administrator) may engage in, administer, manage or possess (on a proprietary basis or with client funds) an interest in other business ventures or commercial dealings of every kind and description, including without limitation other pooled investment vehicles, registered and unregistered investment companies and individual accounts, independently or with others, including acquisition and disposition of Portfolio Investments or other controlled investment vehicles, provision of investment advisory or brokerage services, serving as directors, officers, employees, advisors or agents of other companies, partners of any partnership, members of any limited liability company, or trustees of any trust. No Member shall have any rights in or to such activities of any other Member, the Member Designee, the Administrator or any such Affiliate, as the case may be, or any profits derived therefrom.
- (c) Each Member acknowledges that there may be situations in which the interests of the Fund, as they relate to the Underlying Fund or otherwise, may conflict with the interests of the Underlying Fund, the Underlying Fund GP, the Member Designee, the Administrator or their respective Affiliates. Each Member agrees that any investments or activities of the Underlying Fund, the Underlying Fund Manager, the Underlying Fund GP, the Member Designee, the Administrator or their respective Affiliates that may give rise to such a conflict may be engaged in by the Underlying Fund, the Underlying Fund Manager, the Underlying Fund GP, the Member Designee, the Administrator or any such Affiliate, as the case may be. Such investments or activities shall not, in any case or in the aggregate, be deemed to constitute a breach of this Agreement or any duty that might be owed by any such Person to the Fund or to any Member.

2.4. Liability of the Member Designee, the Administrator and Other Covered Persons.

- (a) General. No Covered Person shall be liable to the Fund or any Member for any act or omission, including any mistake of fact or error in judgment, taken, suffered or made by such Covered Person in good faith and in the belief that such act or omission is in or is not contrary to the best interests of the Fund and is within the scope of authority granted to such Covered Person by this Agreement, provided that such act or omission does not constitute Disabling Conduct. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Fund or to the Members, any Covered Person acting under this Agreement or otherwise shall not be liable to the Fund or any Member for a breach of its fiduciary duties resulting from its good faith reliance on the provisions of this Agreement. To the fullest extent permitted by the Act, the Members hereby agree that (i) any and all duties (including fiduciary duties) and liabilities of a Covered Person to the Members and the Fund otherwise existing at law or in equity, other than (x) such duties and liabilities as are expressly set forth in this Agreement or any other agreement with the Fund or the Members and (y) the implied contractual covenant of good faith and fair dealing, are eliminated and that the provisions of this Agreement replace such other duties and liabilities of such Covered Person to the Members and the Fund, and (ii) any and all duties (including fiduciary duties) and liabilities of a Member to the Members and the Fund otherwise existing at law or in equity, other than (x) such duties and liabilities as

are expressly set forth in this Agreement and (y) the implied contractual covenant of good faith and fair dealing, are eliminated and the provisions of this Agreement replace such other duties and liabilities of such Members to the other Members and the Fund.

- (b) Reliance. A Covered Person (i) shall incur no liability in acting upon any signature or writing believed by such Covered Person to be genuine, (ii) may rely on any certificate signed by any Person in order to ascertain any fact with respect to such Person or within such Person's knowledge and (iii) may rely on an opinion of counsel selected by such Covered Person with respect to legal matters. Each Covered Person may act directly or through such Covered Person's agents or attorneys. Each Covered Person may consult with counsel, appraisers, engineers, accountants and other Persons selected by such Covered Person, and shall not be liable for anything done, suffered or omitted upon the advice of any of such Persons, except to the extent that such selection or reliance constituted Disabling Conduct. No Covered Person shall be liable to the Fund or any Member for any error of judgment made by an agent, officer or employee of such Covered Person. A Covered Person shall be entitled to the same protections as provided under §18-406 of the Act to a member, manager or liquidating trustee of a Delaware limited liability company with respect to reliance on reports and information provided to such Covered Person with respect to the Fund and the conduct of its business.
- (c) Member Designee and Administrator Not Liable for Return of Capital Contributions. None of the Member Designee, the Administrator nor any of their Affiliates shall be liable for the return of the Capital Contributions of any Member, and such return shall be made solely from Available Assets of the Fund, if any, pursuant to the terms of this Agreement and each Member hereby waives any and all claims that it may have against the Member Designee, the Administrator or any of their Affiliates in this regard.

2.5. FCC Matters.

- (a) For so long as, and only during periods from time to time in which, the Fund or the Underlying Fund shall directly or indirectly hold (or otherwise be attributed with) an ownership or other interest in a Media Company, or the Fund is otherwise required to comply with similar restrictions pursuant to the Underlying Fund Documents, each Member agrees that in addition to the general limitations set forth in this Agreement, without creating any additional rights hereunder and notwithstanding any other rights of such Member under this Agreement:
 - (i) Neither such Member nor any Person that is a director, officer, partner, manager, member, employee, or five percent (5%) or greater shareholder or other owner of a Member, shall:
 - (A) be an employee of any Media Company, the Fund or the Underlying Fund if his or her functions, directly or indirectly, relate to the media or common carrier enterprises of any Media Company, the Fund or the Underlying Fund;
 - (B) serve, in any material capacity, as an independent contractor or agent with respect to the Fund's or the Underlying Fund's media and common carrier enterprises or with respect to any Media Company;
 - (C) communicate with the Fund, the Administrator, the Member Designee, the Underlying Fund, the Underlying Fund Manager, the Underlying Fund GP or the

management of any Media Company on matters pertaining to the day-to-day operations of its business;

- (D) perform any services for any Media Company, the Fund or the Underlying Fund if such services materially relate to the media or common carrier activities of the Media Company, the Fund or the Underlying Fund, with the exception of making loans to, or acting as a surety for, any Media Company, the Fund or the Underlying Fund, to the extent consistent with the "equity plus debt" component of the Attribution Rules; or
 - (E) become actively involved in the management or operation of the media or common carrier businesses of any Media Company, the Fund or the Underlying Fund.
- (ii) Such Member shall not vote on the admission of a new administrator to the Fund (unless such vote may be vetoed by the Administrator in its discretion; and
 - (iii) Such Member shall not have the right to vote for the removal of the Administrator or the Member Designee except where the Administrator or the Member Designee is subject to bankruptcy proceedings, as described in Sections 18-304(1) or (2) of the Act.
- (b) The Member Designee shall notify the Members prior to the distribution in kind by the Underlying Fund GP of the securities of any Media Company. Notwithstanding any provisions of the Agreement to the contrary, any Member may elect by written notice to the Member Designee to decline the receipt of distributions in kind of the securities of any Media Company within five (5) days receipt of the notice with respect thereto, in which event the Member Designee shall notify the Underlying Fund GP not to distribute such securities to the Fund.
 - (c) Each Member shall provide the Member Designee with such information as the Member Designee may request from time to time in order to determine whether a particular Portfolio Investment (including, without limitation, any portfolio investment of the Underlying Fund) in any Media Company would comply with the Attribution Rules and the Ownership Rules.
 - (d) The Member Designee agrees to request from the Underlying Fund GP, promptly upon receipt of any Member's request therefor, all non-confidential information concerning the Fund's direct or indirect investments in Media Companies as such Member determines is reasonably necessary to ensure compliance by it and its affiliates with the Ownership Rules and the reporting obligations imposed thereunder and the Member Designee further agrees to deliver such non-confidential information to such Member promptly after receipt of such non-confidential information from the Underlying Fund GP.
 - (e) In the event that the Member Designee determines, based on advice of counsel, that either (i) the Underlying Fund's making of any investment in any Media Company, or (ii) the performance of services or any other activity by a Member to a Media Company (including, but not limited to, as an employee or contractor) would result in such Member breaching the provisions of this Section 2.5 if such Member continues to hold an Interest (the existence of the circumstances in (i) or (ii) hereafter referred to as an "Attributable Event"), then prior to the occurrence of an Attributable Event or, if prior

notice of the Attributable Event was not feasible under the circumstances of a specific situation, as soon as possible after the occurrence of an Attributable Event, (A) the Member Designee and such Member will work in good faith to prevent or resolve such Attributable Event, or (B) if the Member Designee and such Member are unable to prevent or resolve such Attributable Event, (1) such Member shall irrevocably Transfer, and the Member Designee shall agree to such Transfer of, such Member's Interest (in whole or, where the Member Designee determines that Transfer of less than the Member's whole Interest would be sufficient to prevent attribution as a result of the Attributable Event, in part) in accordance with Section 10.1 hereof to a trust that satisfies the Fund's suitability requirements and that shall be established by such Member at its expense under terms that are sufficient to prevent the attribution of an ownership interest in such Media Company to such Member pursuant to the Attribution Rules, or (2) if such Member is unable to irrevocably Transfer such Member's Interest in accordance with the preceding clause, the Member Designee may Transfer such Member's Interest to any other Person.

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ARTICLE III—THE MEMBERS

- 3.1.** Participation in Management, etc. Subject to the terms and conditions of this Agreement, including Section 2.1, the management and control of the Fund's operations (including, without limitation, for purposes of the Act) shall rest exclusively with the Members; provided however, that each Member hereby acknowledges, that pursuant to Section 2.1(b), its powers to manage the business and affairs of the Fund have been delegated to the Member Designee. Except as provided in Section 2.1(b) hereof, no Member shall take part in the operation, administration, management or control of the Fund's investment or other activities, transact any business in the Fund's name or have the power to sign documents for or otherwise bind the Fund. No provision of this Agreement shall obligate any Member to refer investments to the Fund or restrict any investments that a Member may make.
- 3.2.** Limitation of Liability. Except as may otherwise be provided by the Act or as expressly provided in Section 9.2 or elsewhere in this Agreement, the debts, obligations and liabilities of the Fund, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Fund, and no Member, former Member, Member Designee or Administrator shall be obligated personally for any such debt, obligation or liability of the Fund solely by reason of being a Member, former Member, Member Designee or Administrator; provided, however, that Members and former Members shall be liable for the repayment and discharge of all debts, obligations and liabilities of the Fund attributable to any Fiscal Year (or relevant portion thereof) during which they are or were Members only to the extent of, and payable exclusively out of, their respective Capital Account balances and their Remaining Capital Commitments in the Fiscal Year (or relevant portion thereof) to which any such debts, obligations and liabilities are attributable and, subject to Section 9.2, to the extent of distributions received from the Fund, and shall not otherwise have any liability in respect to the debts, obligations and liabilities of the Fund. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, this Section 3.2 is not intended to, and does not, increase Members' and former Members' debts, obligations and liabilities beyond those set forth in other provisions of this Agreement.
- 3.3.** No Priority. Except as otherwise provided herein, no Member shall have priority over any other Member either as to the return of the amount of its Capital Contributions or, except as provided in Article VI, as to any allocation of any item of income, gain, loss, deduction or credit of the Fund.
- 3.4.** Member Register. The Administrator shall cause to be maintained a register setting forth the name, mailing address and Capital Commitment of each Member (the "Member Register"). The Administrator shall update the Member Register from time to time as necessary to accurately reflect the information therein, without any action on the part of the Members. Any reference in this Agreement to the Member Register shall be deemed to be a reference to the Member Register updated from time to time.
- 3.5.** Death, Bankruptcy, Dissolution or Resignation of a Member. The death, any event of bankruptcy under §18-304 of the Act, dissolution or resignation of a Member shall not in and of itself result in a dissolution or termination of the Fund. In the event of a death of a Member, subject to the provisions of Section 10.3, (a) the legal representatives, if any, of such Member shall succeed as assignees to such Member's Interest and shall have the same rights and obligations in the Fund for the remainder of the Term as such Member would have had if such Member had not died or (b) the Member Designee shall terminate such deceased Member's Interest in accordance with Section 10.3.

- 3.6. Fund Property Interests. No real or other property of the Fund shall be deemed to be owned by any Member individually, but shall be owned solely by the Fund. A Member's Interest shall constitute personal property.

ARTICLE IV—INVESTMENTS

4.1. Portfolio Investments Generally.

- (a) The Member Designee shall make Portfolio Investments on behalf of the Fund.
- (b) The Member Designee is hereby authorized, but shall not be required, to cause the Fund to make Portfolio Investments in the Underlying Fund. If the Member Designee determines for any reason, in its discretion, not to make Portfolio Investments in the Underlying Fund, including, without limitation, due to an insufficient amount of Capital Commitments prior to the Fund's commitment thereto, then the Member Designee may cause the Fund to be dissolved as soon as is reasonably practicable.
- (c) Following the termination of the Investment Period, no investments in the Underlying Fund will be made by the Fund, *provided*, that Remaining Capital Commitments may be drawn down from time to time (a) in order for the Fund to make further investments in or payments to the Underlying Fund after the end of the Investment Period to the extent that such investments or payments are required under the Underlying Fund Documents and (b) to satisfy Fund Expenses.

4.2. Borrowing. The Fund may borrow money, including: (a) in anticipation of receipt of Capital Contributions pursuant to Section 5.2 (in which case all or a part of such Capital Contributions shall be used to repay such borrowings in full); (b) to cover any shortfall in the Fund's ability to make a capital contribution when due to the Underlying Fund (in which case the amounts borrowed shall constitute a liability of the Fund for purposes of determining the amount of Available Assets); (c) to satisfy any U.S. federal, state, local, or non-U.S. tax liability of the Fund; (d) to satisfy any U.S. federal, state, local or non-U.S. tax liability of a Member paid by the Fund pursuant to Section 6.15; or (e) for any other purpose the Member Designee reasonably determines to be necessary or appropriate. In connection with any borrowing obtained by the Fund, (a) the Member Designee for itself and on behalf of the Fund shall be authorized to pledge, mortgage, assign, transfer and grant security interests in the assets of the Fund, the right to initiate Capital Calls and collect the Capital Commitments of the Members hereunder, including, without limitation the rights of the Member Designee to exercise remedies under this Agreement or otherwise existing at law or in equity upon the default by a Member in the payment of its Capital Contribution obligations, to a Person or Persons (each, a "Credit Provider") selected in the discretion of the Member Designee and (b) each Member agrees to confirm, from time to time, the terms of its Capital Commitment to a Credit Provider, to honor Capital Calls made by a Credit Provider in connection with the foregoing in accordance with the terms of this Agreement, to provide financial information as the Member Designee or Credit Provider deem necessary and reasonably requests, and to execute such documents as may be reasonably necessary to obtain and retain such borrowing including, without limitation, an opinion of counsel regarding the due formation, valid existence and good standing of such Member, if applicable, and the due authorization, valid execution and delivery of this Agreement. To the extent that the Fund has outstanding obligations under a borrowing secured by the available Capital Commitments of the Members hereunder, each Member shall be obligated to fund any portion of its available Capital Commitment without defense, counterclaim or offset of any kind, provided that such agreement to fund shall not act as a waiver of any claim that such Member may have against any other Member or the Fund. Each Member shall also use reasonable efforts to provide to the Fund and to a Credit Provider, if necessary, information and representations necessary to ensure that the lending arrangement will not constitute a non-exempt "prohibited transaction" under ERISA. In the

event that, as a result of any such pledge, mortgage, assignment, transfer or grant of security interest, a Member makes a payment directly to a Credit Provider as required pursuant thereto, such payment shall be deemed to be a Capital Contribution of such Member to the Fund.

- 4.3.** Temporary Investments. To the extent commercially practicable, the Administrator shall cause the Fund to invest cash held by the Fund in Temporary Investments pending investment in the Underlying Fund, payment of Organizational Expenses or Fund Expenses or distribution to Members. Income from Temporary Investments generally shall be subject to reinvestment as determined by the Administrator.
- 4.4.** Parallel Funds. In the event that one or more Members, due to tax, regulatory or other reasons cannot efficiently acquire or maintain an Interest, as an accommodation to such Members or if determined by the Member Designee to be in the interest of some or all of the Members, the Member Designee may establish one or more investment vehicles through which such Members may invest on a side by side basis with the Fund (any such vehicle, an "Parallel Fund"). Any Parallel Fund will be structured in a manner so that the interests held by such investor, inclusive of rights and obligations, substantially approximates in all material respects, an Interest in the Fund. If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that the investment in the Underlying Fund be made through one or more Parallel Funds, the Member Designee shall be permitted, without the consent of any Member, to permit or require, in certain circumstances, one or more Members to (i) withdraw from the Fund and to acquire a substantially equivalent interest in a then-existing Parallel Fund or new Parallel Fund and/or (ii) otherwise convert and/or exchange all or a portion of a Member's Interest into or for an interest in a Parallel Fund. A conversion and/or exchange of all or a portion of a Member's Interest into or for an interest in a Parallel Fund (i) shall include a cancellation of all or an applicable portion of such Member's Interest and (ii) may include a redemption in-kind of such Member's Interest and a contribution to the Parallel Fund of a portion of the assets of the Fund that the Member Designee determines is attributable to such Member's Interest being so converted or exchanged. The Members will be required to make capital contributions directly to each such Parallel Fund to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the Fund.
- 4.5.** Alternative Vehicle. If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that all or a portion of the Fund's investment in the Underlying Fund be made through an alternative investment structure or vehicle (any such structure or vehicle, an "Alternative Vehicle"), the Member Designee shall be permitted to structure the making of all or any portion of such investment in the Underlying Fund outside of the Fund, by requiring any Member (i) to make all or a portion of its indirect investment in the Underlying Fund through a partnership or other vehicle or vehicles (other than the Fund) that is expected to invest on a parallel basis, subject to applicable legal, tax, accounting, regulatory or other considerations, with or in lieu of the Fund, as the case may be or (ii) to contribute its Interest in the Fund to an Alternative Vehicle in exchange for an interest in such Alternative Vehicle. The Members will be required to make capital contributions directly to each such Alternative Vehicle to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the Fund.

- 4.6. Cayman Vehicle. If the Member Designee determines that for legal, tax, accounting, regulatory or other reasons it is in the interest of some or all of the Members that the Fund be re-structured as a Cayman Islands exempted limited partnership or other entity formed under the laws of the Cayman Islands (any such entity, a "Cayman Vehicle"), the Member Designee may take and/or cause the Members to take all actions necessary and desirable to implement any such re-structuring at the cost of the Fund. The Members may be required to make capital contributions directly to each such Cayman Vehicle to the same extent, for the same purposes and on the same terms and conditions as Members would otherwise be required to make Capital Contributions to the Fund.

ARTICLE V—CAPITAL COMMITMENTS; CAPITAL CONTRIBUTIONS

- 5.1. Capital Commitments. Each Member agrees to make Capital Contributions only in an aggregate amount (taking into account any capital contributions made to a Parallel Fund, Alternative Vehicle or Cayman Vehicle) not exceeding its Capital Commitment, except as expressly provided otherwise in this Agreement. Notwithstanding the foregoing, each Member may be required to make Capital Contributions to the Fund in an amount in excess of its Capital Commitment (i) in the event the Fund has to make capital contributions or other payments to the Underlying Fund in excess of the Fund's capital commitment to the Underlying Fund, (ii) for any Fund Expenses, including, without limitation, the Administrative Fee and Underlying Fund Manager Fees and Expenses, or any tax payments (or interest or penalties associated therewith) made on behalf of such Member, or (iii) to cover a Defaulting Member's Capital Contribution to the Fund or to acquire such Defaulting Member's Interest in the Fund.
- 5.2. Capital Contributions. Except as expressly provided otherwise in this Agreement, Capital Contributions shall be made in accordance with separate Capital Calls, in amounts determined by the Member Designee in accordance with the following terms and conditions:
- (a) Timing and Use of Capital Contributions. On or prior to the Closing at which a Member is admitted to the Fund or as otherwise determined by the Member Designee, the Member Designee, on behalf of the Fund, shall be entitled to draw upon the amount previously deposited into escrow or into such Member's Brokerage Account by such Member in connection with its Investor Application, which amount shall be equal to a percentage of such Member's Capital Commitment as specified by the Member Designee as will enable the Fund to fund its capital contribution and other obligations with respect to the Underlying Fund, to pay Organizational Expenses and Fund Expenses in respect of such Member's Interest and for any other purpose as the Member Designee may deem appropriate. The amount so drawn shall be treated as such Member's initial Capital Contribution to the Fund (the "Initial Capital Contribution"). At any time and from time to time thereafter, the Member Designee shall provide each Member with a notice of each Capital Call (a "Capital Call Notice") not less than five (5) calendar days prior to the date on which the related Capital Contribution (each a "Subsequent Capital Contribution") is due and payable to the Fund (the "Capital Call Date"). Notwithstanding the foregoing, the Member Designee, on behalf of the Fund, is entitled to call for Capital Contributions on less than five (5) calendar days notice to the extent the Underlying Fund calls for a Capital Contribution from the Fund on less than five (5) calendar days notice.
- (b) Revised Capital Call Notices. Notwithstanding Section 5.2(a), if the actual Capital Contribution to be paid by any Member changes after delivery of a Capital Call Notice (e.g., due to a default by another Member), the Member Designee shall issue a revised Capital Call Notice to such Member. Such Member shall pay any additional Capital Contribution required thereby no later than on the Capital Call Date specified in such revised Capital Call Notice.
- (c) Payment of Capital Contributions. Except as otherwise provided herein, a Capital Contribution required to be made by any Member shall be made no later than on the Capital Call Date specified in the relevant Capital Call Notice and shall equal the amount specified in the Capital Call Notice.

- (d) Use of Capital Contributions. As a result of Fund Expenses (including the Administrative Fee and Underlying Fund Manager Fees and Expenses), the aggregate amount of each Member's indirect investment in the Underlying Fund shall be less than the amount of its Capital Contributions.
- (e) Withdrawal from Brokerage Account. Each Member shall (unless the Member Designee has waived such requirement with respect to such Member) establish and maintain an account with an Affiliate of the Administrator designated by the Administrator (a "Brokerage Account") from which all Capital Contributions to be paid by such Member shall be transferred to the Fund. Payment by any Member of any Capital Contribution must be made by wiring federal funds "for value" no later than the due date specified in the Capital Call Notice to such Member's Brokerage Account. Each Member hereby agrees to the withdrawal by the Member Designee of funds from such Member's Brokerage Account in such amounts as are available and necessary to fund Capital Contributions to be paid by such Member; *provided* that the terms and conditions applicable to such Brokerage Account shall otherwise be governed by such Member's Investor Application and any other agreement entered into with a broker/dealer Affiliate of the Member Designee. Any Capital Contribution shall be treated as having been received on the later of the due date specified in the Capital Call Notice and the date of actual receipt by the Fund. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the Member Designee may instead direct Members to pay any Capital Contributions by wire transfer to a bank account designated by the Member Designee for such purpose, in which event such Capital Contributions shall be treated as having been received on the date they are credited to such bank account.
- (f) No Third-Party Beneficiaries. The provisions of this Section 5.2 are intended solely to benefit the Fund and the Members and, to the full extent permitted by applicable law, shall not be construed as conferring any benefit upon any creditor of the Fund (and no such creditor shall be a third-party beneficiary of this Agreement), and no Member shall have any duty or obligation to any creditor of the Fund to make any contributions to the Fund pursuant to this Section 5.2 or to cause the Member Designee to deliver to any Member a Capital Call Notice.
- (g) Capital Commitments. Except to the extent required by any Credit Provider with respect to a pledge under Section 4.2 of this Agreement or under the terms of the Underlying Fund Documents, the Capital Commitments of Members shall be considered "conditional" within the meaning of §18-502(b) of the Act.

5.3. Members that Default on Capital Contributions.

- (a) If any Member fails to make, in a timely manner, all or any portion of (i) any Capital Contribution required to be made by such Member pursuant to Section 5.2 (or pursuant to Sections 4.4, 4.5 or 4.6 in the case of a Parallel Fund, Alternative Vehicle or Cayman Vehicle, respectively), or (ii) any obligation to indemnify the Fund for certain taxes paid on such Member's behalf by the Fund (a "Default"), then such Member may be designated by the Member Designee as in default under this Agreement (a "Defaulting Member") and shall thereafter be subject to the provisions of this Section 5.3. Notwithstanding the foregoing, if any Member fails to make all or any portion of such Capital Contribution when due, such Member may be assessed (as a debit to such Member's Brokerage Account or otherwise), a late fee or other charge (including without limitation, interest) on such outstanding amount in an amount to be determined in the discretion of the Member Designee, in accordance with commercially

reasonable standards, for each day all or any portion of such Capital Contribution is outstanding. The Member Designee may choose not to designate any Member as a Defaulting Member and may agree to waive or permit the cure of any Default by a Member, subject to such conditions as the Member Designee and the Defaulting Member may agree upon.

- (b) With respect to any Capital Contribution (or portion thereof) that is subject to a Default (the "Defaulted Amount"), the Member Designee may (i) increase the Capital Contributions of the Members that have made their corresponding Capital Contributions (the "Non-Defaulting Members"), *pro rata* based on their respective Remaining Capital Commitments, to the extent necessary to fund the Defaulted Amount, in accordance with Section 5.2(b), or (ii) cause the Fund to obtain (through a borrowing or otherwise) such amounts as are necessary to fund the Defaulted Amount, the cost of which may be assessed to the Defaulting Member, *provided* that, in the event that the Fund is unable to recover such amounts from the Defaulting Member, the Members may bear such amounts as Fund Expenses.
- (c) With respect to the Remaining Capital Commitment of any Defaulting Member (the "Defaulted Capital Commitment"), the Member Designee may admit a Substitute Member to assume all or a portion of the Defaulted Capital Commitment on such terms and upon the delivery of such documents as the Member Designee may determine to be appropriate. Thereupon, the Members (or the Member Designee) shall make such revisions to the Member Register as may be necessary to reflect the change in Members and Capital Commitments contemplated by this Section 5.3(c).
- (d) The Member Designee may, in its sole discretion, take any or all of the following actions with respect to a Defaulting Member: (i) freezing its Capital Account; (ii) causing it to bear up to the full amount of any losses incurred by the Fund due to such Defaulting Member's Default, to the extent of its Capital Account, but not share in any income or gain; (iii) prohibiting the Defaulting Member from sharing in any future Capital Call with respect to its Capital Commitment; (iv) without any further action by such Defaulting Member, having its Interest sold or transferred to any other Person or Persons who may be admitted as a Substitute Member pursuant to Section 5.3(c) (including the Member Designee, the Administrator or their Affiliates, or in a transaction in which the Member Designee, the Administrator or one of their Affiliates is acting as agent or principal) at whatever price or terms in the Member Designee's discretion (with none of the proceeds, if any, of such sale inuring to the benefit of the Defaulting Member) and allowing the transferee of such Interest to assume the Defaulting Member's Remaining Capital Commitment; (v) re-allocating its Interest among non-Defaulting Members on terms established by the Member Designee in its discretion; (vi) causing the continuation of such Defaulting Member's obligations to pay its *pro rata* share of Organizational Expenses and Fund Expenses as if the Default had not occurred; (vii) accelerating the Remaining Capital Commitment of the Defaulting Member; (viii) applying amounts otherwise distributable to such Member in satisfaction of all amounts payable by such Member; (ix) reducing such Defaulting Member's Sharing Percentage to zero; (x) withdrawing the Defaulted Amount from such Defaulting Member's Brokerage Account or from any other account maintained by such Defaulting Member with any Affiliate of the Administrator or the Member Designee to the extent of available funds thereof; (xi) without any further action by such Defaulting Member, having a lender (including the Member Designee, the Administrator and their Affiliates) lend to the Defaulting Member all or any part of the funds required of the Defaulting Member, which loan (A) shall bear interest at a rate equal to the lesser of (1) the highest

rate allowable under applicable law and (2) 18% per annum, compounded monthly, from and after the original due date until the earliest payment of all amounts, (B) shall be secured by the Defaulting Member's Interest in the Fund, the Defaulting Member's interest in any other investment fund in which the Member Designee or an Affiliate has a role, the Defaulting Member's Remaining Capital Commitment and the Defaulting Member's Brokerage Account, (C) shall be repaid out of distributions to such Defaulting Member, provided, however, that if such loan is not satisfied within 60 days after the original due date or such longer period as the lender may agree to in its sole discretion, it shall become due and payable automatically; (xii) without any further action by such Defaulting Member, deeming it to have forfeited its Interest in full; and/or (xiii) any other remedy available under sections 18-306 and 18-502(c) of the Act at law or in equity to the Fund. The Member Designee may charge such Defaulting Member a late fee on the Defaulted Amount and any other amounts not timely paid in an amount to be determined in the discretion of the Member Designee, in accordance with commercially reasonable standards, for each day all or any portion of such amounts are outstanding. The Member Designee shall make such amendments and adjustments, including amendments to this Agreement and adjustments to the distributions to and Capital Accounts of the Members (including such Defaulting Member), as it determines to be appropriate to give effect to the provisions of this Section 5.3. If a Member fails to make any other payment when due pursuant to this Agreement, the Member Designee, in its discretion, may exercise any and all of the rights or remedies set forth in this Section 5.3(d) to which each Member, by its admission as a Member to the Fund, hereby specifically consents, without further consent being required.

- (e) The Member Designee shall have the right to pursue all remedies at law or in equity available to it with respect to any Default, including remedies that may benefit the Member Designee, the Administrator and their Affiliates to the exclusion of the Fund or any non-Defaulting Members. Notwithstanding any other provision of this Agreement to the contrary, each Member agrees to pay on demand all costs and expenses (including attorneys' fees) incurred by or on behalf of the Fund in connection with the enforcement of this Agreement against any Defaulting Member or otherwise as a result of a Default by such Member and that any such payment shall not constitute a Capital Contribution to the Fund. Amounts forfeited by a Defaulting Member and not otherwise applied to the payment of costs and expenses in accordance with this Section 5.3, plus any late fee thereon, shall be credited or distributed to the Non-Defaulting Members in proportion to their Sharing Percentages, unless the Member Designee determines that the credit or distribution of such amounts is not appropriate under the circumstances.
- (f) Consents. Whenever the vote, consent or decision of a Member is required or permitted pursuant to this Agreement or under the Act, a Defaulting Member shall not be entitled to participate in such vote or consent, or to make such decision, and such vote, consent or decision shall be tabulated or made as if such Defaulting Member were not a Member.

ARTICLE VI—CAPITAL ACCOUNTS; DISTRIBUTIONS; ALLOCATIONS; WITHHOLDING

- 6.1. Capital Accounts. There shall be established on the books and records of the Fund a capital account (a "Capital Account") for each Member.
- 6.2. Adjustments to Capital Accounts. As of the last day of each Period, the balance of each Member's Capital Account shall be adjusted by (a) increasing such balance by (i) such Member's allocable share of each item of the Fund's income and gain for such Period (allocated in accordance with Section 6.9 and 6.10), including income and gain from Temporary Investments, (ii) the amount of Capital Contributions, if any, made by such Member during such Period and (iii) the amount of the Fund's liabilities assumed by the Member or secured by distributed assets that such Member takes subject to and (b) decreasing such balance by (i) the amount of cash or the Value of Marketable Securities or other property distributed to such Member pursuant to this Agreement, including a return of unused capital and (ii) such Member's allocable share of each item of the Fund's loss and deduction for such Period (allocated in accordance with Section 6.9 and 6.10). Each Member's Capital Account shall be further adjusted (without duplication) with respect to any special allocations or adjustments pursuant to this Agreement.
- 6.3. Distributions. Distributable Cash shall be distributed among the Members based upon their respective Sharing Percentages; provided that distributions to any Member shall, to the extent necessary, be appropriately adjusted to adequately account for the difference, if any, in each Member's share of Temporary Investment income and Fund Expenses and the exclusion of a Subsequent Member from funding and participating in any portion of a Portfolio Investment pursuant to Section 10.2(a) or Section 10.2(d).
- 6.4. Return of Unused Capital. If and to the extent that the Fund has Available Assets that have not otherwise been distributed as of the date of the end of the Investment Period (or such earlier date or dates determined by the Member Designee), the Member Designee shall promptly liquidate any non-cash Available Assets and distribute the proceeds of all Available Assets to the Members pursuant to Section 6.3.
- 6.5. General Distribution Provisions.
- (a) Notwithstanding any other provision of this Agreement to the contrary, distributions shall be made only to the extent of Available Assets and in compliance with the Act and other applicable law.
 - (b) Any distribution by the Fund pursuant to Articles VI and XI to the Person shown on the Member Register as a Member or to such Person's legal representatives, or to the Transferee of such Person's right to receive such distributions as provided herein, shall acquit the Fund, the Administrator or the Member Designee of all liability to any other Person that may be interested in such distribution by reason of any Transfer of such Person's Interest for any reason (including a Transfer of such Interest by reason of the death, incompetence, bankruptcy or liquidation of such Person).
 - (c) Except as otherwise provided herein, any Distributable Cash shall be distributed to the Members at such times as the Member Designee shall determine.
 - (d) Notwithstanding any other provision of this Agreement to the contrary, during the Term, prior distributions of Distributable Cash made pursuant to Section 6.3 may be subject to recall and reinvestment by the Member Designee in its discretion.

- 6.6. Distributions in Kind. Notwithstanding any other provision of this Agreement to the contrary, the Member Designee may make distributions of Marketable Securities and other Securities during the Term or upon the winding-up of the Fund in accordance with Article XI. In the event that a distribution of Marketable Securities, other Securities or other property is made, such Securities or property shall be deemed to have been sold at their Value and the proceeds of such sale shall be deemed to have been distributed in the form of Distributable Cash to the Members, for all purposes of this Agreement. Distributions of Marketable Securities, other Securities or other property shall be made to all of the Members *pro rata* based upon the aggregate amount that would be distributed to each Member pursuant to Section 6.3, as determined by the Member Designee. The Member Designee may cause certificates evidencing any Securities to be distributed to be imprinted with legends as to such restrictions on Transfer as it may determine are necessary or appropriate, including legends as to applicable securities laws or other legal or contractual restrictions, and may require any Member to which Securities are to be distributed, as a condition to such distribution, to agree in writing (a) that such Member will not Transfer such Securities except in compliance with such restrictions and (b) to such other matters as the Member Designee may determine are necessary or appropriate.
- 6.7. Negative Capital Accounts. No Member (other than a Defaulting Member) shall be required to make up a negative balance in its Capital Account.
- 6.8. No Withdrawal of Capital. Except as otherwise expressly provided in this Agreement, (a) no Member shall have the right to withdraw capital from the Fund or to receive any distribution of or return on such Member's Capital Contributions and (b) no Member shall be entitled to interest on such Member's Capital Contributions to the Fund with respect to its Capital Account.
- 6.9. Allocations to Capital Accounts.
- (a) General. Except as otherwise provided herein, each item of income, gain, loss, deduction and credit of the Fund shall be allocated among the Capital Accounts of the Members with respect to each Period, as of the last day of such Period, in a manner such that the Capital Account of each such Member, immediately after making such allocation, is, as nearly possible, equal (proportionately) to (i) the distribution that would be made to such Member (or the amount that such Member would be required to contribute to the Fund) if the Fund were to liquidate its assets at their book values and distribute the proceeds in accordance with Section 11.2(b)(iii), minus (ii) such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain; *provided* that the Administrative Fee shall be allocated among the Members in accordance with the amount calculated with respect to each Member as provided in Section 7.1 and Temporary Investment income and expenses shall, to the extent necessary to reflect each Member's allocable share thereof, be allocated among the Members as described in Section 10.2.

(b) Special Allocations.

- (i) Notwithstanding anything to the contrary in this Article VI, if there is a net decrease in Company Minimum Gain or Member Nonrecourse Debt Minimum Gain during any Period, each Member shall be specially allocated items of the income and gain of the Fund for such Period (and, if necessary, subsequent Periods) in an amount equal to its respective shares of such net decrease during such Period, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 6.9(b)(i) is intended to comply with the minimum gain chargeback requirement in such Treasury Regulations Section and shall be interpreted consistently therewith, including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).
 - (ii) No loss or deduction or item thereof shall be allocated to any Member if, or to the extent that, such allocation would create or increase a deficit in such Member's Capital Account. For this purpose, a Member's Capital Account shall also be reduced to account for the items described in clauses (4), (5) and (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d). Any loss or deduction, the allocation of which to any Member is prohibited by this Section 6.9(b)(ii), shall be reallocated to other Members in proportion to their Sharing Percentages to the extent such allocation is not prohibited by this Section 6.9(b)(ii).
 - (iii) Notwithstanding anything to the contrary in this Article VI other than Section 6.9(b)(i), to the extent required for allocations pursuant to this Article VI to have substantial economic effect, a Member who unexpectedly receives an adjustment, allocation or distribution described in clause (4), (5) or (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) will be allocated items of income and gain in an amount and manner sufficient to eliminate as quickly as possible any deficit Capital Account balance created for purposes of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) by such adjustment, allocation or distribution.
 - (iv) Nonrecourse Deductions for any Period shall be allocated to the Members in proportion to each Member's previous Capital Contributions.
 - (v) Any Member Nonrecourse Deductions for any Period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).
 - (vi) Syndication expenses and organization expenses (as defined in Section 709(a) of the Code and Treasury Regulations Section 1.709-2) for any Period shall be allocated to the Capital Accounts of the Members so that, as nearly as possible, the cumulative amount of such expenses allocated with respect to such Member corresponds to the Member's Sharing Percentage; *provided* that the Placement Fee shall be allocated among the Members in accordance with the amount calculated with respect to each Member as provided in Section 1.10.
- (c) The provisions of this Agreement are intended to comply with Section 704(b) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted and applied in a manner consistent with such Section and such Treasury Regulations.

Notwithstanding any other provision of this Agreement to the contrary, the Member Designee shall make such allocations as may be required in order to comply with this Section 6.9(c), and recognizing the complexity of the allocations pursuant to this Section 6.9(c), the Member Designee is authorized to modify these allocations to ensure that they achieve the intended results.

6.10. Transfer of or Change in Interests. The Member Designee is hereby authorized to adopt any reasonable convention or combination of conventions for federal income tax purposes regarding the allocation or special allocation of items of the income, gain, loss, deduction and expense of the Fund with respect to a newly issued Interest, a Transferred Interest and a redeemed Interest. A Transferee of an Interest shall succeed to the Capital Account of the Transferor Member to the extent that it relates to the Transferred Interest.

6.11. Tax Allocations.

(a) Except as otherwise provided in this Section 6.11, for each Period, items of the Fund's income, gains, losses, deductions and expenses shall be allocated, for federal, state and local income tax purposes, among the Members in the same manner as such items are allocated for book and accounting purposes.

(b) Income, gains, losses and deductions with respect to any property (other than cash) contributed or deemed contributed to the capital of the Fund shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Fund for federal income tax purposes and its Value at the time of the contribution or deemed contribution in accordance with Section 704(c) of the Code and the Treasury Regulations. Such allocations shall be made in such manner and utilizing such permissible tax elections as determined by the Member Designee.

If there is a revaluation of the property of the Fund, subsequent allocations of income, gains, losses or deductions with respect to such property shall be allocated among the Members so as to take account of any variation between the adjusted tax basis of such property to the Fund for federal income tax purposes and its Value in accordance with Section 704(c) of the Code and the Treasury Regulations. Such allocations shall be made in such manner and utilizing such permissible tax elections as determined by the Member Designee.

(c) Allocations pursuant to this Section 6.11 are solely for federal, state and local tax purposes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or allocable share of income, gain, loss, deduction and credit (or items thereof).

6.12. Agreement to Be Bound by Tax Treatment. The Members acknowledge that they are aware of the tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their respective shares of items of the Fund income, gain, loss, deduction and expense.

6.13. Determinations by the Tax Matters Partner.

(a) All matters concerning the computation of Capital Accounts, the allocation of items of the Fund income, gain, loss, deduction and expense for all purposes of this Agreement and the adoption of any accounting procedures not expressly provided for by the terms

of this Agreement shall be determined by the Tax Matters Partner. Such determinations shall be final and conclusive as to all Members. Without in any way limiting the generality of the foregoing, if and to the extent that, for income tax purposes, any item of income, gain, loss, deduction or expense of any Member, or the Fund is constructively attributed to the Fund or any Member, as applicable, or any contribution to or distribution by the Fund or any payment by any Member or the Fund is re-characterized, the Tax Matters Partner may determine to specially allocate items of income, gain, loss, deduction and expense or make correlative adjustments to the Capital Accounts of the Members in a manner so that the net amount of income, gain, loss, deduction and expense realized by each relevant party (after taking into account such special allocations) and the net Capital Account balances of the Members (after taking into account such special allocations and adjustments) shall, as nearly as possible, be equal to the amount of income, gain, loss, deduction and expense, as applicable, that would have been realized by each relevant party and the Capital Account balances of the Members that would have existed if such attribution or re-characterization and the application of this sentence had not occurred. Notwithstanding anything expressed or implied to the contrary in this Agreement, in the event that the Tax Matters Partner determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to effectuate the intended economic sharing arrangement of the Members, the Tax Matters Partner may make such modification.

- (b) The Tax Matters Partner is hereby authorized and empowered to make on behalf and in the name of the Fund any election, and to prepare or have prepared, to execute or have executed and to file, on behalf and in the name of the Fund, any returns, applications and other instruments and documents which it deems in its discretion desirable or advisable in connection with determining such allocations. The Tax Matters Partner may cause the Fund to make all elections required or permitted to be made by the Fund in its discretion; *provided* that the Tax Matters Partner shall not permit the Fund to elect, and the Fund shall not elect, to be treated as an association taxable as a corporation for U.S. federal, state or local income tax purposes under Treasury Regulations Section 301.7701-3(a) or under any corresponding provision of State or local law. The Tax Matters Partner may determine to cause the Fund to make the election under Section 754 of the Code.

- 6.14. Tax Matters Partner.** The Member Designee or any Qualified Replacements appointed pursuant to Section 2.1(c) hereof is hereby appointed as the "tax matters partner" of the Fund, as provided in the Treasury Regulations pursuant to Section 6231 of the Code (as in effect prior to the effective date of the Bipartisan Budget Act of 2015 (the "Budget Act"), or the "partnership representative" for all purposes of Section 6223 of the Code as in effect following the effective date of the Budget Act), and any similar provisions under any other State or local or non-U.S. tax laws, and in such capacity referred to as the "Tax Matters Partner." Each Member hereby consents to such appointment or designation and agrees that upon the request of the Tax Matters Partner it will execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. Each Member further agrees that such Member shall not treat any Fund item on such Member's individual income tax return in a manner which is inconsistent with the treatment of such item on the Fund's tax return (or with the treatment of the item on any statement of such Member's share of any adjustment to income, gain, loss, deduction or credit furnished to such Member by the Fund in accordance with Section 6226 of the Code, as enacted in the Budget Act). At the request of the Tax Matters Partner in connection with an adjustment of

any item of income, gain, loss, deduction, or credit of the Fund or any partnership in which the Fund invests, directly or indirectly, each Member shall promptly file one or more amended returns in the manner contemplated by Code Section 6225(c) (as in effect following the Budget Act) and any Regulations or other guidance that may be promulgated or issued in the future relating thereto and pay any tax due with respect to such returns. If the Tax Matters Partner makes an election pursuant to Code Section 6226 (as in effect following the Budget Act) with respect to an imputed underpayment, each Member shall comply with the requirements under such section (and any Regulations or other guidance that may be promulgated or issued in the future relating thereto). At the request of the Tax Matters Partner, each Member shall provide the Tax Matters Partner and the Fund with any information available to such Member and with such representations, certificates, or forms relating to such Member (or its direct or indirect owners or account holders) and any other documentation, in each case, that the Tax Matters Partner determines, in its sole discretion, are necessary to make certain elections or modify imputed underpayments pursuant to the rules of Chapter 63 of the Code (as in effect following the Budget Act) or the Regulations or other official guidance thereunder. Notwithstanding anything to the contrary in this Agreement, any information, representations, certificates, forms, or documentation so provided may be disclosed to any applicable taxing authority. The foregoing covenants of the Members shall survive indefinitely and shall not terminate, without regard to any transfer or redemption of a Member's Interest, withdrawal as a Member, or liquidation, dissolution or termination of the Fund. Each Member further agrees that, to the extent permitted by law, it shall not independently act with respect to tax audits or tax litigation affecting the Fund, unless previously authorized to do so in writing by the Tax Matters Partner. Any expenses borne by the Tax Matters Partner in connection with the Fund shall be borne by the Fund and the Tax Matters Partner shall be entitled to reimbursement for all expenses incurred in that capacity.

6.15. Withholding.

- (a) Each Member shall, to the full extent permitted by applicable law, indemnify and hold harmless each Covered Person who is or who is deemed to be the responsible withholding agent for U.S. federal, state or local or non-U.S. income tax purposes against all claims, liabilities and expenses of whatever nature relating to such Covered Person's obligation to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Fund or as a result of such Member's participation in the Fund, including any amounts required to be paid by the Fund with respect to a Member under Sections 6225 and 6232 of the Code (as in effect under the Budget Act). In the event that a Member fails to comply with this Section 6.15(a), such Member will be deemed to be in default under this Agreement and shall be subject to the provisions of Section 5.3 as if such Member had failed to make a required Capital Contribution.
- (b) Notwithstanding any other provision of this Agreement to the contrary, each Member hereby authorizes the Tax Matters Partner, on behalf of the Fund, to withhold and to pay over, or pay using any assets of the Fund, including any cash generated through the sale of such assets, or otherwise, any withholding or other taxes payable by the Fund or any of its Affiliates (pursuant to the Code or any provision of U.S. federal, state or local or non-U.S. tax law, including a Member's tax liability with respect to a composite return) with respect to such Member or as a result of such Member's participation in the Fund (including as a result of a distribution in kind to such Member), or taxes of the Fund under Chapter 63 of the Code, as amended by the Budget Act, that are allocable to such member, as determined by the Tax Matters Partner in its discretion. If and to the extent that the Fund is required to withhold or pay any such withholding or other

taxes, such Member shall be deemed for all purposes of this Agreement to have received a payment from the Fund as of the time that such withholding or other tax is required to be paid, which payment shall be deemed to be a distribution to such Member with respect to such Member's Interest to the extent that such Member (or any successor to such Member's Interest) would have received a cash distribution but for such withholding. To the extent that such payment exceeds the cash distribution that such Member would have received but for such withholding or is paid using assets held by the Fund, including any cash generated through the sale of such assets, the Tax Matters Partner shall notify such Member as to the amount of such excess and such Member shall make a prompt payment to the Fund of such amount by wire transfer, which payment shall not constitute a Capital Contribution. In addition, the Fund may hold back from any distribution in kind to a Member with any unpaid taxes property having a Value equal to the amount of such taxes until the Fund has received payment of such amount. If the Fund uses assets held by the Fund, including any cash generated through the sale of such assets held by the Fund to pay any such withholding or other taxes, the Fund shall have the right to require such Member to contribute additional capital to the Fund equal to the amount of such payment plus associated expenses. The contribution of such additional capital shall not be treated as part of such Member's Capital Commitment. If a Member fails to contribute such additional capital as required by the Fund, it shall be subject to the provisions of Section 5.3 of this Agreement.

- (c) Any withholdings or other taxes referred to in this Section 6.15 shall be allocated to each Member *pro rata* in accordance with its Sharing Percentage; *provided* that any increase or decrease in such taxes resulting from the identity, nationality, residence or status of a Member will be specially allocated to that Member.
 - (d) Any withholdings referred to in this Section 6.15 shall be made at the maximum applicable statutory rate under the applicable tax law unless the Tax Matters Partner has received an opinion of counsel, or other evidence, satisfactory to the Tax Matters Partner to the effect that a lower rate is applicable or that no withholding is applicable.
 - (e) In the event that the Fund receives a distribution from or in respect of which tax has been withheld, the Fund shall be deemed to have received cash in an amount equal to the amount of such withheld tax, and each Member shall be treated as having received as a distribution of Distributable Cash, pursuant to Section 6.3 the portion of such amount that is attributable to such Member's Interest, as equitably determined by the Tax Matters Partner.
- 6.16. FATCA.** Notwithstanding anything in this Agreement to the contrary, the Tax Matters Partner may take such actions as it determines necessary or appropriate to comply with (and allocate any economic burden associated with the compliance with) FATCA, including causing a Member to withdraw from the Fund under such terms and conditions established by the Tax Matters Partner or to indemnify the Fund, the Tax Matters Partner and their Affiliates for any loss or liability arising in whole or in part from such Member's failure to establish that payments and allocations to it are exempt from withholding under FATCA. "FATCA" means Sections 1471 through 1474 of the Code or any successor provision that is substantively the equivalent thereof (and, in each case, any regulations promulgated thereunder or official interpretations thereof); any agreements entered into pursuant thereto (including any intergovernmental agreements); any law, regulation or official interpretation of any jurisdiction implementing any such agreement entered into pursuant thereto and any similar law of any other jurisdiction.

ARTICLE VII—ADMINISTRATIVE FEE

7.1. Administrative Fee.

- (a) The Fund shall pay to the Administrator, under the Administrative Services Agreement, an annual administrative fee (the "Administrative Fee") with respect to each Member equal to (i) 1.00% of such Member's Capital Commitment if such Member's Capital Commitment is less than \$3 million, (ii) 0.75% of such Member's Capital Commitment if such Member's Capital Commitment is \$3 million or more but less than \$10 million, or (iii) 0.50% of such Member's Capital Commitment if such Member's Capital Commitment is \$10 million or more, calculated as if each Member were admitted to the Fund as of the Initial Closing. After the Investment Period Expiration Date, the Administrative Fee payable by the Fund shall be computed based on the percentages described above attributable to each Member's Capital Commitment, but with such percentage applied to each Member's Capital Contributions used to fund investments by the Fund that have not been sold or otherwise disposed of (directly or indirectly through the Underlying Fund) and the proceeds thereof that have not been returned by the Underlying Fund to the Fund. For purposes of calculating the Administrative Fee after the Investment Period Expiration Date, each Member shall be deemed to have made Capital Contributions in respect of any binding commitments to make investments by the Fund. The Administrator, in its discretion, may waive, or defer all or any portion of the Administrative Fee in respect of a Member, including employees, officers and directors of the Administrator and its Affiliates. The Administrator may also vary the terms of the Administrative Fee with respect to a particular Member and/or class of Interests, in the Administrator's sole discretion. Notwithstanding anything to the contrary contained herein, the Administrative Fee will not be paid to the Administrator by those Members that invest through an Advisory Program. If, at any time, a Member terminates its participation in an Advisory Program and therefore, UBSFS or its Affiliates no longer receive a fee from such Member in respect of such Member's ownership of Interests in the Fund, then the Administrative Fee payable in respect of such Member may, as of the date of the termination of such Advisory Program, be calculated as described above for Members that are not subject to an Advisory Program.
- (b) For the avoidance of doubt, solely for the purpose of calculating the Administrative Fee pursuant to this Section 7.1, any amount contributed by a Member in excess of its Capital Commitment shall not be included in such Member's Capital Commitment for the purpose of calculating such Member's Capital Contributions in respect of the Administrative Fee.
- (c) The Administrative Fee will begin to accrue as of the date of the Initial Closing and will begin to accrue as of such date, regardless of when a Member is admitted to the Fund. The Administrative Fee shall be payable quarterly in arrears by the Fund and shall be pro-rated for periods of less than one full calendar quarter.
- (d) The Administrator may, directly or indirectly, assign all or any part of its rights and duties under the Administrative Services Agreement to any individual or entity, with the prior approval of the Member Designee; provided, however, that the Member Designee will provide notice to all Members following its approval of such an assignment.
- (e) The Administrative Services Agreement may be terminated by the Fund upon a vote of not less than a Majority in Interest, excluding Affiliated Members, at a meeting of the

Members called for such purpose in accordance with Article XIII. Upon the termination of the Administrative Services Agreement, the duties and obligations of the Administrator hereunder shall cease and the Members through the Member Designee then in office shall assume all such obligations of the Administrator hereunder; *provided, however*, the Administrator shall continue to be entitled to the rights and benefit provided to it under Sections 1.2(a), 1.2(c), 2.4 and 9.1; *provided further*, that none of the provisions referenced in the preceding proviso may be amended in a manner that adversely affects the rights of the Administrator without the prior written consent of the Administrator.

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ARTICLE VIII—BOOKS AND RECORDS; REPORTS TO MEMBERS; ETC.

- 8.1.** Maintenance of Books and Records. The Administrator shall keep or cause to be kept during the Term, at such place as the Administrator may determine, full and accurate accounts of the transactions of the Fund in proper books and records of account, which shall set forth all information required by the Act. Such books and records will be prepared in accordance with such accounting method as the Administrator determines in its discretion is in the best interest of the Fund, which may not be in accordance with U.S. generally accepted accounting principles. The Fund shall adopt the accrual method for tax accounting purposes or any other accounting method permitted by the Code which the Administrator determines in its discretion is in the best interest of the Fund.
- 8.2.** Audits; Financial Reports. Each Member hereby approves of Ernst & Young LLP as the initial auditor of the Fund. The Fund intends to deliver to the Members audited annual financial reports of the Fund as soon as practicable after the conclusion of the Fiscal Year. Nevertheless, due to (a) a change in accounting rules or interpretations that may make it difficult for the Administrator or costly for the Fund to provide audited financial reports or (b) the unavailability of necessary information from the Underlying Fund, the Fund may deliver unaudited annual financial reports to Members. An annual audit of financial reports may only be completed once the Fund receives audited financial statements from the Underlying Fund in respect of the same Fiscal Year. Consequently, the preparation of the Fund's audited annual financial reports may occur later than would otherwise be the case. The Fund will use reasonable efforts to prepare and mail, or cause to be prepared and mailed, an audited financial report (sent as of the end of a Fiscal Year) to each Member, promptly after the end of the period for which such report required under this Section 8.2 is being made, subject to the timely receipt of information from the Underlying Fund, setting forth for such period: (a) the assets and liabilities of the Fund as of the end of such period; and (b) the net profit or net loss of the Fund for such period.
- The Fund may furnish to each Member such other periodic reports as it deems necessary or appropriate.
- 8.3.** Tax Returns and Tax Information.
- (a) The Administrator shall cause the Fund initially to elect the Fiscal Year as its taxable year and, subject to the timely receipt of the necessary information from the Underlying Fund, shall use reasonable efforts to cause to be prepared and timely filed all tax returns required to be filed for the Fund in the jurisdictions in which the Fund conducts business or derives income for all applicable tax years.
- (b) The Administrator shall use reasonable efforts, subject to the timely receipt of the necessary information from the Underlying Fund, to prepare and timely mail after the end of each Fiscal Year to each Member (and each other Person that was a Member during such Fiscal Year or its legal representatives), U.S. Internal Revenue Service Schedule K-1 (or any successor form), and such tax information as the Administrator reasonably believes may be necessary in the preparation by such Person of its U.S. federal tax returns in accordance with any applicable laws, rules and regulations then prevailing. Such information shall include a statement showing such Person's share of distributions, income, gain, loss, deductions and expenses and other relevant fiscal items of the Fund for such Fiscal Year. **The Members hereby acknowledge that the provision of U.S. Internal Revenue Service Schedule K-1s to the Members on a timely basis is contingent upon the Administrator's receipt on a timely basis of**

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the necessary information from the Underlying Fund. The Schedule K-1s will not be available prior to April 15 and accordingly, Members may need to obtain extensions for the filing of their own individual tax returns.

- (c) The Administrator, in its discretion, may file composite returns with respect to the state or local income or franchise tax liability of the Members in any State of the United States that permits or requires such filings with respect to nonresident Members. If the Administrator files a composite return, the Administrator will comply with any requirements set forth in the relevant tax law regarding the provision of information to, and the receipt of certifications and consents from, the Members with respect to their eligibility to be included in and tax consequences of such filing.
- 8.4.** Banking. All funds of the Fund may be deposited in such bank, brokerage or money market accounts as may be established by the Administrator. Withdrawals from and checks drawn on any such account shall be made upon such signature or signatures as the Administrator may designate.

ARTICLE IX—INDEMNIFICATION

9.1. Indemnification of Covered Persons.

- (a) The Fund shall and hereby does, to the full extent permitted by applicable law, indemnify, hold harmless and release (and each Member does hereby release) each Covered Person from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions, whether judicial, administrative, investigative or otherwise, of whatever nature, known or unknown, liquidated or unliquidated (collectively, "Claims"), that may accrue to or be incurred by any Covered Person, or in which any Covered Person may become involved, as a party or otherwise, or with which any Covered Person may be threatened, as applicable, in each case relating to or arising out of the investment or other activities of the Fund or activities undertaken in connection with the Fund, or otherwise relating to or arising out of this Agreement, including amounts paid in satisfaction of judgments, in compromise or as fines or penalties, and counsel fees and expenses incurred in connection with the preparation for or defense or disposition of any investigation, action, suit, arbitration or other proceeding (a "Proceeding"), whether civil or criminal (all of such Claims, amounts and expenses collectively, "Damages"), except to the extent that a court of competent jurisdiction has determined in a non-appealable judgment that such Damages arose primarily from Disabling Conduct of such Covered Person. The termination of any Proceeding by settlement shall not, of itself, create a presumption that any Damages relating to such settlement or otherwise relating to such Proceeding arose primarily from Disabling Conduct of any Covered Person.
- (b) Expenses incurred by a Covered Person in defense or settlement of any Claim that may be subject to a right of indemnification hereunder may be advanced by the Fund to such Covered Person prior to the final disposition thereof upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount if a court of competent jurisdiction determines in a non-appealable judgment that the Covered Person was not entitled to be indemnified hereunder. Any and all judgments against the Fund, the Member Designee or the Administrator in respect of which the Member Designee or the Administrator is entitled to indemnification, shall be satisfied from the assets of the Fund, including Capital Contributions and any payments under Section 9.2.
- (c) Promptly after receipt by a Covered Person of notice of the commencement of any Proceeding, such Covered Person shall, if a claim for indemnification in respect thereof is to be made against the Fund, give written notice to the Fund of the commencement of such Proceeding; *provided* that the failure of any Covered Person to give such notice as provided herein shall not relieve the Fund of its obligations under this Section 9.1. If any Proceeding is brought against a Covered Person (other than a derivative suit in right of the Fund), the Fund shall be entitled to participate therein and to assume the defense thereof to the extent that the Fund may wish, with counsel reasonably satisfactory to such Covered Person. After notice from the Fund to such Covered Person of the Fund's election to assume the defense of such Proceeding, the Fund shall not be liable for expenses subsequently incurred by such Covered Person in connection with the defense thereof. The Fund shall not consent to entry of any judgment or enter into any settlement of such Proceeding that does not include as an unconditional term thereof the release of such Covered Person by the claimant or plaintiff from all liability in respect of such Proceeding and the related Claim.

- (d) The provisions of this Section 9.1 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity based upon which such Covered Person became entitled to indemnification under this Section 9.1 and regardless of any subsequent amendment to this Agreement, and no amendment to this Agreement shall reduce or restrict the extent to which these provisions apply to actions taken or omissions made prior to the date of such amendment.
- (e) If the Member Designee determines that it is appropriate or necessary to do so, the Member Designee may cause the Fund to establish reasonable reserves, escrow accounts or similar accounts to fund its obligations under this Section 9.1.
- (f) The right of any Covered Person to the indemnification provided herein shall be cumulative with, and in addition to, any and all rights to which such Covered Person may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Covered Person's successors, assigns, heirs and legal representatives. The rights of indemnification provided under this Section 9.1 shall not be construed so as to provide indemnification of an indemnitee for any liability (including liability under U.S. federal securities laws which, under certain circumstances, impose liability even on Persons that act in good faith) to the extent (but only to the extent) that such indemnification would be in violation of applicable law or such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the applicable provisions of this Section 9.1 to the full extent permitted by law.
- (g) The Fund (and not any Covered Person), will (i) be responsible for any losses resulting from "trading" errors and similar human errors, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of the obligations and duties of any Covered Person or (ii) receive the gain from such errors, as the case may be.

9.2. Return of Certain Distributions to Fund Indemnification. Notwithstanding any other provision of this Agreement to the contrary, at any time and from time to time: (a) the Member Designee may require the Members to return to the Fund amounts distributed by the Fund to the Members in an amount sufficient to satisfy all or any portion of the indemnification obligations of the Fund pursuant to Section 9.1, whether such obligations arise before or after the last day of the Term or, with respect to any Member, before or after such Member's resignation from the Fund; and (b) if, pursuant to the Underlying Fund Documents, the Fund is obligated to return any amounts previously distributed by the Underlying Fund, the Member Designee may require the Members to return distributions in an amount sufficient to satisfy such obligations; *provided* that, in each such case, all Members shall return distributions *pro rata* based on distributions received by each Member from the Fund relative to distributions received by all Members from the Fund. Any distributions returned pursuant to this Section 9.2 shall not be treated as Capital Contributions, but shall be treated as returns of distributions and reductions in Distributable Cash. Nothing in this Section 9.2, express or implied, is intended or shall be construed to give any Person other than the Fund or the Members any legal or equitable right, remedy or claim under or in respect of this Section 9.2 or any provision contained herein. For purposes of this Section 9.2, references to Members shall include former Members.

ARTICLE X—TRANSFERS; SUBSEQUENT CLOSINGS

10.1. Transfers by Members.

- (a) A Member may not Transfer all or any part of its Interest, except in the following circumstances and in accordance with Section 10.2(c):
 - (i) subject to Section 10.3, by operation of law in the event of death, bankruptcy, insolvency or dissolution of such Member; or
 - (ii) with the prior written consent of the Member Designee, which may be withheld by the Member Designee in its discretion.
- (b) Any proposed Transfer by a Member pursuant to the terms of this Article X (except for any Transfer pursuant to Section 10.3 and excluding, for the avoidance of doubt, any Transfer pursuant to Section 5.3(c) or (d)) shall, in addition to requiring the prior written consent referred to in Section 10.1(a), if applicable, be subject to the satisfaction of the following conditions:
 - (i) the Member that proposes to effect such Transfer (the "Transferor") or the Person to whom such Transfer is to be made (the "Transferee") shall have undertaken to pay all expenses incurred by the Fund and the Member Designee in connection therewith;
 - (ii) the Member Designee shall have been given at least 60 days' prior written notice of the proposed Transfer;
 - (iii) the Fund shall have received from the Transferee and, in the case of clause (C) below, from the Transferor to the extent specified by the Member Designee, (A) such assignment agreement and other documents, instruments and certificates as may be requested by the Member Designee, pursuant to which the Transferee shall have agreed to be bound by this Agreement, including if requested a counterpart of this Agreement executed by or on behalf of the Transferee, (B) a certificate or representation to the effect that the representations set forth in the Investor Application of the Transferor are (except as otherwise disclosed to and consented to by the Member Designee) true and correct with respect to the Transferee as of the date of the Transfer, and (C) such other documents, opinions, instruments and certificates as the Member Designee may have requested;
 - (iv) the Transferor or the Transferee shall have delivered to the Fund, unless otherwise determined by the Member Designee, the opinion of counsel described in Section 10.1(c), which opinion shall be satisfactory to the Member Designee;
 - (v) each of the Transferor and the Transferee shall have provided a certificate or representation to the effect that (A) the proposed Transfer will not be effected on or through (1) a U.S. national, regional or local securities exchange, (2) a non-U.S. securities exchange or (3) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers and (B) it is not, and its proposed Transfer or acquisition (as the case may be) will not be made by, through or on behalf of (1) a Person, such as a broker or a dealer, making a market in interests in the Fund (*provided* that a broker or a dealer, including UBSFS

or any of its Affiliates, may purchase the Interest of the Transferor) or (2) a Person that makes available to the public bid or offer quotes with respect to Interests; and

- (vi) such Transfer will not be effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof", as such terms are used in Section 1.7704-1 of the Treasury Regulations.

The Member Designee may determine to waive any or all of the conditions set forth in this Section 10.1(b), other than those set forth in clause (vi).

- (c) The opinion of counsel referred to in Section 10.1(b)(iv) with respect to a proposed Transfer shall, unless otherwise specified by the Member Designee, include opinions substantially to the effect that:
 - (i) such Transfer will not require registration under the Securities Act or violate any applicable non-U.S. securities laws;
 - (ii) such Transfer will not require any of the other Members, the Administrator, the Member Designee or any of their Affiliates or any other Member to register as an investment advisor under the Advisers Act if such Person is not already so registered;
 - (iii) such Transfer will not cause the Fund to be taxable as a corporation or as a publicly traded partnership for U.S. federal income tax purposes;
 - (iv) such Transfer, in the case of a transfer to a Benefit Plan Investor, will not cause all or any portion of the assets of the Fund to constitute "plan assets" for purposes of ERISA; and
 - (v) such Transfer will not violate the laws, rules or regulations of any State or any governmental authority applicable to the Transferor, the Transferee or such Transfer.

In giving such opinion, counsel may, with the consent of the Member Designee, rely as to factual matters on certificates of the Transferor, the Transferee and the Member Designee and include in its opinion customary qualifications and limitations.

- (d) A Transferee may be admitted to the Fund as a substitute Member of the Fund (a "Substitute Member") only in accordance with Sections 5.3(c) and (d) and this Article X. Unless the Member Designee, the Transferor and the Transferee otherwise agree, in the event of the admission of a Transferee as a Substitute Member, all references herein to the Transferor shall be deemed to apply to such Substitute Member, and such Substitute Member shall succeed to all of the rights and obligations of the Transferor hereunder. A Person shall be deemed to be admitted to the Fund as a Substitute Member at the time that the foregoing conditions are satisfied or waived, as applicable, and such Person is listed in the Member Register.
- (e) Unless effected in accordance with this Agreement, no attempted Transfer or substitution shall be recognized by the Fund and any purported Transfer or substitution shall be void *ab initio*.

10.2. Subsequent Closings.

- (a) The Member Designee is hereby authorized to schedule one or more additional Closings on any date not later than the Final Underlying Fund Closing Date to admit Additional Members to the Fund or to permit previously admitted Members to increase their Capital Commitments (Additional Members and previously admitted Members increasing their Capital Commitments being collectively referred to as "Subsequent Members", and all references to the admission to the Fund and the Capital Commitment of a Subsequent Member being understood to include the increase in the Capital Commitment and the increased amount of the Capital Commitment, respectively, of a previously admitted Member). Each Subsequent Member will participate in all investments already made by the Fund, other than Temporary Investments, and will bear its proportionate share of all Organizational Expenses and Fund Expenses, other than those related to such Temporary Investments, as though such Subsequent Member had been admitted at the Initial Closing. Notwithstanding the foregoing, to the extent that, as a result of the Capital Commitment of a Subsequent Member to the Fund, (i) the Fund increases its capital commitment to the Underlying Fund and (ii) the Underlying Fund precludes the Fund from increasing its participation in the Underlying Fund's existing investments as a result of such increased capital commitment, the Member Designee may, in its discretion, cause such Subsequent Member not to participate in the portion of the Fund's capital commitment to the Underlying Fund that relates to the Underlying Fund's existing investments. Prior to admitting any Subsequent Members to the Fund, the Member Designee shall have determined that the following conditions have been satisfied to its satisfaction:
- (i) Such Subsequent Member shall have executed and delivered such documents, instruments and certificates and shall have taken such actions as the Member Designee may deem necessary or desirable to effect such admission, including, if requested, the execution of (A) an Investor Application containing representations and warranties by the Subsequent Members that are substantially the same as those made by the previously admitted Members in the Investor Applications executed at the Initial Closing and (B) a counterpart of this Agreement; and
 - (ii) The Subsequent Member shall have made a Capital Contribution (or in the case of a Member increasing its Capital Commitment, an additional Capital Contribution with respect to its increased Capital Commitment) to the Fund in accordance with the terms of Section 5.2(a).
- (b) A Subsequent Member shall not share in any income earned from (or expenses attributable to) Temporary Investments made by the Fund prior to such Member's admission to the Fund, except to the extent such Temporary Investments were made using Capital Contributions of such Member.
- (c) To the extent that, as a result of the admission of a Subsequent Member to the Fund, the Fund increases its commitment to the Underlying Fund and the Fund incurs costs associated with such increased commitment to the Underlying Fund ("Additional Costs"), each Member shall bear its share of such Additional Costs irrespective of whether such Member was admitted to the Fund at a Closing prior to the subsequent Closing at which such Subsequent Member was admitted to the Fund; *provided that*, the Member Designee may, in its sole discretion, determine to specifically allocate any such costs to the Member in respect of which such costs were incurred in which event the Member Designee also may elect to allocate any interest received from the

Underlying Fund relating to such Subsequent Members to the Members that made contributions for such investments.

The Administrator in its discretion will determine each Subsequent Member's allocable share of Temporary Investments and Fund Expenses associated with the Fund's increased commitment to the Underlying Fund. The Administrator will adjust each existing Member's Capital Account with such items as necessary to reflect the arrangement set forth in the preceding paragraph with respect to subsequent Closings.

- (d) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, if at the time that a Subsequent Member is admitted to the Fund, the Member Designee determines that there has been a significant event or material change relating to a Portfolio Investment that would make it appropriate to (i) require that such Subsequent Member pay to the Fund an amount with respect to such Portfolio Investment above or (ii) exclude such Subsequent Member from funding and participating in any portion of such Portfolio Investment, then the Member Designee may do so and may unilaterally amend this Agreement and the Member Register to reflect such changes to the terms on which such Subsequent Member may be admitted to the Fund. Alternatively, the Fund may allow Subsequent Members to participate in all Portfolio Investments, including investments made prior to the admission of a Subsequent Member.

A Person shall be deemed to have been admitted to the Fund as a Subsequent Member at the time that the foregoing conditions are satisfied, as determined by the Member Designee, and such Person is listed in the Member Register.

- (e) The books and records of the Fund shall be amended by the Member Designee as appropriate to show the name of each Subsequent Member and the amount of its Capital Commitment.

- 10.3. Discontinuation of Member's Interest by the Member Designee.** The Member Designee may, in its discretion, terminate any Member's Interest upon five (5) calendar days' prior written notice to such Member (a) in the event of the death of such Member or (b) if the Member Designee determines that the continued participation of such Member in the Fund would be detrimental to the Fund, including, by way of example and not limitation, by (i) jeopardizing the classification of the Fund as a partnership for U.S. federal income tax purposes, (ii) involving the Fund, the Member Designee or any Member in litigation, (iii) causing the Fund to be required to register under the Investment Company Act, (iv) causing the Member Designee or any of its Affiliates to be required to register under the Advisers Act, (v) causing all or any portion of the assets of the Fund to constitute "plan assets" for purposes of ERISA, (vi) causing the Fund to be excluded from certain investments made by the Underlying Fund or (vii) causing the Fund to violate any laws, rules or regulations applicable to the Fund or the Member Designee.

In the event of any such termination of such Member's Interest, (a)(i) such Member shall be paid an amount equal to the positive balance, if any, in its Capital Account as of the termination date (which value shall be determined by the Member Designee) within 90 days or as soon thereafter as the Fund has available funds, as determined by the Member Designee, in its discretion, (ii) the Member Designee may admit a Substitute Member to assume all or a portion of the balance of the Capital Commitment of such Member on such terms and upon the delivery of such documents as the Member Designee may determine to be appropriate and (iii) the Member Designee shall make such revisions to the Member

Register as may be necessary to reflect the change in Members and Capital Commitments contemplated by this Section 10.3 or (b) without any further action by such Member, the Member Designee may have such Member's Interest sold or transferred to any other Person or Persons (including an Affiliate of the Member Designee or the Administrator or in a transaction in which the Member Designee, the Administrator or one of their Affiliates is acting as agent or principal) at whatever price or terms in the discretion of the Member or Member Designee (with the net proceeds, if any, of such sale inuring to the benefit of such Member other than in the case of a Defaulting Member, in which case none of the proceeds, if any, of such sale will inure to the benefit of such Defaulting Member) and allowing the transferee of such Interest to assume such Member's Remaining Capital Commitment.

- 10.4.** ERISA Considerations. Notwithstanding any other provision of this Agreement to the contrary, and without limiting any other right of the Member Designee under this Agreement, the Member Designee will not permit any acquisition, Transfer or withdrawal of Interests (and any such acquisition, Transfer or withdrawal will be null and void) if, giving effect to the acquisition, Transfer or withdrawal, investment by Members who have represented that they are Benefit Plan Investors would equal or exceed 25% of the Interests (as determined under Section 3(42) of ERISA and the Plan Assets Regulation). Compliance with the foregoing 25% limitation may require the Fund to limit the transferability of Interests to Benefit Plan Investors or to any Person (excluding any Benefit Plan Investor) having discretionary control of the assets of the Fund or rendering investment advice to the Fund for a fee, and their Affiliates, and without limiting any other prohibitions or restrictions on transferability, the Member Designee may limit transferability in connection with satisfying the 25% limitation.

ARTICLE XI—DISSOLUTION AND WINDING UP OF THE FUND

- 11.1.** Dissolution of the Fund. The Fund shall be dissolved, and its affairs shall be wound up, upon the first to occur of any of the following events:
- (a) the expiration of the Term;
 - (b) the last Business Day of the Fiscal Year following the end of the Investment Period in which all assets acquired or agreed to be acquired by the Fund have been sold or otherwise disposed of;
 - (c) the resignation or bankruptcy of the Administrator, the Qualified Replacement or the Member Designee, or the occurrence of any other event that causes UBSFA, or an Affiliate thereof, to cease to be the Administrator or the Member Designee (including termination of the Administrative Services Agreement pursuant to Section 7.1) unless, subject to either the Administrator's written consent to the continued use of the name "ALPHAKEYS EUROPEAN REAL ESTATE OPPORTUNITIES FUND II, L.L.C." or the name of the Fund being changed to a name which does not include the words "AlphaKeys": (A) within 90 days after any resignation or removal of the Administrator or the Member Designee, a Majority in Interest (excluding for such purpose Affiliated Members) agree in writing or vote to continue the business of the Fund; (B) in the case of termination of the Administrative Services Agreement, if (i) the Member Designee assumes all obligations of the Administrator pursuant to Section 7.1(e) or (ii) a successor Administrator is appointed concurrently with such termination; or (C) in the case of termination of the delegation to UBSFA or the Qualified Replacement of the obligations of the Member Designee, a successor member designee has been appointed concurrently with such termination in accordance with the terms of this Agreement;
 - (d) the determination by the Member Designee to dissolve the Fund because it has determined that there is a substantial likelihood that due to a change in the text, application or interpretation of the provisions of the U.S. federal securities laws (including the Securities Act, the Investment Company Act and the Advisers Act) or any other applicable statute, regulation, case law, administrative ruling or other similar authority (including changes that result in the Fund not being taxable as a partnership under U.S. federal income tax law), the Fund cannot operate effectively in the manner contemplated herein;
 - (e) the entry of a decree of judicial dissolution pursuant to §18-802 of the Act;
 - (f) at such time as there are no Members, unless the business of the Fund is continued in accordance with the Act;
 - (g) a determination by the Member Designee to dissolve the Fund pursuant to Section 4.1(b); or
 - (h) the dissolution or termination of the Underlying Fund, unless otherwise determined by the Member Designee.

11.2. Winding Up.

- (a) Upon the dissolution of the Fund, the Member Designee (or, in the case of a dissolution by reason of Section 11.1(c) or if the Member Designee is unable or determines not to act as liquidator, a duly elected liquidating trustee of the Fund or other representative designated in writing by a Majority in Interest) shall use commercially reasonable efforts to liquidate all of the assets of the Fund in an orderly manner; *provided* that, if in the judgment of the Member Designee (or such liquidating trustee or other representative, as the case may be) any asset of the Fund should not be liquidated, the Member Designee (or such liquidating trustee or other representative, as the case may be) shall allocate, on the basis of the Value of any such asset not sold or otherwise disposed of, any unrealized gain or loss based on such Value to the Members' Capital Accounts as if such asset had been sold on the date of such allocation and, promptly after giving effect to any such adjustment, distribute such asset in accordance with Section 11.2(b); and *provided, further*, that the Member Designee (or such liquidating trustee or other representative, as the case may be) shall attempt to liquidate sufficient assets of the Fund to satisfy in cash (or make reasonable provision in cash for) the debts and liabilities referred to in clauses (i) and (ii) of Section 11.2(b).
- (b) The Member Designee (or the liquidating trustee or other representative referred to in Section 11.2(a) as the case may be) shall apply the proceeds of the liquidation referred to in Section 11.2(a) and any remaining assets of the Fund and shall distribute any such proceeds and assets, in the following order of priority:
- (i) *First*, to (A) creditors in satisfaction of the debts and liabilities of the Fund, whether by payment or making reasonable provision for payment thereof (other than any loans or advances that may have been made by any of the Members to the Fund), (B) the expenses of liquidation, whether by payment making reasonable provision for payment thereof, and (C) the establishment of any reasonable reserves (which may be funded by a liquidating trust) to be established by the Member Designee (or such liquidating trustee or other representative, as the case may be) in amounts determined by it to be necessary for the payment of Fund Expenses, whether fixed or contingent;
 - (ii) *Second*, to the Members, if any, that made loans or advances to the Fund in satisfaction of such loans and advances, whether by payment or making reasonable provision for payment thereof; and
 - (iii) *Third*, to the Members in accordance with the principles applicable to distributions under Article VI.
- (c) A reasonable time period shall be allowed for the orderly winding-up and liquidation of the assets of the Fund and the discharge of liabilities to creditors so as to enable the Member Designee, the liquidating trustee or other representative as the case may be to seek to minimize potential losses upon such liquidation or termination, as applicable. The provisions of this Agreement shall remain in full force and effect during the period of winding-up and until the filing of a certificate of cancellation of the Fund with the Secretary of State of the State of Delaware.

- 11.3.** Cancellation of Certificate of Formation. Upon completion of the procedures described in the foregoing Sections of this Article XI, the Member Designee (or the liquidating trustee or other representative referred to in Section 11.2(a), as the case may be) shall execute, acknowledge and cause to be filed a certificate of cancellation of the Certificate of Formation of the Fund with the Secretary of State of the State of Delaware.

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ARTICLE XII—AMENDMENTS; POWER OF ATTORNEY

12.1. Amendments.

- (a) Except as otherwise provided in this Section 12.1 or in Section 10.2(c), this Agreement may be amended, in whole or in part, with the approval of (i) the Member Designee, (ii) not less than a Majority in Interest, and (iii) the Administrator; provided, that that with the approval of the Administrator, the Member Designee may approve (x) any amendment that would not materially and adversely affect the Members or (y) any amendment of a type described in Section 12.1(c), without the consent of the Members.
- (b) Any amendment that would:
- (i) increase the obligation of any Member to make any contribution to the capital of the Fund (other than as provided in this Agreement); or
 - (ii) reduce the Capital Account of any Non-Defaulting Member other than in accordance with Article VI;
- may be made only if (A) the written consent of each Member adversely affected thereby is obtained prior to the effectiveness thereof or (B) such amendment does not become effective until (1) each such Member has received notice of such amendment and (2) any such Member objecting to such amendment has been afforded a reasonable opportunity (pursuant to such procedures as may be prescribed by the Member Designee) to withdraw his or her entire Interest.
- (c) By way of example only, the Member Designee at any time with the consent of the Administrator, but without the consent of any of the Members, may:
- (i) restate this Agreement together with any amendments hereto which have been duly adopted in accordance herewith to incorporate such amendments in a single, integrated document;
 - (ii) amend this Agreement to implement any of the actions taken with respect to a Defaulting Member as specified in Section 5.3(d);
 - (iii) amend this Agreement (other than with respect to the matters set forth in Section 12.1(b)) to effect compliance with any law or regulation which is in effect from time to time and applicable to the Fund or the Member Designee or to cure any ambiguity or to correct or supplement any provision hereof; provided that such amendment does not adversely affect the rights of any Member in any material respect;
 - (iv) amend this Agreement to make such changes as may be necessary or desirable, based on advice of legal counsel to the Fund, to assure the Fund's continuing eligibility to be classified for U.S. federal income tax purposes as a partnership which is not taxable as a corporation under Section 7704(a) of the Code;
 - (v) amend this Agreement to increase Member rights, including with respect to voting;

- (vi) amend this Agreement in any manner that would not materially and adversely affect Members;
- (vii) amend this Agreement to reflect a change in the name of the Fund;
- (viii) amend this Agreement to make such changes as may be necessary or desirable to reflect any changes to the Underlying Fund Documents; or
- (ix) amend this Agreement to adopt any changes in connection with the establishment, issuance or implementation of a new class of interests pursuant to Section 1.12.

12.2. Power of Attorney.

- (a) Each Member hereby irrevocably makes, constitutes and appoints the Administrator, the Member Designee, and, in accordance with Section 11.2, any duly elected liquidating trustee of the Fund or other representative designated in writing by a Majority in Interest, with full power of substitution, the true and lawful representative and attorney-in-fact ("Attorney-in-Fact") of, and in the name, place and stead of, such Member, with the power from time to time to make, execute, sign, acknowledge, swear to, verify, deliver, record, file or publish:
 - (i) any amendment to this Agreement made in accordance with the provisions hereof;
 - (ii) any amendment or other filing with respect to the Certificate of Formation of the Fund required because this Agreement is amended or as otherwise required by the Act;
 - (iii) any instrument, document and certificate that may be required to dissolve and terminate the Fund and cancel its Certificate of Formation;
 - (iv) any instruments, documents and certificates as may be necessary or advisable to effect or implement the transactions described in Section 4.4 (Parallel Funds), Section 4.5 (Alternative Vehicle) and Section 4.6 (Cayman Vehicle), including execution of organizational documents with respect to a Parallel Fund, Alternative Vehicle or Cayman Vehicle; and
 - (v) all other such instruments, documents and certificates which, in the opinion of legal counsel to the Fund, from time to time may be required by the laws of the United States of America, the State of Delaware or any other jurisdiction in which the Fund may determine to do business, or any political subdivision or agency of any of them, or which such legal counsel may deem necessary or appropriate to effectuate, implement and continue the valid existence and business of the Fund as a limited liability company under the Act.
- (b) Each Member is aware that the terms of this Agreement permit certain amendments to this Agreement to be effected and certain other actions to be taken or omitted by the Fund or with respect to the Fund by the Attorney-in-Fact without such Member's consent. If an amendment to the Certificate of Formation of the Fund or this Agreement or any action by or with respect to the Fund is taken in the manner contemplated by this Agreement, each Member agrees that, notwithstanding any objection which such Member may assert with respect to such action, the attorney-in-

fact appointed hereby is authorized and empowered, with full power of substitution, to exercise the authority granted hereby in any manner which may be necessary or appropriate to permit such amendment to be made or action lawfully taken or omitted. Each Member is aware that the Attorney-in-Fact will rely on the effectiveness of the power-of-attorney contained in this Section 12.2 with a view to the orderly administration of the affairs of the Fund.

- (c) The power-of-attorney contained in this Section 12.2 is a special power-of-attorney and is coupled with an interest in favor of the Attorney-in-Fact, and as such:
 - (i) shall be irrevocable and continue in full force and effect notwithstanding the subsequent death or incapacity of any party granting such power-of-attorney, regardless of whether the Fund, the Attorney-in-Fact or any other Person has had notice thereof; and
 - (ii) shall survive any Transfer by a Member of the whole or any portion of such Member's Interest; *provided* that, in the event that the Transferee has been approved by the Member Designee for admission to the Fund as a Substitute Member, such power-of-attorney given by the Transferor shall survive such Transfer for the sole purpose of enabling the Member Designee to execute, acknowledge and file any instrument necessary to effect such substitution.
- (d) Pursuant to §18-204(c) of the Act, the power of attorney contained in this Section 12.2 is irrevocable and coupled with an interest sufficient to support an irrevocable power and shall not be revoked, in whole or in part, by any subsequent power of attorney executed by a Member and shall not revoke, in whole or in part, any previous power of attorney entered executed by a Member; provided however that this power of attorney granted to UBSFA in its capacity as Administrator or Member Designee, or to any Qualified Replacement shall terminate upon their resignation or removal in accordance with the terms of this Agreement.

ARTICLE XIII—MEETINGS OF MEMBERS

- 13.1. Meetings. Meetings of the Members may be called by the Member Designee or by at least 20% in Interest (the "Soliciting Members"). In the case of a meeting called by the Soliciting Members, a written proposal to call a meeting signed by the Soliciting Members and indicating the purpose for which the meeting is to be called shall be provided to the Member Designee.
- 13.2. Notice and Date. Within 60 days after receipt by the Member Designee of a notice from the Soliciting Members requesting a meeting, the Member Designee shall cause a notice of such meeting to be given to each Member. A meeting of Members shall be held at a time and place determined by the Member Designee within 60 days after such notice is given. A Majority in Interest represented in person shall constitute a quorum at a meeting of Members.
- 13.3. Record Date. For purposes of determining the Members entitled to notice of or vote at any meeting, the Member Designee may set a record date, which date for purposes of notice of a meeting shall not be less than 10 days nor more than 60 days before the date of the meeting.
- 13.4. Conduct of Meeting. The Member Designee shall have full power and authority concerning the manner of conducting any meeting of Members, including the existence of a quorum, the conduct of voting, and the determination of any controversies, votes or challenges arising in connection with or during such meeting or voting. The Member Designee shall designate an individual to serve as chairman of any meeting and shall further designate an individual to take the minutes of any meeting, which individuals may be directors or officers of the Member Designee.
- 13.5. Minutes. All minutes of meetings of the Members shall be kept with the records of the Fund maintained by the Member Designee.

ARTICLE XIV–MISCELLANEOUS

- 14.1. Notices.** Each notice to a Member relating to this Agreement shall be in writing and shall be delivered (a) in person, by registered, regular or certified mail or by private courier or (b) by facsimile or electronic means; *provided* that all Capital Call Notices and related notices required by Sections 5.2 and 5.3 may be given by facsimile, e-mail or such other method as the Administrator may designate. Each notice to the Administrator or the Fund relating to this Agreement shall be in writing and shall be delivered by registered or certified mail, return receipt requested. Each such notice to a Member shall be delivered to such Member at its last known address as set forth in the records of the Fund. Each such notice to the Member Designee shall be delivered to the Member Designee at the following address:

c/o UBS Financial Services Inc.
1285 Avenue of the Americas
New York, NY 10019
Facsimile: [REDACTED]

Any Member may designate a new address for notices by giving written notice to such effect to the Member Designee. The Member Designee may designate a new address for notices by giving written notice to such effect to each of the Members. Unless otherwise expressly provided in this Agreement, a notice given in accordance with clause (a) above shall be deemed to have been effectively given on the fifth calendar day after such notice is mailed to the proper address by registered, regular or certified mail, return receipt requested, on the first Business Day after such notice is sent to the proper address by Federal Express or any other overnight courier, or at the time delivered when delivered in person, as applicable.

- 14.2. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.
- 14.3. Table of Contents and Headings; Rules of Construction.**
- (a) The table of contents and the headings of the articles and sections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.
 - (b) All Article and Section references used in this Agreement, unless otherwise provided, are to Articles and Sections of this Agreement. Any reference to "this Article" appearing within a particular Section of an Article is a reference to such Article as a whole, and any reference to "this Section" appearing within a particular paragraph or clause of a Section is a reference to such Section as a whole.
 - (c) Unless the context otherwise requires: (i) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles applicable in the United States from time to time; (ii) "or" is not exclusive; (iii) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision thereof; (iv) "including" means including without limitation; and (v) words in the singular include the plural and words in the plural include the singular.

- 14.4. Successors and Assigns. This Agreement shall inure to the benefit of the Members, the Administrator, the Member Designee and the Covered Persons (and, subject to Section 10.1, their respective successors, permitted assigns and, in the case of individual Covered Persons, heirs and legal representatives), and shall be binding upon the parties hereto, and, subject to Section 10.1, their respective successors and permitted assigns.
- 14.5. Severability. Every term and provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision shall be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.
- 14.6. Further Actions. Each Member shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be requested by the Administrator or Member Designee in connection with the formation of the Fund and the achievement of its purposes or to give effect to the provisions of this Agreement, in each case as long as such actions are not inconsistent with the terms and provisions of this Agreement. Without limiting the generality of the foregoing, each Member shall execute and deliver any documents that the Administrator or Member Designee determines to be necessary or appropriate to form, qualify or continue the Fund as a limited liability company in all jurisdictions in which the Fund conducts or plans to conduct its investment and other activities and all such agreements, certificates, tax statements and other documents as may be required to be filed by or on behalf of the Fund.
- 14.7. Determinations of the Administrator or the Member Designee. Unless otherwise expressly provided in this Agreement or the Administrative Services Agreement, any determination, decision, consent, vote or judgment of, or exercise of discretion by, or action taken or omitted to be taken by the Administrator or the Member Designee under this Agreement or the Administrative Services Agreement shall be made, given, exercised, taken or omitted, as applicable, as the Administrator or the Member Designee may determine in its sole and absolute discretion, and in connection therewith, the Administrator or the Member Designee shall be entitled to consider only such interests and factors as it deems appropriate, including its own interests, and shall act in good faith.
- 14.8. Non-Waiver. No provision of this Agreement shall be deemed to have been waived unless such waiver is given in writing, and no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor such waiver was given.
- 14.9. Applicable Law; Arbitration.
- (a) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WHOLLY WITHIN THAT JURISDICTION WITHOUT REFERENCE TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.**
- (b) **Subject to Section 14.10, each Member and any Member Designee agree to submit all controversies arising between or among Members or one or more Members and the Fund and/or the Member Designee in connection with the Fund or its business or concerning any transaction, dispute or the construction, performance or breach of this or any other agreement, whether entered into**

prior to, on or subsequent to the date hereof, to arbitration in accordance with the provisions set forth below. Each Member understands that:

- (i) arbitration is final and binding on the parties;
 - (ii) the parties are waiving their rights to seek remedies in court, including the right to jury trial;
 - (iii) pre-arbitration discovery is generally more limited than and different from court proceedings;
 - (iv) an arbitral award is not required to include factual findings or legal reasoning and a party's right to appeal or to seek modification of rulings by arbitrators is strictly limited; and
 - (v) a panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (c) Controversies shall be determined by arbitration before, and only before, an arbitration panel convened by The Financial Industry Regulatory Authority, Inc. to the full extent permitted by law. The parties may also select any other national securities exchange's arbitration forum upon which a party is legally required to arbitrate the controversy, to the full extent permitted by law. Such arbitration shall be governed by the rules of the organization convening the panel, to the full extent permitted by law. Judgment on any award of any such arbitration may be entered in the Supreme Court of the State of New York or in any court having jurisdiction over the party or parties against whom such award is rendered. Each Member agrees that the determination of the arbitrators shall be binding and conclusive upon them.
- (d) No Member shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action unless and until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the Member is excluded from the class by the court. The forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.
- (e) Notwithstanding the foregoing, nothing contained herein shall constitute a waiver or limitation of any rights that the Fund or the Members may have under applicable securities or other laws to the extent such rights cannot be contractually waived or limited.

14.10. Confidentiality.

- (a) Each Member covenants that, except as required by applicable law or any regulatory body, it will not reproduce, disclose, distribute or make available (or cause to be reproduced, disclosed, distributed or made available) to any other person the Confidential Information without the prior written consent of the Member Designee,

which consent may be withheld in its sole discretion. Without limiting the foregoing, each Member acknowledges that notices and reports to Members hereunder may contain material non-public information concerning, among other things, Portfolio Investments and agrees not to use such information other than in connection with monitoring its investment in the Fund and agrees, in that regard, not to trade in Securities on the basis of any such information. Notwithstanding the foregoing or anything else in this Agreement to the contrary, each Member (and each employee, representative, or other agent of such Member) may disclose to any and all persons, without limitation of any kind, the federal income tax treatment and tax structure of (i) the Fund and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such Member relating to such tax treatment and tax structure. The parties hereto agree that irreparable damage would occur if the provisions of this Section 14.10 were breached. It is accordingly agreed that the Member Designee on behalf of the Fund shall be entitled to an injunction or injunctions to prevent breaches of this Section 14.10 and to enforce specifically the terms and provisions hereof in any court of the U.S. or any state having jurisdiction, in addition to any other remedy to which they are entitled at law or in equity. Each Member acknowledges that the other Members, the Fund and the Member Designee are relying on such Member to maintain the confidentiality of any information relating to such other Members, the Fund, the Member Designee and the affairs thereof. Accordingly, the Members hereby acknowledge and agree that the rights of a Member to obtain information from the Member Designee and the Fund shall be restricted, in the Member Designee's sole discretion, to only those rights provided for in this Agreement or otherwise granted by the Member Designee in its sole discretion, and that any other rights provided under section 18-305(a) of the Delaware Act shall not be available to the Members or applicable to the Fund, except as otherwise provided by the Member Designee in its sole discretion. The Member Designee and the Fund, in the Member Designee's sole discretion, may also keep confidential and not disclose to any or all Members, and may require the Members to keep confidential, any information, including, without limitation any information regarding any other Member or Members, correspondence with any other Member or Members, or other Confidential Information.

- (b) In order to preserve the confidentiality of certain information disseminated by the Member Designee, the Administrator or the Fund under this Agreement that a Member is entitled to receive pursuant to the provisions of this Agreement, the Administrator may (i) provide to such Member access to such information only on the Fund's website in password protected, non-downloadable, non-printable format or (ii) require such Member to return any copies of information provided to it by the Administrator or the Fund.
- (c) The Administrator on behalf of the Fund shall have the right to keep confidential from the Members for such period of time as it deems reasonable any information which the Administrator reasonably believes to be in the nature of trade secrets or any information the disclosure of which the Administrator in good faith believes is not in best interest of the Fund or could damage the Fund or its business which the Fund is required by law or by agreement with a third party to keep confidential.
- (d) Any obligation of a Member pursuant to this Section 14.10 may be waived by the Administrator in its discretion.

- 14.11. Survival of Certain Provisions.** The obligations of each Member pursuant to Section 6.15 and Article IX shall survive the termination or expiration of this Agreement, the dissolution, winding-up and liquidation of the Fund.
- 14.12. Waiver of Partition.** Except as may otherwise be provided by law in connection with the dissolution, winding-up and liquidation of the Fund, each Member hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the Fund's property.
- 14.13. Entire Agreement.** This Agreement (together with the Investor Applications and the Administrative Services Agreement) constitutes the entire agreement among the Members (in the case of the Investor Applications, with the Fund, in the case of the Administrative Services Agreement, by the Fund on behalf the Members with the Administrator and the Member Designee) with respect to the subject matter hereof and supersedes any prior agreement or understanding among them with respect to such subject matter. The representations and warranties of the Fund and the Members in the other provisions of the Investor Applications shall survive the execution and delivery of this Agreement.
- 14.14. Fund Counsel.** Each Member hereby acknowledges and agrees that Ropes & Gray LLP or any other law firm retained by the Fund, the Administrator and/or the Member Designee in connection with the organization of the Fund, the offering of interests in the Fund, the management and operation of the Fund, or any dispute between or among the Fund, the Administrator or the Member Designee and any Member, is acting as counsel to the Fund, the Administrator or the Member Designee, as the case may be, and as such does not represent or owe any duty to any Member or to Members as a group.
- 14.15. Anti-Money Laundering and Anti-Terrorist Laws.** Notwithstanding anything to the contrary contained in this Agreement, the Administrator and the Member Designee, in their own name and on behalf of the Fund, shall be authorized without the consent of any Person, including any other Member, to take such action as it determines in its discretion to be necessary or advisable to comply with any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures, including the actions contemplated in any Investor Application.

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THE UNDERSIGNED ACKNOWLEDGE HAVING READ THIS AGREEMENT IN ITS ENTIRETY BEFORE SIGNING, INCLUDING THE PRE-DISPUTE ARBITRATION CLAUSES SET FORTH IN SECTION 14.9 AND THE CONFIDENTIALITY CLAUSES SET FORTH IN SECTION 14.10.

WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

UBS Fund Advisor, L.L.C., as Member Designee

By: _____
Name:
Title: Authorized Signatory

By: _____
Name:
Title: Authorized Signatory

Initial Member (solely to reflect resignation from the Fund as set forth in Section 1.8):

UBS Fund Advisor, L.L.C.

Member: _____
Type or print name of Member

Signature¹

¹ Members' signatures are included in each Member's Investor Application.

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UBS Financial Services Inc. is a subsidiary of UBS AG.



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AlphaKeys Funds UBS Funds

Disclosure Statement under Rule 506(d)

This brochure provides information about certain disciplinary matters relating to the AlphaKeys Funds and the UBS Funds (collectively, the Funds), our parent company UBS AG, UBS Fund Advisor LLC (the Funds' Member Designee, Managing Member or Administrator), UBS Financial Services, Inc. (the Funds' Distributor), as well as certain executive officers of those entities and other persons involved in the offering of the Funds.

Additional information about UBS Fund Advisor LLC and UBS Financial Services, Inc. and their associated persons is also available on the SEC's website at www.adviserinfo.sec.gov.

This brochure is current as of May 20, 2015 and is subject to change.

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UBS Fund Advisor LLC (Member Designee, Managing Member, Administrator)

1. Date of Action: Jan. 9, 2009
Brought By: CFTC

Allegations: UBS Fund Advisor LLC violated Sections 6(c) and 6(d) of Commodities Exchange Act and did not file with the National Futures Association the commodity pools' annual reports in a timely manner or deliver to pool participants.
Disposition: Cease & Desist from violating Regulation 4.7(b)(3)(i) and CFR 4.7(b)(3)(i)(2008) and pay a civil penalty
Civil Penalty: \$50,000

UBS Financial Services Inc. (Distributor)

2. Date of Action: August 22, 2011
Entity: UBS Financial Services, Inc.
Brought By: New Hampshire Bureau of Securities Regulation

Allegations: UBS sold Lehman Structured Products to clients (specifically referencing three particular investors), who were not made aware of the risks of these products and failed to inform clients of Lehman's financial condition prior to Lehman's bankruptcy. It was also alleged that the firm's recommendations to a small number of New Hampshire residents to purchase Lehman Structured Products were unsuitable.

Disposition: Consent Order
Administrative fine of \$100,000; Investigation costs of \$200,000; Administrative payment of \$700,000

3. Date of Action: May 4, 2011
Brought By: SEC, Internal Revenue Service (IRS), Dept. of Justice (DOJ), State Attorney General of 24 States

UBS AG and UBS Financial Services Inc. reached settlements with the SEC, the IRS, the DOJ and a group of State Attorneys General regarding investigations into the conduct of certain former employees in UBS Financial Services' former municipal reinvestment and derivatives group from 2001 to 2006. Allegations included violations of: Section 15(c)(1)(A) of the Securities Exchange Act of 1934, Section 1 of the Sherman Act, and IRS regulations in bidding practices and representations made involving the investment of proceeds of municipal securities transactions.

Disposition: SEC: Waiver and Consent to Final Judgment enjoining UBS from violating Section 15(c) of the Act, disgorgement of profits, interest and civil penalty; IRS: Closing Agreement; DOJ: Non-prosecution Agreement

SEC: Disgorgement of \$9,606,543 plus interest of \$5,100,637 and civil penalty of \$32,500,000; IRS: penalty of \$18 million and restitution of 4.3 million; States: \$70.8 million plus \$20 million credited from the SEC settlement

4. Date of Action: Dec. 22, 2008
Brought By: Securities and Exchange Commission (SEC), Massachusetts Securities Division, New York State Attorney General (NYAG) and other members of the North American Securities Administrators Association.

Auction Rate Securities (ARS): UBS is permanently enjoined from violations of the broker/dealer anti-fraud provisions.

Allegations: Violations of 34 Act Section 15(c) regarding the marketing and sale of Auction Rate Securities.

Disposition: Cease & Desist Injunction; Civil Penalty; Consent Judgment
Cease & Desist, and Fines in varying amounts currently being paid to all 50 states. UBS Financial Services Inc. (together with UBS Securities LLC) agreed to pay a fine of \$150 million (\$75 million to the NYAG and \$75 million allocated to the remaining states).

5. Date of Action: July 16, 2007
Entity: UBS Financial Services
Brought By: Attorney General State of NY

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Allegations: Non-discretionary fee-based brokerage accounts offered by UBS were unsuitable for certain clients and fees/commissions were higher than non-fee based accounts

Disposition: Remediation to Customers & Penalty to State of NY
Remediation: \$21,300,000; Penalty: \$2,000,000

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6. Date of Action: March 7, 2005
Entity: UBS Financial Services
Brought By: State of Illinois

Allegations: Failure to provide investors with accurate account statements re: callable CD's and failure to supervise.
Disposition: Fine
Fine: \$95,000

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7. Date of Action: April 28, 2003 – March 19, 2004
Entity: UBS Financial Services and affiliates
Brought By: Secretary of State of 47 States and Washington ■■.

Allegations: Violation of Securities Act regulations regarding research practices and conflicts of interest arising from those practices. Violations of Section 17(b) of the Securities Act of 1933, NYSE Rules 476(a)(6), 401, 472, 476(A)(6) and 342, NASD Rules 2210 and 2110 and state securities laws

Disposition: Cease & Desist, Fine, Penalty, Disgorgement, Investor Education.

Details: UBS Financial Services Inc. (together with UBS Securities LLC) paid a total of \$80M (allocated among the states), which includes \$25M penalty, \$25M as disgorgement, \$25M to be used for procurement of independent research and \$5M for investor education. Fines varied by State.

Financial Advisors of UBS Financial Services, Inc.

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8. Date of Action: February 2, 2010
Entity: Individual Financial Advisor
Brought By: State of Nevada

Details: State of Nevada issued Final Order revoking the Financial Advisor's license to act as a sales representative on Feb. 2, 2010.

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9. Date of Action: June 9, 2008
Entity: Individual Financial Advisor
Brought By: State of New York Department of Insurance

Disposition: Final Order issued in connection with violations of sections 2123 of the NY Insurance Law and Department Regulation 60 (11 NYCRR 51.5).

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10. Date of Action: March 2007
Entity: Individual Financial Advisor
Brought By: State of New York Department of Insurance

Disposition: Final Order in connection with violations of sections 2123 of the NY Insurance Law and Department Regulation 60 (11 NYCRR 51.5).

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11. Date of Action: May 12, 2000
Entity: Individual Financial Advisor
Brought By: Ohio Division of Securities

Details: The Ohio Division of Securities issued a final order to deny the Financial Advisor's application for a securities sales person license.

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UBS AG (Parent Company)

12. Date of Action: May 20, 2015
Brought By: U.S. Department of Justice (DOJ), the Board of Governors of the Federal Reserve, Connecticut Department of Banking
- On May 20, 2015, UBS AG entered into settlements with the DOJ, the Board of Governors of the Federal Reserve, and the Connecticut Department of Banking in connection with their investigations of the global foreign exchange markets. The Federal Reserve and the Connecticut Department of Banking jointly issued an order finding that UBS AG engaged in unsafe and unsound banking practices related to its FX business. Pursuant to the terms of the settlement, the DOJ terminated the 2012 LIBOR Non-Prosecution Agreement with UBS, and UBS AG pled guilty to a single wire fraud charge. UBS AG is also subject to a three-year probation period with significant cooperation and reporting requirements.
- DOJ: Payment of USD 203 million
Federal Reserve: USD 342 million
13. Date of Action: December 12, 2012
Brought By: FSA, FINMA, CFTC
Entity: UBS AG
- On 19 December 2012, UBS AG entered into settlements with the US Department of Justice (DOJ), UK Financial Services Authority, and the Commodity Futures Trading Commission (CFTC) in connection with their investigations of manipulation of LIBOR and other benchmark interest rates. The Swiss Financial Market Supervisory Authority (FINMA) also issued an order concluding its formal proceedings with respect to UBS. UBS agreed to pay a total of approximately CHF 1.4 billion in fines and disgorgement. UBS will pay GBP 160 million in fines to the FSA and CHF 59 million as disgorgement of estimated profits to FINMA.
- FINMA: Reprimand and disgorgement of estimated profits CHF 59 million
FSA: Fine GBP 160 million
CFTC: Fine, USD 700 million
14. Date of Action: January 2011
Disposition: SIX Swiss Exchange Regulation
UBS AG was fined for (i) publishing too late internally available information related to expected losses in the summer of 2007 and (2) breaching rules on the provision of information about corporate governance in the 2008 UBS annual report.
Disposition: Fine
CHF100,000
15. Date of Action: February 2009
Brought By: SEC and US Department of Justice
Allegations: UBS entered into a Deferred Prosecution Agreement with the [REDACTED], and a Consent Order with the SEC in connection with an investigation into the firms Cross-Border business. UBS AG agreed to disgorge profits and pay back taxes. UBS AG will terminate cross-border business serving private clients out on non SEC registered entities.
Disposition: Disgorgement (\$200,000,000 is to the SEC); Back Taxes Payment, Monetary Sanctions: \$380,000,000; \$400,000,000
16. Date of Action: December 2008
Brought By: Swiss Federal Banking Commission
Allegations: The cross-border business of UBS AG private clients was investigated and the firm was required to cease operating its non-W9 relationships, and to establish an adequate risk management and control system for this business.
Disposition: Injunction
17. Date of Action: May 10, 2004
Entity: UBS AG
Brought by: Federal Reserve Bank of New York
Details: UBS engaged in U.S. Dollar banknote transactions with counterparties in jurisdictions subject to U.S. sanctions, and certain former officers and employees of UBS AG engaged in intentional acts aimed at concealing, which included falsifying reports, those banknote transactions from the Federal Reserve Bank of New York
Disposition: UBS AG consented to the issuance of an order without admitting or denying the allegations and paid a civil penalty of \$100 million.

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