

Market Insight

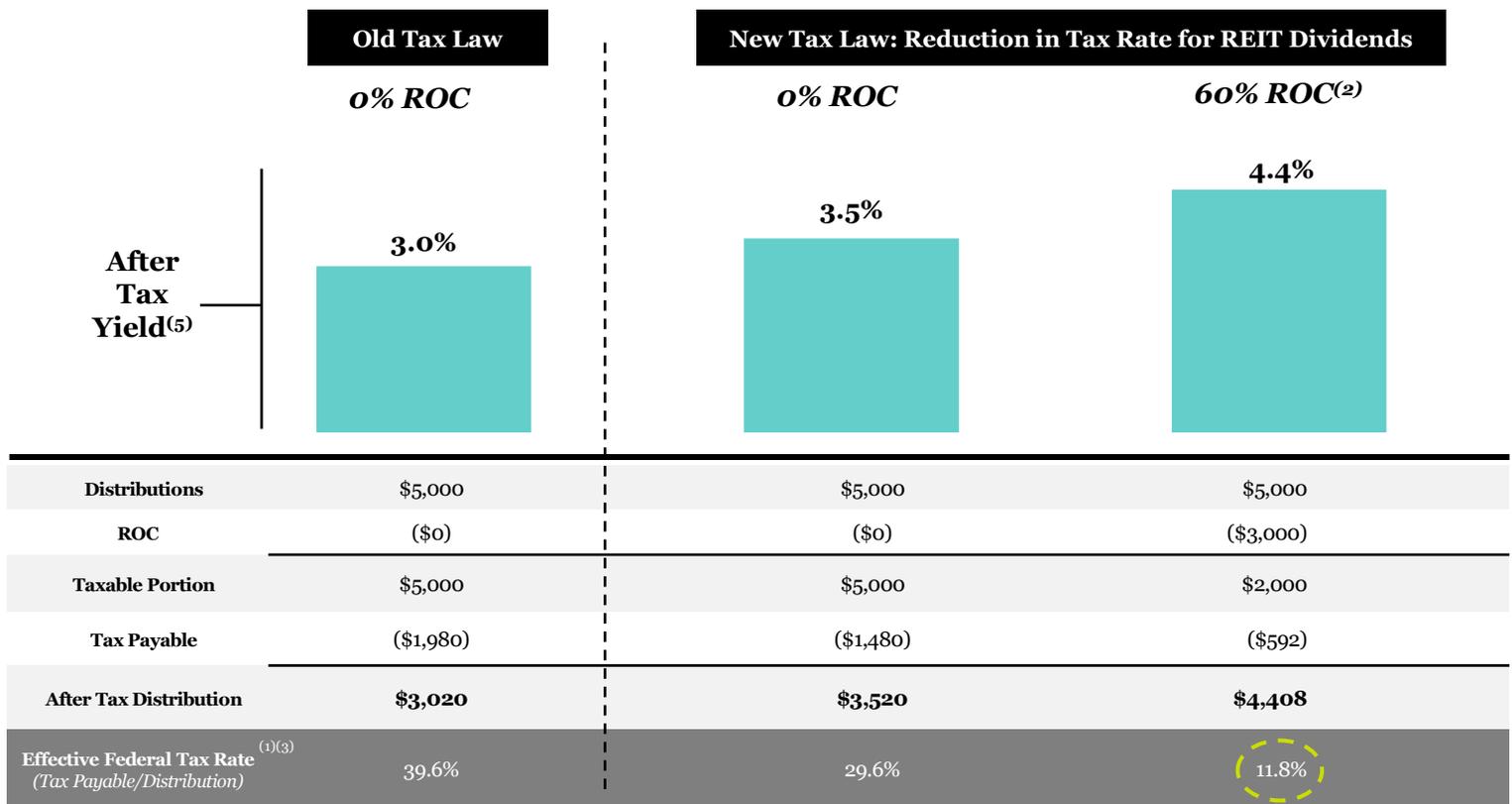
REITs and the New Tax Law

Blackstone

- Under the new “Tax Cuts & Jobs Act of 2017,” REIT ordinary dividends paid to investors now benefit from a 20% tax reduction
- For example, those in the highest tax bracket would have their effective Federal Tax Rate reduced from 37.0% to 29.6%
- In addition, Return of Capital (“ROC”) may reduce the taxable portion of REIT distributions in a given year⁽¹⁾⁽²⁾

Illustrative Example⁽³⁾

Assumes \$100,000 investment; annualized pre-tax yield of 5% (\$5,000 annualized distribution)⁽⁴⁾



Tax Characteristics of REIT Dividends

Dividend Component	Previous Treatment	Current Treatment
Income	<ul style="list-style-type: none"> ▶ REITs are generally not taxed at the corporate level to the extent they distribute all of their taxable income in the form of dividends ▶ Ordinary income dividends are taxed at individual tax rates 	<ul style="list-style-type: none"> ▶ REIT pass-through treatment remains unchanged ▶ Individual tax rates reduced across most tax brackets ▶ 20% reduction to individual tax rate for REIT ordinary income dividends
Return of Capital	<ul style="list-style-type: none"> ▶ ROC (generally resulting from depreciation and amortization) can decrease the taxable portion of REIT distributions in the current year ▶ Although ROC is not taxed in the current year, it reduces the cost basis of the REIT shares and is generally taxed upon sale as capital gain 	<ul style="list-style-type: none"> ▶ Favorable tax treatment of ROC remains unchanged

You should read the [Prospectus](#) for a description of the risks associated with an investment in BREIT.

THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN, AND MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING TO WHICH THIS SALES AND ADVERTISING LITERATURE RELATES. A COPY OF [THE PROSPECTUS](#) MUST BE MADE AVAILABLE TO YOU IN CONNECTION WITH THIS OFFERING, AND IS AVAILABLE AT WWW.BREIT.COM

Important Information and Disclosures

- (1) Return of capital reduces the stockholder's tax basis in the year the dividend is received, and generally defers taxes on that portion until the capital asset is sold.
- (2) Certain non-cash deductions, such as depreciation and amortization, lower the taxable income for REIT distributions. The 60% ROC scenario reflects the following: straight-line depreciation can account for approximately 50% of a REIT's distributions; assuming a 5% distribution and a 40-year depreciable life, depreciation would amount to 2.5% annually; including additional non-cash deductions we estimate that 60% of distributions would be considered ROC. The illustrative example does not reflect the impact of increasing net operating income ("NOI"); an increasing NOI from higher rents would reduce the amount of ROC. While NOI for commercial real estate has historically increased, past performance is not indicative of future results.
- (3) The illustrative example does not include state taxes. Investors could be subject to state income tax in their state of residence which would lower the after tax yield received by the investor.
- (4) Distributions from BREIT are not guaranteed and may be sourced from non-income items including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and we have no limits on the amounts we may pay from such sources.
- (5) After tax yield is reflective of the current tax year and does not take into account other taxes that may be owed on an investment in BREIT when the investor redeems their shares. Upon redemption, the investor may be subject to higher capital gains taxes as a result of a depreciating cost basis due to the return of capital portion of distributions.

SUMMARY OF RISK FACTORS

BREIT is a non-traded REIT that invests in primarily stabilized commercial real estate properties with a focus on providing current income. This investment involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should read the prospectus carefully for a description of the risks associated with an investment in BREIT. These risks include, but are not limited to, the following:

- There is no public trading market for our common stock and repurchase of shares by us will likely be the only way to dispose of your shares. We are not obligated to repurchase any shares under our share repurchase plan and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased. In addition, repurchases will be subject to available liquidity and other significant restrictions. Further, our board of directors may modify, suspend or terminate our share repurchase plan. As a result, our shares should be considered as having only limited liquidity and at times may be illiquid.
- We cannot guarantee that we will make distributions, and if we do we may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and we have no limits on the amounts we may pay from such sources.
- The purchase and repurchase price for shares of our common stock are generally based on our prior month's net asset value ("NAV") (subject to material changes) and are not based on any public trading market. While there will be independent annual appraisals of our properties, the appraisal of properties is inherently subjective, and our NAV may not accurately reflect the actual price at which our properties could be liquidated on any given day.
- We have no employees and are dependent on BX REIT Advisors L.L.C. (the "Adviser") to conduct our operations. The Adviser will face conflicts of interest as a result of, among other things, the allocation of investment opportunities among us and Other Blackstone Accounts (as defined in BREIT's prospectus), the allocation of time of its investment professionals and the substantial fees that we will pay to the Adviser.
- On acquiring shares, you will experience immediate dilution in the net tangible book value of your investment.
- There are limits on the ownership and transferability of our shares.
- If we fail to qualify as a REIT and no relief provisions apply, our NAV and cash available for distribution to our stockholders could materially decrease.
- We do not own the Blackstone name, but we are permitted to use it as part of our corporate name pursuant to a trademark license agreement with an affiliate of The Blackstone Group Inc. (together with its affiliates, "Blackstone"). Use of the name by other parties or the termination of our trademark license agreement may harm our business.

This sales material must be read in conjunction with BREIT's prospectus in order to fully understand all the implications and risks of an investment in BREIT. This sales material is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the prospectus, which must be made available to you in connection with this offering and is available at www.breit.com/prospectus. Prior to making an investment, investors should read the prospectus, including the "Risk Factors" section therein, which contain the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of these securities or determined if the prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The words "we", "us", and "our" refer to BREIT, together with its consolidated subsidiaries, including BREIT Operating Partnership L.P., unless the context requires otherwise.

FORWARD-LOOKING STATEMENT DISCLOSURE

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology or the negatives thereof. These may include our financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. BREIT believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its prospectus and its annual report for the most recent fiscal year, and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this document (or BREIT's prospectus and other filings). Except as otherwise required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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