

# Blackstone Real Estate Income Trust Provides November Portfolio Update

Blackstone Real Estate Income Trust, Inc. ("BREIT") today provided its returns for the month ended November 30, 2022, which benefited from strong year-over-year market rent growth exceeding 10%<sup>1</sup>. Nevertheless, November's net return was -0.9% due to the impact of lower long-term rates on BREIT's interest rate hedges.<sup>2</sup> Year to date through November 30, BREIT has produced an 8.4% net return for investors.<sup>2</sup>

Despite this immediate short-term impact, we expect lower 10-year treasury rates would be a significant tailwind for real estate values over the longer term. Historically, sustained interest rate declines have led to lower cap rates (higher valuation multiples).<sup>3</sup> This, combined with a material decline in new real estate supply, should be highly supportive of BREIT's outlook.<sup>4</sup>

BREIT was built to outperform with a portfolio of assets concentrated in high growth sectors in the Sunbelt markets. Its "70/80/90 portfolio" consists of: ~70% Sunbelt markets, ~80% multifamily rentals and industrial, and ~90% fixed rate debt for 6.5 years.<sup>5,6,7</sup> Given BREIT's sector and geographic concentration, we believe it is well positioned.

- +13% cash flow growth YTD, ~65% higher than publicly traded REITs<sup>8</sup>
- 4.4% annualized distribution yield today; equal to a ~7% tax-equivalent yield<sup>9</sup>
- Strong outlook for 2023: Green Street, a widely respected research firm, forecasts +9% cash flow growth in 2023 for comparable publicly traded REITs in BREIT's largest sectors<sup>10</sup>

**For more detail on the drivers of BREIT's performance in November, please see [HERE](#).**

Note: As of November 30, 2022. Represents BREIT's views as of the date appearing in this material only.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology such as "outlook," "indicator," "believes," "expects," "potential," "continues," "identified," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "confident," "conviction" or other similar words or the negatives thereof. These may include financial estimates and their underlying assumptions, statements about plans, objectives, intentions, and expectations with respect to positioning, including the impact of macroeconomic trends and market forces, future operations, repurchases, acquisitions, future performance and statements regarding identified but not yet closed acquisitions. 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. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in BREIT's prospectus and annual report for the most recent fiscal year, and any such updated factors included in BREIT's periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://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 public 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.

The following table reconciles GAAP net loss to same property NOI for the nine months ended September 30, 2022 and 2021 (\$ in thousands). Same property NOI growth for the nine months ended September 30, 2022 was 13%.

	Nine Months Ended September 30,		Change
	2022	2021	\$
Net loss	(\$369,608)	(\$514,852)	\$145,244
Adjustments to reconcile to same property NOI			
Depreciation and amortization	3,001,101	1,282,053	1,719,048
Straight-line rental income and expense	(117,187)	(75,321)	(41,866)
Amortization of above- and below-market lease intangibles	(45,145)	(18,051)	(27,094)
Lease termination fees	(5,651)	(2,909)	(2,742)
Non-core property expenses	315,628	113,244	202,384
General and administrative	38,082	21,855	16,227
Management fee	621,556	288,144	333,412
Performance participation allocation	817,527	892,410	(74,883)
Incentive compensation awards <sup>1</sup>	28,233	3,046	25,187
Loss (income) from investments in real estate debt	73,257	(344,440)	417,697
Change in net assets of consolidated securitization vehicles	68,407	(94,546)	162,953
Income from equity securities and interest rate derivatives	(2,049,697)	(412,571)	(1,637,126)
Net gain on dispositions of real estate	(740,395)	(13,216)	(727,179)
Interest expense	1,483,991	567,252	916,739
Loss on extinguishment of debt	10,665	9,545	1,120
Other expense	23,787	1,708	22,079
Income from unconsolidated entities	(51,502)	(183,155)	131,653
NOI attributable to non-controlling interests in third party joint ventures	(75,881)	(28,487)	(47,394)
NOI from unconsolidated entities	506,204	163,175	343,029
<b>NOI attributable to BREIT stockholders</b>	<b>3,533,372</b>	<b>1,654,884</b>	<b>1,878,488</b>
Less: Non-same property NOI attributable to BREIT stockholders	1,945,945	250,968	1,694,977
<b>Same property NOI attributable to BREIT stockholders</b>	<b>\$1,587,427</b>	<b>\$1,403,916</b>	<b>\$183,511</b>

Note: See "Important Disclosure Information-Same Property NOI Growth".

<sup>1</sup> Included in rental property operating and hospitality operating expense on our Condensed Consolidated Statements of Operations.

## Endnotes

- <sup>1</sup> Reflects year-over-year market rent growth in BREIT's multifamily (excluding affordable housing), student housing, single family rental housing industrial, net lease, data centers, self storage, hospitality, retail and office sectors. Multifamily (excluding affordable housing) reflects Axiometrics data as of November 30, 2022 and represents 6% effective market rent growth in BREIT's markets weighted by unit count. Student housing reflects Blackstone Proprietary Data as of December 9, 2022, and represents 9% increase in rents for 2023-24 academic year compared to 2022-23 academic year based on 39% pre-leasing to date; assumes current asking rents are achieved for the remainder of the lease-up, of which there can be no assurance, and this information should not be considered an indication of future performance. Single family rental housing reflects Blackstone Proprietary Data as of November 27, 2022, and represents 8% rent growth in BREIT's new leases, excluding homes with purchase options, for the trailing four-week period. Industrial reflects Blackstone Proprietary Data as of November 30, 2022 and represents estimated 23% market rent growth for Q4 2022 in BREIT's U.S. industrial markets weighted by same property square footage at BREIT's share. Net lease represents 2% contractual rent growth for BREIT's net lease assets as of November 30, 2022. Data Centers reflect datacenterHawk data and reflects 15% average hyperscale pricing increase in BREIT's QTS Data Centers markets between December 31, 2021 and September 30, 2022 weighted by annual run-rate recurring revenue at BREIT's share. Self Storage reflects Blackstone Proprietary Data as of November 30, 2022, and represents -9% rent growth on new leases. Hospitality reflects Blackstone Proprietary Data as of November 30, 2022, and represents 17% average daily rate ("ADR") growth in BREIT's portfolio. Retail reflects Blackstone Proprietary Data and represents estimated 5% market rent growth in BREIT's portfolio. Office reflects Blackstone Proprietary Data and represents 0% estimated market rent growth in BREIT's portfolio.
- <sup>2</sup> Represents Class I shares. Performance varies by share class. Month to date net returns for all other share classes were as follows: Class D shares (with sales load) -2.3%; Class S shares (with sales load) -4.3%; Class T shares (with sales load) -4.3%. Year to date net returns for all other share classes were as follows: Class D shares (with sales load) 6.4%; Class S shares (with sales load) 3.9%; Class T shares (with sales load) 3.8%. Returns listed as (with sales load) assume payment of the full upfront sales charge at initial subscription (1.5% for Class D shares; 3.5% for Class S and Class T shares). Class D, Class S and Class T shares listed as (no sales load) exclude up-front selling commissions and dealer manager fees. Returns shown reflect the percent change in the NAV per share from the beginning of the applicable period, plus the amount of any distribution per share declared in the period. All returns shown assume reinvestment of distributions pursuant to BREIT's distribution reinvestment plan, are derived from unaudited financial information, and are net of all BREIT expenses, including general and administrative expenses, transaction-related expenses, management fees, performance participation allocation, and share class-specific fees, but exclude the impact of early repurchase deductions on the repurchase of shares that have been outstanding for less than one year. The returns have been prepared using unaudited data and valuations of the underlying investments in BREIT's portfolio, which are estimates of fair value and form the basis for BREIT's NAV. Valuations based upon unaudited reports from the underlying investments may be subject to later adjustments, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated. As return information is calculated based on NAV, return information presented will be impacted should the assumptions on which NAV was determined prove to be different. Past performance is not necessarily indicative of future results. Month to date and year to date returns are not annualized.
- <sup>3</sup> Reflects comparison between major sectors real estate cap rates and the 10-Year U.S. Treasury Yield for the 20-year period ending November 1, 2022. Major Sectors Cap Rate reflects Green Street Advisors data. "Major Sectors" is the equal-weighted average of the asset-weighted averages for the five major property sectors (Multifamily, Industrial, Mall, Office, and Shopping Center).
- <sup>4</sup> Material decline in real estate supply reflects decrease in rental housing and industrial supply. Housing starts reflect U.S. Census Bureau data, as of October 31, 2022, and represents change in monthly annualized U.S. new privately owned housing unit starts. Housing starts are down 21% from their 2022 peak. 2022 peak represents the month ended April 30, 2022. Industrial supply reflects Blackstone Proprietary Data as of December 9, 2022. We expect a sharp decline in new warehouse starts in 2023 despite heightened demand. There can be no assurance that new warehouse starts will decline as expected, and this information should not be considered an indication of future performance.
- <sup>5</sup> As of November 30, 2022. Sunbelt represents the South and West regions as defined by NCREIF. "Region Concentration" represents regions as defined by NCREIF and the weighting is measured as the asset value of real estate properties and unconsolidated property investments for each regional category (South, West, East, Midwest, Non-U.S.) divided by the total asset value of all (i) real estate properties, excluding the value of any third-party interests in such real estate properties, and (ii) unconsolidated property investments. "Non-U.S." reflects investments in Europe and Canada. Please see the prospectus for more information on BREIT's investments.
- <sup>6</sup> As of November 30, 2022. "Property Sector" weighting is measured as the asset value of real estate investments for each sector category (Rental Housing, Industrial, Net Lease, Data Centers, Hospitality, Self Storage, Office, Retail) divided by the total asset value of all real estate investments, excluding the value of any third-party interests in such real estate investments ("Real Estate TAV"). "Other" refers to Hospitality, Self Storage, Office and Retail sectors. The following sectors each have subsectors comprising over 1.0% of Real Estate TAV. Rental Housing: multifamily (36%, including affordable housing, which accounts for 8%), student housing (10%), single family rental housing (8%) and manufactured housing (1%); Industrial: warehouses (22%); and Hospitality: select service hotels (2%). Please see the prospectus for more information on BREIT's investments.
- <sup>7</sup> As of September 30, 2022. 87% fixed rate financing is measured by dividing (i) the sum of our consolidated fixed rate debt, secured financings on investments in real estate debt with matched underlying interest rate exposure, and the outstanding notional principal amount of corporate and consolidated interest rate swaps, by (ii) total consolidated debt outstanding. 6.5 years reflects the remaining weighted average duration of fixed and swapped consolidated property level and entity level debt, and excludes BREIT's pro rata share of debt within its unconsolidated real estate investments.
- <sup>8</sup> Represents BREIT's year-over-year same property NOI growth for the nine months ended September 30, 2022. Net Operating Income ("NOI") is a supplemental non-Generally Accepted Accounting Principles ("GAAP") measure of our property operating results that we believe is meaningful because it enables management to evaluate the impact of occupancy, rents, leasing activity, and other controllable property operating results at our real estate. We define NOI as operating revenues less operating expenses, which exclude (i) impairment of investments in real estate, (ii) depreciation and amortization, (iii) straight-line rental income and expense, (iv) amortization of above- and below-market lease intangibles, (v) lease termination fees, (vi) property expenses not core to the operations of such properties, and (vii) other non-property related revenue and expense items such as (a) general and administrative expenses, (b) management fee paid to the Adviser, (c) performance participation allocation paid to the Special Limited Partner, (d) incentive compensation awards, (e) income (loss) from investments in real estate debt, (f) change in net assets of consolidated securitization vehicles, (g) income from equity securities and interest rate derivatives, (h) net gain (loss) on dispositions of real estate, (i) interest expense, (j) gain (loss) on extinguishment of debt, (k) other income (expense), and (l) similar adjustments for NOI attributable to non-controlling interests and unconsolidated entities. We evaluate our consolidated results of operations on a same property basis, which allows us to analyze our property operating results excluding acquisitions and dispositions during the periods under comparison. Properties in our portfolio are considered same property if they were owned for the full periods presented, otherwise they are considered non-same property. Recently developed properties are not included in same property results until the properties have achieved stabilization for both full periods presented. Properties held for sale and properties that are being re-developed are excluded from same property results and are considered non-same property. We do not consider our investments in the real estate debt segment or equity securities to be same property. For more information, please refer to BREIT's most recent SEC periodic report and the prospectus. Additionally, please refer below for a reconciliation of GAAP net (loss) income to same property NOI for the nine months ended September 30, 2022 and 2021. Publicly traded REITs reflect NAREIT Total REIT Industry Tracker data and represent year-over-year same property NOI growth for the nine months ended September 30, 2022. The NAREIT Total REIT Industry Tracker is a quarterly composite performance measure of the entire U.S. stock exchange-listed REIT industry. The NAREIT NOI Tracker reports Net Operating Income for all publicly traded equity REITs. An investment in BREIT is not a direct investment in real estate, and has material differences from a direct investment in real estate and from an investment in any securities that comprise the indices referenced herein, including those related to fees and expenses, liquidity, risk profile, volatility and tax treatment. Private real estate is not traded on an exchange and will have less liquidity and price transparency. The value of private real estate may fluctuate and may be worth less than was initially paid for it. BREIT's share price is subject to less volatility because its per share NAV is based on the value of real estate assets it owns and is not subject to market pricing forces as are the prices of publicly traded REITs - but it is not immune to fluctuations. The indices are not subject to fees or expenses, are meant to illustrate general market performance and it may not be possible to invest in the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to BREIT's performance. Repurchases by BREIT are subject to the limitations described in its prospectus. BREIT does not trade on a national securities exchange, and therefore, is generally illiquid.
- <sup>9</sup> As of November 30, 2022. Represents Class I shares. Annualized distribution rates for the other share classes are as follows: Class D: 4.3%; Class S: 3.6%; and Class T: 3.7%. Reflects the current month's distribution annualized and divided by the prior month's net asset value, which is inclusive of all fees and expenses. Distributions are not guaranteed and may be funded from sources other than cash flow from operations, including borrowings, offering proceeds, the sale of our assets and repayments of our real estate debt investments. We have no limits on the amounts we may fund from such sources. As of September 30, 2022, 100% of inception to

date distributions were funded from cash flows from operations. All distribution rates shown are historical. Tax-equivalent yield reflects the pre-tax yield an investor in a theoretical taxable investment would need to receive to match the after-tax yield of BREIT's applicable class share assuming that (i) all income earned on the theoretical fixed income investment is taxed at the top ordinary rate of 37% and (ii) 92% of BREIT's distributions are treated as a return of capital ("ROC"), which is equal to the percentage of distributions classified as ROC for 2021, and excluding the impact of taxes that would be payable upon redemption. The ordinary income tax rate could change in the future. Tax-equivalent yield for the other share classes are as follows: Class D: 6.7%; Class S: 5.6%; and Class T: 5.7%. The tax-equivalent yield would be reduced by 1.3%, 1.3%, 1.1% and 1.1% for Class I, D, S and T shares, respectively, taking into account deferred capital gains tax that would be payable upon redemption. This assumes a one-year holding period and includes the impact of deferred capital gains tax incurred in connection with a redemption of BREIT shares. Upon redemption, an investor is assumed to be subject to tax on all prior return of capital distributions at the current maximum capital gains rate of 20%. The capital gains rate could change in the future. Other fixed income products with different characteristics, such as municipal bonds, may also provide tax advantages. The availability of certain tax benefits, such as tax losses from other investments, may also increase the after-tax yield of other fixed income products for an investor. Investors should consult their own tax advisors. The tax information herein is provided for informational purposes only, is subject to material change, and should not be relied upon as a guarantee or prediction of tax effects. This material also does not constitute tax advice to, and should not be relied upon by, potential investors, who should consult their own tax advisors regarding the matters discussed herein and the tax consequences of an investment. A portion of REIT ordinary income distributions may be tax deferred given the ability to characterize ordinary income as ROC. ROC distributions reduce the stockholder's tax basis in the year the distribution is received, and generally defer taxes on that portion until the stockholder's stock is sold via redemption. Upon redemption, the investor may be subject to higher capital gains taxes as a result of a lower cost basis due to the return of capital distributions. Certain non-cash deductions, such as depreciation and amortization, lower the taxable income for REIT distributions. Investors should be aware that a REIT's ROC percentage may vary significantly in a given year and, as a result, the impact of the tax law and any related advantages may vary significantly from year to year. While we currently believe that the estimations and assumptions referenced herein are reasonable under the circumstances, there is no guarantee that the conditions upon which such assumptions are based will materialize or are otherwise applicable. This information does not constitute a forecast, and all assumptions herein are subject to uncertainties, changes and other risks, any of which may cause the relevant actual, financial and other results to be materially different from the results expressed or implied by the information presented herein. No assurance, representation or warranty is made by any person that any of the estimations herein will be achieved, and no recipient of this example should rely on such estimations. Investors may also be subject to net investment income taxes of 3.8% and/or state income tax in their state of residence which would lower the after-tax yield received by the investor.

<sup>10</sup> Refers to same property net operating income ("NOI") growth. Cash flow growth is a property operating metric and a component of valuation but is not a comprehensive measure of operating results or indicative of BREIT's performance. Green Street Advisors, latest sector updates available as of December 5, 2022. Reflects the simple average of multifamily (excluding affordable housing) and industrial publicly traded REIT same property NOI growth. Multifamily publicly traded REIT same property NOI growth represented by Mid America Apartment Communities Inc. ("MAA"). Industrial publicly traded REIT same property NOI growth represented by Prologis. We believe MAA and Prologis are appropriate comparisons to BREIT's multifamily and industrial sectors, respectively, based on their geographic concentration and asset quality. There can be no assurance that publicly traded REIT NOI will grow as expected or that BREIT's NOI will grow as expected or keep pace with any publicly traded REIT.