

# March Portfolio Update

## Market Update

The first quarter was characterized by market volatility, as Russia's invasion of Ukraine led to increased macroeconomic uncertainty. Significant commodity and energy price increases exacerbated already-elevated inflation in many parts of the world and caused central banks to accelerate their plans to tighten monetary policy. Despite these challenges, including rising interest rates, the economic outlook in the U.S. remains positive in the near term as a robust labor market for workers, healthy household balance sheets and continued growth in corporate profits support an ongoing economic expansion.

## Portfolio Update

For the month ended March 31, 2022, BREIT's Class S NAV per share increased \$0.18, from \$14.64 as of February 28, 2022 to \$14.82 as of March 31, 2022, reflecting the continued strength in operating fundamentals in our real estate portfolio and the benefit of locking in low rates over the last six months as we shifted BREIT's balance sheet to be 87% fixed rate.<sup>1,2</sup>

BREIT continues to deliver strong returns amidst volatile equity and bond markets. We believe BREIT's portfolio is well positioned in the current environment of inflation and rising interest rates. The portfolio is oriented towards income-generating real estate concentrated in areas of high conviction with strong fundamentals. BREIT is 80% weighted to residential and industrial, sectors with favorable supply/demand dynamics driven by a structural shortage of housing and record industrial demand fueled by e-commerce.<sup>3,4,5</sup> Rents in these sectors are growing 2-3x faster than inflation.<sup>6</sup> BREIT's portfolio further benefits from shorter duration leases with a two-year weighted average lease length across BREIT's residential and industrial portfolios.<sup>7</sup> In addition, we believe there is embedded growth potential within our real estate portfolio given a significant portion of BREIT's rents are currently below market. Specifically, BREIT's multifamily portfolio rents are approximately 11% below market and BREIT's industrial portfolio rents are approximately 15% below market.<sup>8</sup>

On April 18, 2022, Blackstone Core+ perpetual capital vehicles, primarily comprised of BREIT, alongside Blackstone Property Partners, entered into an agreement to acquire all of the outstanding shares of common stock of American Campus Communities (NYSE: ACC) ("ACC"), a publicly traded REIT and the largest owner,

<sup>1</sup> BREIT's Class T NAV per share increased from \$14.44 to \$14.62, BREIT's Class D NAV per share increased from \$14.35 to \$14.53 and Class I NAV per share increased from \$14.64 to \$14.82.

<sup>2</sup> As of March 31, 2022. The percentage of fixed rate financing is measured by dividing (i) the sum of our fixed rate debt, secured financings on investments in real estate debt with matched underlying interest rate exposure, and the outstanding notional principal amount of interest rate swaps, by (ii) total debt outstanding.

<sup>3</sup> BREIT portfolio as of March 31, 2022. Sector allocation weighting is measured as the asset value of real estate investments for each sector category (Residential, Industrial, Net Lease, Hospitality, Data Centers, 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"). As of December 31, 2021, the following sectors each have subsectors comprising over 1.0% of Real Estate TAV. Residential: multifamily, single family rental, student housing, affordable housing and manufactured housing; Industrial: warehouses; and Hospitality: full service and select service hotels.

<sup>4</sup> U.S. Census Bureau, as of December 31, 2021. U.S. housing supply in the last decade (2012-2021) was 36% below pre-Global Financial Crisis (1997-2007).

<sup>5</sup> Bank of America Securities report dated January 13, 2022. December 2021 online sales up 20% over past two years. Represents 2-year compound annual rent growth.

<sup>6</sup> As of December 31, 2021. Reflects industrial and residential rent growth versus inflation from Q4'19 to Q4'21. Industrial rent growth based on CBRE EA "United States Industrial Market Snapshot" as of Q4'21 and represents national rent growth. Residential rent growth based on RealPage "Market Monthly Trend Rolling 13 Months" report as of Q4'21 and represents BREIT's top ten residential markets which is measured as the asset value of residential real estate properties and unconsolidated investments for each market against the total asset value of all (i) residential real estate properties, excluding the value of any third party interests in such real estate properties, and (ii) unconsolidated investments. Inflation based on FRED and represents Consumer Price Index (CPI).

<sup>7</sup> As of December 31, 2021. Reflects real estate properties only, including unconsolidated properties, and does not include real estate debt investments. BREIT's industrial assets have a 4.3 year weighted average lease expiry and BREIT's residential assets have an approximately 0.5 year weighted average lease expiry.

<sup>8</sup> As of December 31, 2021. Represents the estimated discount of BREIT's in-place multifamily and industrial portfolio rents to achievable market rents. Any expectations that below market rents have the potential to increase are based on certain assumptions that may not be correct and on certain variables that may change, are presented for illustrative purposes only and do not constitute forecasts. There can be no assurance that any such results will actually be achieved.

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manager and developer of high-quality student housing communities in the United States for \$65.47 per fully diluted share in an all-cash transaction valued at approximately \$12.8 billion, including the assumption of debt. The assets are well located adjacent to top tier public universities experiencing robust enrollment growth (e.g., Florida State, Arizona State, University of California - Berkeley and UT Austin). This transaction highlights BREIT's ability to identify compelling opportunities in an attractive asset class with strong cash flow growth and demonstrated resilience throughout various market cycles, including COVID-19. The transaction is expected to close in the third quarter of 2022, subject to approval by ACC's shareholders and other customary closing conditions.<sup>9</sup>

For more information on our Net Asset Value Calculation and Valuation Guidelines, please refer to BREIT's Prospectus, as supplemented.

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<sup>9</sup> There can be no assurance that this transaction will close as expected or at all.

## Important Disclosure Information

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