

Tax Advantages of REITs

A REIT investor's effective federal tax rate on distributions may be reduced to as low as 3.0% when a 90% return of capital (ROC) tax deferral is combined with the 20% rate reduction applicable to ordinary dividend distributions.^{1,2}

REIT Tax Treatment¹

- Real Estate Investment Trust (REIT) distributions are taxed at different rates depending on whether they are characterized as ordinary income, capital gains or ROC.
- A notable advantage of REITs is the ability to characterize a portion of distributions that would otherwise be treated as ordinary income as ROC due to real estate-related factors such as depreciation and amortization. ROC distributions are tax deferred until redemption, at which time they give rise to capital gain.
- In addition, REIT investors benefit from a 20% rate reduction to individual tax rates on the ordinary income portion of distributions.³

Individual Income Tax Rates (Top 3 Tax Brackets)			
Federal Tax Rate	32%	35%	37%
REIT Rate Reduction	20%	20%	20%
Effective Federal Tax Rate for REITs	25.6%	28.0%	29.6%

HYPOTHETICAL ILLUSTRATION

REIT Taxation in Practice²

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

ROC Scenarios ^{1,2,5}	0%	60% ⁶	90% ⁶
After Tax Yield⁷	3.5%	4.4%	4.9%
Distributions	\$5,000	\$5,000	\$5,000
ROC	-	(\$3,000)	(\$4,500)
Taxable Basis	\$5,000	\$2,000	\$500
Highest Effective Federal Tax Rate for REIT	29.6%	29.6%	29.6%
Tax Payable	(\$1,480)	(\$592)	(\$148)
After Tax Distributions	\$3,520	\$4,408	\$4,852
Effective Federal Tax Rate^{1,2}	29.6%	11.8%	3.0%

Notes

All information is as of February 2020. This tax information 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 return of capital in this context is intended to mean a current income distribution which is not a taxable dividend (as defined in IRC Section 316) and which reduces or exceeds the adjusted basis of the shareholder's stock (i.e., a Section 301(c)(2) or Section 302(c)(3) distribution). No inference should be made about the source of the current income distribution (including the taxable and non-taxable components).

1. Return of capital distributions reduce the stockholder's tax basis in the year the dividend is received, and generally defer taxes on that portion until the stockholder's stock is sold via redemption. Certain non-cash deductions, such as depreciation and amortization, lower the taxable income for REIT distributions.
 2. 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. The hypothetical example is intended to show the likely effects of existing tax laws and is for information purposes only. There can be no assurance that the actual results will be similar to the example set forth herein or that Blackstone Real Estate Income Trust, Inc. ("BREIT", "we", or "us") will be able to effectively implement its investment strategy, achieve its investment objectives, be profitable or avoid losses. 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 example 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. 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.
 3. At this time, the 20% rate deduction to individual tax rates on the ordinary income portion of distributions is set to expire on December 31, 2025.
 4. Distributions from a REIT 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. BREIT's return of capital in 2017, 2018 and 2019 was 66%, 97% and 90% respectively.
 6. 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 90% 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 90% 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.
7. After-tax yield is reflective of the current tax year which does not take into account other taxes that may be owed on an investment in a REIT when the investor redeems his or her 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 distributions.

BREIT is a non-traded REIT that seeks to invest in stabilized commercial real estate properties diversified by sector 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. Some of these risks include but are not limited to the following:

- Since there is no public trading market for shares of our common stock, repurchase of shares by us will likely be the only way to dispose of your shares. Our share repurchase plan provides stockholders with the opportunity to request that we repurchase their shares on a monthly basis, but we are not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular month in our discretion. 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 if it deems such action to be in our best interest and the best interest of our stockholders. 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 per share for each class of common stock will vary and will generally equal our prior month's net asset value ("NAV") per share, as determined monthly, plus applicable upfront selling commissions and dealer manager fees. We may offer shares at a price that we believe reflects the NAV per share of such stock more appropriately than the prior month's NAV per share in cases where we believe there has been a material change (positive or negative) to our NAV per share since the end of the prior month.
- We have no employees and are dependent on BX REIT Advisors L.L.C. (the "Advisor") to conduct our operations. The Advisor faces conflicts of interest as a result of, among other things, the allocation of investment opportunities among us and other Blackstone accounts, the allocation of time of its investment professionals and the substantial fees that we will pay to the Advisor.
- 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 L.P. (together with its affiliates, "Blackstone"). Use of the name by other parties or the termination of our trademark license agreement may harm our business.
- While BREIT's investment strategy is to invest in stabilized commercial real estate properties diversified by sector with a focus on providing current income to investors, an investment in BREIT is not an investment in fixed income. Fixed income has material differences from an investment in a non-traded REIT, including those related to vehicle structure, investment objectives and restrictions, risks, fluctuation of principal, safety, guarantees or insurance, fees and expenses, liquidity and tax treatment.
- We intend to continue to qualify as a REIT for U.S. federal income tax purposes. However, 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.
- The acquisition of investment properties may be financed in substantial part by borrowing, which increases our exposure to loss. The use of leverage involves a high degree of financial risk and will increase the exposure of the investments to adverse economic factors.
- Investing in commercial real estate assets involves certain risks, including but not limited to: tenants' inability to pay rent; increases in interest rates and lack of availability of financing; tenant turnover and vacancies; and changes in supply of or demand for similar properties in a given market.

Forward-Looking Statement Disclosure

This sales material contains forward-looking statements about our business, including, in particular, statements about our plans, strategies and objectives. You can generally identify forward-looking statements by our use of forward-looking terminology such as "may," "will," "seek," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words. These statements include our plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds, and are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond our control. Although we believe the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate and our actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans, which we consider to be reasonable, will be achieved.

You should carefully review the "Risk Factors" section of our prospectus for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This sales material must be read in conjunction with the prospectus in order to fully understand all the implications and risks of the offering of securities to which it relates. 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.

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.

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