

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 001-33551



Blackstone Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8875684
(I.R.S. Employer
Identification No.)

345 Park Avenue
New York, New York 10154
(Address of principal executive offices)(Zip Code)
(212) 583-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BX	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 28, 2022, there were 701,780,900 shares of common stock of the registrant outstanding.

Table of Contents

	<u>Page</u>
Part I.	
Financial Information	
Item 1.	6
Financial Statements	
Unaudited Condensed Consolidated Financial Statements:	
Condensed Consolidated Statements of Financial Condition as of September 30, 2022 and December 31, 2021	6
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2022 and 2021	8
Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2022 and 2021	9
Condensed Consolidated Statements of Changes in Equity for the Three and Nine Months Ended September 30, 2022 and 2021	10
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2022 and 2021	14
Notes to Condensed Consolidated Financial Statements	16
Item 1A.	65
Unaudited Supplemental Presentation of Statements of Financial Condition	
Item 2.	67
Management’s Discussion and Analysis of Financial Condition and Results of Operations	
Item 3.	141
Quantitative and Qualitative Disclosures About Market Risk	
Item 4.	141
Controls and Procedures	
Part II.	
Other Information	
Item 1.	142
Legal Proceedings	
Item 1A.	142
Risk Factors	
Item 2.	143
Unregistered Sales of Equity Securities and Use of Proceeds	
Item 3.	143
Defaults Upon Senior Securities	
Item 4.	143
Mine Safety Disclosures	
Item 5.	143
Other Information	
Item 6.	144
Exhibits	
Signatures	145

Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, which reflect our current views with respect to, among other things, our operations, taxes, earnings and financial performance, and share repurchases and dividends. You can identify these forward-looking statements by the use of words such as “outlook,” “indicator,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “opportunity,” “leads,” “forecast” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (“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 report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Website and Social Media Disclosure

We use our website (www.blackstone.com), Facebook page (www.facebook.com/blackstone), Twitter (www.twitter.com/blackstone), LinkedIn (www.linkedin.com/company/blackstonegroup), Instagram (www.instagram.com/blackstone), SoundCloud (www.soundcloud.com/blackstone-300250613), PodBean (www.blackstone.podbean.com), Spotify (<https://spoti.fi/2LJ1tHG>), YouTube (www.youtube.com/user/blackstonegroup) and Apple Podcast (<https://apple.co/31Pe1Gg>) accounts as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Blackstone when you enroll your email address by visiting the “Contact Us/Email Alerts” section of our website at <http://ir.blackstone.com>. The contents of our website, any alerts and social media channels are not, however, a part of this report.

In this report, references to “Blackstone,” the “Company,” “we,” “us” or “our” refer to Blackstone Inc. and its consolidated subsidiaries.

“Series I Preferred Stockholder” refers to Blackstone Partners L.L.C., the holder of the sole outstanding share of our Series I preferred stock.

“Series II Preferred Stockholder” refers to Blackstone Group Management L.L.C., the holder of the sole outstanding share of our Series II preferred stock.

“Blackstone Funds,” “our funds” and “our investment funds” refer to the funds and other vehicles that are managed by Blackstone. “Our carry funds” refers to funds managed by Blackstone that have commitment-based multi-year drawdown structures that pay carry on the realization of an investment.

We refer to our real estate opportunistic funds as Blackstone Real Estate Partners (“BREP”) funds and our real estate debt investment funds as Blackstone Real Estate Debt Strategies (“BREDS”) funds. We refer to our real estate investment trusts as “REITs,” to Blackstone Mortgage Trust, Inc., our NYSE-listed REIT, as “BXMT,” and to Blackstone Real Estate Income Trust, Inc., our non-listed REIT, as “BREIT.” We refer to our real estate funds that target substantially stabilized assets in prime markets, as Blackstone Property Partners (“BPP”) funds and our income-generating European real estate funds as Blackstone European Property Income (“BEPIF”). We refer to BREIT, BPP and BEPIF collectively as our Core+ real estate strategies.

We refer to our flagship corporate private equity funds as Blackstone Capital Partners (“BCP”) funds, our energy-focused private equity funds as Blackstone Energy Partners (“BEP”) funds, our core private equity funds as Blackstone Core Equity Partners (“BCEP”), our opportunistic investment platform that invests globally across asset classes, industries and geographies as Blackstone Tactical Opportunities (“Tactical Opportunities”), our secondary fund of funds business as Strategic Partners Fund Solutions (“Strategic Partners”), our infrastructure-focused funds as Blackstone Infrastructure Partners (“BIP”), our life sciences investment platform, Blackstone Life Sciences (“Bxls”), our growth equity investment platform, Blackstone Growth (“BXG”), our multi-asset investment program for eligible high net worth investors offering exposure to certain of our key illiquid investment strategies through a single commitment as Blackstone Total Alternatives Solution (“BTAS”) and our capital markets services business as Blackstone Capital Markets (“BxCM”).

“Our hedge funds” refers to our funds of hedge funds, hedge funds, certain of our real estate debt investment funds, including a registered investment company, and certain other credit-focused funds which are managed by Blackstone.

We refer to our business development companies as “BDCs,” to Blackstone Private Credit Fund as “BCRED” and to Blackstone Secured Lending Fund as “BXSL.”

“BIS” refers to Blackstone Insurance Solutions, which partners with insurers to deliver capital-efficient investments tailored to each insurer’s needs and risk profile.

We refer to our separately managed accounts as “SMAs.”

“Total Assets Under Management” refers to the assets we manage. Our Total Assets Under Management equals the sum of:

- (a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities managed by us plus the capital that we are entitled to call from investors in those funds and entities pursuant to the terms of their respective capital commitments, including capital commitments to funds that have yet to commence their investment periods,
- (b) the net asset value of (1) our hedge funds, real estate debt carry funds, BPP, certain co-investments managed by us, certain credit-focused funds, and our Hedge Fund Solutions drawdown funds (plus, in each case, the capital that we are entitled to call from investors in those funds, including commitments yet to commence their investment periods), and (2) our funds of hedge funds, our Hedge Fund Solutions registered investment companies, BREIT, and BEPIF,
- (c) the invested capital, fair value or net asset value of assets we manage pursuant to separately managed accounts,
- (d) the amount of debt and equity outstanding for our collateralized loan obligations (“CLO”) during the reinvestment period,
- (e) the aggregate par amount of collateral assets, including principal cash, for our CLOs after the reinvestment period,
- (f) the gross or net amount of assets (including leverage where applicable) for our credit-focused registered investment companies,
- (g) the fair value of common stock, preferred stock, convertible debt, term loans or similar instruments issued by BXMT, and
- (h) borrowings under and any amounts available to be borrowed under certain credit facilities of our funds.

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open-ended funds in our Real Estate, Hedge Fund Solutions and Credit & Insurance segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example, annually or quarterly), typically with 30 to 95 days' notice, depending on the fund and the liquidity profile of the underlying assets. In our Perpetual Capital vehicles where redemption rights exist, Blackstone has the ability to fulfill redemption requests only (a) in Blackstone's or the vehicles' board's discretion, as applicable, or (b) to the extent there is sufficient new capital. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit & Insurance segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days' notice. Our BIS separately managed accounts can generally only be terminated for long-term underperformance, cause and certain other limited circumstances, in each case subject to Blackstone's right to cure.

"Fee-Earning Assets Under Management" refers to the assets we manage on which we derive management fees and/or performance revenues. Our Fee-Earning Assets Under Management equals the sum of:

- (a) for our Private Equity segment funds and Real Estate segment carry funds, including certain BREDS and Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,
- (b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,
- (c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,
- (d) the net asset value of our funds of hedge funds, hedge funds, BPP, certain co-investments managed by us, certain registered investment companies, BREIT, BEPIF, and certain of our Hedge Fund Solutions drawdown funds,
- (e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,
- (f) the net proceeds received from equity offerings and accumulated distributable earnings of BXMT, subject to certain adjustments,
- (g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and
- (h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

Each of our segments may include certain Fee-Earning Assets Under Management on which we earn performance revenues but not management fees.

Our calculations of Total Assets Under Management and Fee-Earning Assets Under Management may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our calculation of Total Assets Under Management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our personnel, regardless of whether such commitments or invested capital are subject to fees. Our definitions of Total Assets Under Management and Fee-Earning Assets Under Management are not based on any definition of total assets under management and fee-earning assets under management that is set forth in the agreements governing the investment funds that we manage.

For our carry funds, Total Assets Under Management includes the fair value of the investments held and uncalled capital commitments, whereas Fee-Earning Assets Under Management may include the total amount of capital commitments or the remaining amount of invested capital at cost, depending on whether the investment period has expired or as specified by the fee terms of the fund. As such, in certain carry funds Fee-Earning Assets Under Management may be greater than Total Assets Under Management when the aggregate fair value of the remaining investments is less than the cost of those investments.

“Perpetual Capital” refers to the component of assets under management with an indefinite term, that is not in liquidation, and for which there is no requirement to return capital to investors through redemption requests in the ordinary course of business, except where funded by new capital inflows. Perpetual Capital includes co-investment capital with an investor right to convert into Perpetual Capital.

This report does not constitute an offer of any Blackstone Fund.

Part I. Financial Information

Item 1. Financial Statements

Blackstone Inc. Condensed Consolidated Statements of Financial Condition (Unaudited) (Dollars in Thousands, Except Share Data)

	September 30, 2022	December 31, 2021
Assets		
Cash and Cash Equivalents	\$ 3,480,003	\$ 2,119,738
Cash Held by Blackstone Funds and Other	94,358	79,994
Investments (including assets pledged of \$313,138 and \$63,044 at September 30, 2022 and December 31, 2021, respectively)	26,256,148	28,665,043
Accounts Receivable	835,529	636,616
Due from Affiliates	4,029,490	4,656,867
Intangible Assets, Net	232,096	284,384
Goodwill	1,890,202	1,890,202
Other Assets	785,794	492,936
Right-of-Use Assets	887,832	788,991
Deferred Tax Assets	1,767,869	1,581,637
Total Assets	\$ 40,259,321	\$ 41,196,408
Liabilities and Equity		
Loans Payable	\$ 9,263,080	\$ 7,748,163
Due to Affiliates	2,060,891	1,906,098
Accrued Compensation and Benefits	6,732,507	7,905,070
Securities Sold, Not Yet Purchased	26,783	27,849
Repurchase Agreements	313,138	57,980
Operating Lease Liabilities	985,632	908,033
Accounts Payable, Accrued Expenses and Other Liabilities	1,141,905	937,169
Total Liabilities	20,523,936	19,490,362
Commitments and Contingencies		
Redeemable Non-Controlling Interests in Consolidated Entities	1,344,188	68,028
Equity		
Stockholders' Equity of Blackstone Inc.		
Common Stock, \$0.00001 par value, 90 billion shares authorized, (709,040,610 shares issued and outstanding as of September 30, 2022; 704,339,774 shares issued and outstanding as of December 31, 2021)	7	7
Series I Preferred Stock, \$0.00001 par value, 999,999,000 shares authorized, (1 share issued and outstanding as of September 30, 2022 and December 31, 2021)	—	—
Series II Preferred Stock, \$0.00001 par value, 1,000 shares authorized, (1 share issued and outstanding as of September 30, 2022 and December 31, 2021)	—	—
Additional Paid-in-Capital	5,791,006	5,794,727
Retained Earnings	1,869,463	3,647,785
Accumulated Other Comprehensive Loss	(74,800)	(19,626)
Total Stockholders' Equity of Blackstone Inc.	7,585,676	9,422,893
Non-Controlling Interests in Consolidated Entities	5,357,148	5,600,653
Non-Controlling Interests in Blackstone Holdings	5,448,373	6,614,472
Total Equity	18,391,197	21,638,018
Total Liabilities and Equity	\$ 40,259,321	\$ 41,196,408

continued...

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Financial Condition (Unaudited)
(Dollars in Thousands)

The following presents the asset and liability portion of the consolidated balances presented in the Condensed Consolidated Statements of Financial Condition attributable to consolidated Blackstone Funds which are variable interest entities. The following assets may only be used to settle obligations of these consolidated Blackstone Funds and these liabilities are only the obligations of these consolidated Blackstone Funds and they do not have recourse to the general credit of Blackstone.

	September 30, 2022	December 31, 2021
Assets		
Cash Held by Blackstone Funds and Other	\$ 94,358	\$ 79,994
Investments	3,828,497	2,018,829
Accounts Receivable	92,499	64,680
Due from Affiliates	11,655	13,748
Other Assets	285	251
Total Assets	<u>\$ 4,027,294</u>	<u>\$ 2,177,502</u>
Liabilities		
Loans Payable	\$ 30,627	\$ 101
Due to Affiliates	69,715	95,204
Securities Sold, Not Yet Purchased	22,971	23,557
Repurchase Agreements	—	15,980
Accounts Payable, Accrued Expenses and Other Liabilities	24,565	10,420
Total Liabilities	<u>\$ 147,878</u>	<u>\$ 145,262</u>

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues				
Management and Advisory Fees, Net	\$ 1,617,754	\$ 1,320,795	\$ 4,654,877	\$ 3,711,159
Incentive Fees	110,776	48,206	314,863	117,537
Investment Income (Loss)				
Performance Allocations				
Realized	725,888	1,522,495	4,946,043	2,865,482
Unrealized	(771,637)	2,724,366	(2,946,255)	7,886,033
Principal Investments				
Realized	193,228	325,414	743,493	832,512
Unrealized	(1,069,697)	183,754	(1,496,226)	1,151,904
Total Investment Income (Loss)	(922,218)	4,756,029	1,247,055	12,735,931
Interest and Dividend Revenue	52,420	35,048	168,980	97,477
Other	199,382	64,187	427,839	152,387
Total Revenues	1,058,114	6,224,265	6,813,614	16,814,491
Expenses				
Compensation and Benefits				
Compensation	600,273	536,199	1,942,790	1,585,941
Incentive Fee Compensation	50,355	21,007	136,737	48,763
Performance Allocations Compensation				
Realized	313,930	631,632	2,067,447	1,192,082
Unrealized	(359,590)	1,193,853	(1,273,849)	3,394,041
Total Compensation and Benefits	604,968	2,382,691	2,873,125	6,220,827
General, Administrative and Other	270,369	217,995	800,331	608,174
Interest Expense	80,507	52,413	216,896	141,718
Fund Expenses	5,517	1,260	12,144	7,417
Total Expenses	961,361	2,654,359	3,902,496	6,978,136
Other Income (Loss)				
Change in Tax Receivable Agreement Liability	—	(37,321)	748	(34,803)
Net Gains (Losses) from Fund Investment Activities	1,178	132,312	(52,272)	379,781
Total Other Income (Loss)	1,178	94,991	(51,524)	344,978
Income Before Provision for Taxes	97,931	3,664,897	2,859,594	10,181,333
Provision for Taxes	94,231	458,904	614,026	746,707
Net Income	3,700	3,205,993	2,245,568	9,434,626
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	25,773	1,550	56,700	2,816
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(62,093)	486,907	(62,425)	1,305,273
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	37,724	1,315,641	1,061,516	3,667,618
Net Income Attributable to Blackstone Inc.	\$ 2,296	\$ 1,401,895	\$ 1,189,777	\$ 4,458,919
Net Income Per Share of Common Stock				
Basic	\$ —	\$ 1.94	\$ 1.61	\$ 6.21
Diluted	\$ —	\$ 1.94	\$ 1.61	\$ 6.21
Weighted-Average Shares of Common Stock Outstanding				
Basic	742,345,646	722,229,117	739,963,370	717,516,302
Diluted	742,495,532	722,433,099	740,272,247	717,918,415

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(Dollars in Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Income	\$ 3,700	\$ 3,205,993	\$ 2,245,568	\$ 9,434,626
Other Comprehensive Income (Loss), Currency Translation Adjustment	(156,610)	(8,689)	(226,076)	1,366
Comprehensive Income (Loss)	(152,910)	3,197,304	2,019,492	9,435,992
Less:				
Comprehensive Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(76,820)	1,550	(78,623)	2,816
Comprehensive Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(62,093)	486,907	(62,425)	1,305,273
Comprehensive Income Attributable to Non-Controlling Interests in Blackstone Holdings	16,282	1,312,064	1,025,937	3,668,510
Comprehensive Income (Loss) Attributable to Non-Controlling Interests	(122,631)	1,800,521	884,889	4,976,599
Comprehensive Income (Loss) Attributable to Blackstone Inc.	<u>\$ (30,279)</u>	<u>\$ 1,396,783</u>	<u>\$ 1,134,603</u>	<u>\$ 4,459,393</u>

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of Blackstone Inc. (a)	Blackstone Inc. (a)								
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity	Redeemable Non- Controlling Interests in Consolidated Entities
Balance at June 30, 2022	706,476,877	\$ 7	\$ 5,870,285	\$ 2,803,100	\$ (42,225)	\$ 8,631,167	\$ 5,281,244	\$ 6,146,196	\$20,058,607	\$ 1,275,491
Transfer In Due to Consolidation of Fund Entities	—	—	—	—	—	—	—	—	—	—
Net Income (Loss)	—	—	—	2,296	—	2,296	(62,093)	37,724	(22,073)	25,773
Currency Translation Adjustment	—	—	—	—	(32,575)	(32,575)	—	(21,442)	(54,017)	(102,593)
Capital Contributions	—	—	—	—	—	—	268,165	2,460	270,625	180,300
Capital Distributions	—	—	—	(935,933)	—	(935,933)	(142,675)	(775,697)	(1,854,305)	(21,440)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	12,507	—	12,507	(13,343)
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	5,562	—	—	5,562	—	—	5,562	—
Equity-Based Compensation	—	—	121,264	—	—	121,264	—	80,087	201,351	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	2,938,303	—	(30,418)	—	—	(30,418)	—	—	(30,418)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(1,954,545)	—	(196,642)	—	—	(196,642)	—	—	(196,642)	—
Change in Blackstone Inc.'s Ownership Interest	—	—	80	—	—	80	—	(80)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	1,579,975	—	20,875	—	—	20,875	—	(20,875)	—	—
Balance at September 30, 2022	<u>709,040,610</u>	<u>\$ 7</u>	<u>\$ 5,791,006</u>	<u>\$ 1,869,463</u>	<u>\$ (74,800)</u>	<u>\$ 7,585,676</u>	<u>\$ 5,357,148</u>	<u>\$ 5,448,373</u>	<u>\$18,391,197</u>	<u>\$ 1,344,188</u>

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

continued...

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of Blackstone Inc. (a)	Blackstone Inc. (a)									Redeemable Non- Controlling Interests in Consolidated Entities
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity		
Balance at June 30, 2021	691,093,463	\$ 7	\$ 6,282,600	\$ 2,133,794	\$ (10,245)	\$ 8,406,156	\$ 4,860,442	\$ 5,214,848	\$ 18,481,446	\$ 65,568	
Net Income	—	—	—	1,401,895	—	1,401,895	486,907	1,315,641	3,204,443	1,550	
Currency Translation Adjustment	—	—	—	—	(5,112)	(5,112)	—	(3,577)	(8,689)	—	
Capital Contributions	—	—	—	—	—	—	608,720	2,487	611,207	—	
Capital Distributions	—	—	—	(503,924)	—	(503,924)	(317,357)	(423,813)	(1,245,094)	(294)	
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	(100)	—	(100)	—	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	10,734	—	—	10,734	—	—	10,734	—	
Equity-Based Compensation	—	—	81,616	—	—	81,616	—	57,914	139,530	—	
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	1,815,907	—	(26,583)	—	—	(26,583)	—	—	(26,583)	—	
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(2,875,000)	—	(355,853)	—	—	(355,853)	—	—	(355,853)	—	
Change in Blackstone Inc.'s Ownership Interest	—	—	6,617	—	—	6,617	—	(6,617)	—	—	
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	3,578,328	—	38,497	—	—	38,497	—	(38,497)	—	—	
Balance at September 30, 2021	693,612,698	\$ 7	\$ 6,037,628	\$ 3,031,765	\$ (15,357)	\$ 9,054,043	\$ 5,638,612	\$ 6,118,386	\$ 20,811,041	\$ 66,824	

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

continued...

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of Blackstone Inc. (a)	Blackstone Inc. (a)								
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity	Redeemable Non- Controlling Interests in Consolidated Entities
Balance at December 31, 2021	704,339,774	\$ 7	\$ 5,794,727	\$ 3,647,785	\$ (19,626)	\$ 9,422,893	\$ 5,600,653	\$ 6,614,472	\$21,638,018	\$ 68,028
Transfer In Due to Consolidation of Fund Entities	—	—	—	—	—	—	—	—	—	1,146,410
Net Income (Loss)	—	—	—	1,189,777	—	1,189,777	(62,425)	1,061,516	2,188,868	56,700
Currency Translation Adjustment	—	—	—	—	(55,174)	(55,174)	—	(35,579)	(90,753)	(135,323)
Capital Contributions	—	—	—	—	—	—	720,930	7,423	728,353	285,767
Capital Distributions	—	—	—	(2,968,099)	—	(2,968,099)	(905,773)	(2,370,205)	(6,244,077)	(64,051)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	3,763	—	3,763	(13,343)
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	13,091	—	—	13,091	—	—	13,091	—
Equity-Based Compensation	—	—	370,519	—	—	370,519	—	245,174	615,693	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	5,203,342	—	(69,791)	—	—	(69,791)	—	—	(69,791)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(3,804,545)	—	(391,968)	—	—	(391,968)	—	—	(391,968)	—
Change in Blackstone Inc.'s Ownership Interest	—	—	28,846	—	—	28,846	—	(28,846)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	3,302,039	—	45,582	—	—	45,582	—	(45,582)	—	—
Balance at September 30, 2022	<u>709,040,610</u>	<u>\$ 7</u>	<u>\$ 5,791,006</u>	<u>\$ 1,869,463</u>	<u>\$ (74,800)</u>	<u>\$ 7,585,676</u>	<u>\$ 5,357,148</u>	<u>\$ 5,448,373</u>	<u>\$18,391,197</u>	<u>\$ 1,344,188</u>

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

continued...

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of Blackstone Inc. (a)	Blackstone Inc. (a)									Redeemable Non- Controlling Interests in Consolidated Entities
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity		
Balance at December 31, 2020	683,875,544	\$ 7	\$ 6,332,105	\$ 335,762	\$ (15,831)	\$ 6,652,043	\$ 4,042,157	\$ 3,831,148	\$ 14,525,348	\$ 65,161	
Net Income	—	—	—	4,458,919	—	4,458,919	1,305,273	3,667,618	9,431,810	2,816	
Currency Translation Adjustment	—	—	—	—	474	474	—	892	1,366	—	
Capital Contributions	—	—	—	—	—	—	1,020,950	7,746	1,028,696	—	
Capital Distributions	—	—	—	(1,762,916)	—	(1,762,916)	(726,075)	(1,448,470)	(3,937,461)	(1,153)	
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	(3,693)	—	(3,693)	—	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	30,448	—	—	30,448	—	—	30,448	—	
Equity-Based Compensation	—	—	250,222	—	—	250,222	—	178,855	429,077	—	
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	3,802,879	—	(49,642)	—	—	(49,642)	—	—	(49,642)	—	
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(6,049,598)	—	(644,908)	—	—	(644,908)	—	—	(644,908)	—	
Change in Blackstone Inc.'s Ownership Interest	—	—	10,494	—	—	10,494	—	(10,494)	—	—	
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	11,983,873	—	108,909	—	—	108,909	—	(108,909)	—	—	
Balance at September 30, 2021	693,612,698	\$ 7	\$ 6,037,628	\$ 3,031,765	\$ (15,357)	\$ 9,054,043	\$ 5,638,612	\$ 6,118,386	\$ 20,811,041	\$ 66,824	

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Nine Months Ended September 30,	
	2022	2021
Operating Activities		
Net Income	\$ 2,245,568	\$ 9,434,626
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Blackstone Funds Related		
Net Realized Gains on Investments	(5,869,897)	(3,851,756)
Changes in Unrealized (Gains) Losses on Investments	1,712,735	(1,411,164)
Non-Cash Performance Allocations	2,946,255	(7,886,033)
Non-Cash Performance Allocations and Incentive Fee Compensation	914,965	4,619,216
Equity-Based Compensation Expense	636,454	454,110
Amortization of Intangibles	52,288	56,174
Other Non-Cash Amounts Included in Net Income	(923,678)	62,730
Cash Flows Due to Changes in Operating Assets and Liabilities		
Cash Acquired with Consolidation of Fund Entities	31,791	—
Accounts Receivable	(190,786)	437,030
Due from Affiliates	661,934	(419,569)
Other Assets	(142,410)	(54,140)
Accrued Compensation and Benefits	(1,562,779)	(677,951)
Securities Sold, Not Yet Purchased	30	(14,924)
Accounts Payable, Accrued Expenses and Other Liabilities	149,678	(4,020)
Repurchase Agreements	255,159	(40,263)
Due to Affiliates	93,669	63,888
Investments Purchased	(3,783,564)	(4,175,221)
Cash Proceeds from Sale of Investments	8,393,706	8,207,202
Net Cash Provided by Operating Activities	5,621,118	4,799,935
Investing Activities		
Purchase of Furniture, Equipment and Leasehold Improvements	(186,783)	(44,456)
Net Cash Used in Investing Activities	(186,783)	(44,456)
Financing Activities		
Distributions to Non-Controlling Interest Holders in Consolidated Entities	(969,606)	(727,228)
Contributions from Non-Controlling Interest Holders in Consolidated Entities	989,963	1,016,285
Payments Under Tax Receivable Agreement	(46,880)	(51,366)
Net Settlement of Vested Common Stock and Repurchase of Common Stock and Blackstone Holdings		
Partnership Units	(461,759)	(694,550)
Proceeds from Loans Payable	2,036,264	1,973,969

continued...

See notes to condensed consolidated financial statements.

Blackstone Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Nine Months Ended September 30,	
	2022	2021
Financing Activities (Continued)		
Repayment and Repurchase of Loans Payable	\$ (250,101)	\$ —
Dividends/Distributions to Shareholders and Unitholders	(5,330,882)	(3,203,640)
Net Cash Used in Financing Activities	(4,033,001)	(1,686,530)
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other	(26,705)	(8,241)
Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other		
Net Increase	1,374,629	3,060,708
Beginning of Period	2,199,732	2,064,456
End of Period	\$ 3,574,361	\$ 5,125,164
Supplemental Disclosure of Cash Flows Information		
Payments for Interest	\$ 221,155	\$ 154,162
Payments for Income Taxes	\$ 604,137	\$ 454,212
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Non-Cash Contributions from Non-Controlling Interest Holders	\$ 14,410	\$ 8,636
Notes Issuance Costs	\$ 18,423	\$ 16,991
Transfer of Interests to Non-Controlling Interest Holders	\$ 3,764	\$ (3,693)
Change in Blackstone Inc.'s Ownership Interest	\$ 28,846	\$ 10,494
Net Settlement of Vested Common Stock	\$ 364,976	\$ 199,325
Conversion of Blackstone Holdings Units to Common Stock	\$ 45,582	\$ 108,909
Acquisition of Ownership Interests from Non-Controlling Interest Holders		
Deferred Tax Asset	\$ (102,947)	\$ (278,795)
Due to Affiliates	\$ 89,856	\$ 248,347
Equity	\$ 13,091	\$ 30,448

The following table provides a reconciliation of Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other reported within the Condensed Consolidated Statements of Financial Condition:

	September 30, 2022	December 31, 2021
Cash and Cash Equivalents	\$ 3,480,003	\$ 2,119,738
Cash Held by Blackstone Funds and Other	94,358	79,994
	\$ 3,574,361	\$ 2,199,732

See notes to condensed consolidated financial statements.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

1. Organization

Blackstone Inc., together with its consolidated subsidiaries (“Blackstone” or the “Company”), is one of the world’s leading investment firms. Blackstone’s asset management business includes investment vehicles focused on real estate, private equity, infrastructure, life sciences, growth equity, credit, real assets and secondary funds, all on a global basis. “Blackstone Funds” refers to the funds and other vehicles that are managed by Blackstone. Blackstone’s business is organized into four segments: Real Estate, Private Equity, Hedge Fund Solutions and Credit & Insurance.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. Blackstone Inc. was initially formed as The Blackstone Group L.P., a Delaware limited partnership, on March 12, 2007. Prior to its conversion (effective July 1, 2019) to a Delaware corporation, Blackstone Inc. was managed and operated by Blackstone Group Management L.L.C., which is wholly owned by Blackstone’s senior managing directors and controlled by one of Blackstone’s founders, Stephen A. Schwarzman (the “Founder”). Effective February 26, 2021, the Certificate of Incorporation of Blackstone Inc. was amended and restated to rename Blackstone’s Class A common stock as “common stock” and reclassify Blackstone’s Class B common stock and Class C common stock into a new Series I preferred stock and a new Series II preferred stock, respectively. All references to common stock, Series I preferred stock and Series II preferred stock prior to such date refer to Class A, Class B and Class C common stock, respectively. See Note 13. “Income Taxes” and Note 14. “Earnings Per Share and Stockholders’ Equity — Stockholders’ Equity.”

The activities of Blackstone are conducted through its holding partnerships: Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. (collectively, “Blackstone Holdings,” “Blackstone Holdings Partnerships” or the “Holding Partnerships”). Blackstone, through its wholly owned subsidiaries, is the sole general partner of each of the Holding Partnerships. Generally, holders of the limited partner interests in the Holding Partnerships may, four times each year, exchange their limited partnership interests (“Partnership Units”) for Blackstone common stock, on a one-to-one basis, exchanging one Partnership Unit from each of the Holding Partnerships for one share of Blackstone common stock.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Blackstone have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q. The condensed consolidated financial statements, including these notes, are unaudited and exclude some of the disclosures required in audited financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in Blackstone’s Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission.

The condensed consolidated financial statements include the accounts of Blackstone, its wholly owned or majority owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which Blackstone is considered the primary beneficiary, and certain partnerships or similar entities which are not considered variable interest entities but in which the general partner is determined to have control.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

All intercompany balances and transactions have been eliminated in consolidation.

Consolidation

Blackstone consolidates all entities that it controls through a majority voting interest or otherwise, including those Blackstone Funds in which the general partner has a controlling financial interest. Blackstone has a controlling financial interest in Blackstone Holdings because the limited partners do not have the right to dissolve the partnerships or have substantive kick-out rights or participating rights that would overcome the control held by Blackstone. Accordingly, Blackstone consolidates Blackstone Holdings and records non-controlling interests to reflect the economic interests of the limited partners of Blackstone Holdings.

In addition, Blackstone consolidates all variable interest entities ("VIE") for which it is the primary beneficiary. An enterprise is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to determine (a) whether an entity in which Blackstone holds a variable interest is a VIE and (b) whether Blackstone's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests, would give it a controlling financial interest. Performance of that analysis requires the exercise of judgment.

Blackstone determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a variable interest entity and continuously reconsiders that conclusion. In determining whether Blackstone is the primary beneficiary, Blackstone evaluates its control rights as well as economic interests in the entity held either directly or indirectly by Blackstone. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that Blackstone is not the primary beneficiary, a quantitative analysis may also be performed. Investments and redemptions (either by Blackstone, affiliates of Blackstone or third parties) or amendments to the governing documents of the respective Blackstone Funds could affect an entity's status as a VIE or the determination of the primary beneficiary. At each reporting date, Blackstone assesses whether it is the primary beneficiary and will consolidate or deconsolidate accordingly.

Assets of consolidated VIEs that can only be used to settle obligations of the consolidated VIE and liabilities of a consolidated VIE for which creditors (or beneficial interest holders) do not have recourse to the general credit of Blackstone are presented in a separate section in the Condensed Consolidated Statements of Financial Condition.

Blackstone's other disclosures regarding VIEs are discussed in Note 9. "Variable Interest Entities."

Revenue Recognition

Revenues primarily consist of management and advisory fees, incentive fees, investment income, interest and dividend revenue and other.

Management and advisory fees and incentive fees are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. See Note 18. "Segment Reporting" for a disaggregated presentation of revenues from contracts with customers.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Management and Advisory Fees, Net — Management and Advisory Fees, Net are comprised of management fees, including base management fees, transaction and other fees and advisory fees net of management fee reductions and offsets.

Blackstone earns base management fees from its customers, at a fixed percentage of a calculation base which is typically assets under management, net asset value, gross asset value, total assets, committed capital or invested capital. Blackstone identifies its customers on a fund by fund basis in accordance with the terms and circumstances of the individual fund. Generally, the customer is identified as the investors in its managed funds and investment vehicles, but for certain widely held funds or vehicles, the fund or vehicle itself may be identified as the customer. These customer contracts require Blackstone to provide investment management services, which represents a performance obligation that Blackstone satisfies over time. Management fees are a form of variable consideration because the fees Blackstone is entitled to vary based on fluctuations in the basis for the management fee. The amount recorded as revenue is generally determined at the end of the period because these management fees are payable on a regular basis (typically quarterly) and are not subject to clawback once paid.

Transaction, advisory and other fees are principally fees charged to the investors of funds indirectly through the managed funds and portfolio companies. The investment advisory agreements generally require that the investment adviser reduce the amount of management fees payable by the investors to Blackstone (“management fee reductions”) by an amount equal to a portion of the transaction and other fees paid to Blackstone by the portfolio companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously incurred expenses of the fund. These fees and associated management fee reductions are a component of the transaction price for Blackstone’s performance obligation to provide investment management services to the investors of funds and are recognized as changes to the transaction price in the period in which they are charged and the services are performed.

Management fee offsets are reductions to management fees payable by the investors of the Blackstone Funds, which are based on the amount such investors reimburse the Blackstone Funds or Blackstone primarily for placement fees. Providing investment management services requires Blackstone to arrange for services on behalf of its customers. In those situations where Blackstone is acting as an agent on behalf of the investors of funds, it presents the cost of services as net against management fee revenue. In all other situations, Blackstone is primarily responsible for fulfilling the services and is therefore acting as a principal for those arrangements. As a result, the cost of those services is presented as Compensation or General, Administrative and Other expense, as appropriate, with any reimbursement from the investors of the funds recorded as Management and Advisory Fees, Net.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as of the reporting date are included in Accounts Receivable or Due from Affiliates in the Condensed Consolidated Statements of Financial Condition.

Incentive Fees — Contractual fees earned based on the performance of Blackstone Funds (“Incentive Fees”) are a form of variable consideration in Blackstone’s contracts with customers to provide investment management services. Incentive Fees are earned based on fund performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance with the respective terms set out in each fund’s governing agreements. Incentive Fees will not be recognized as revenue until (a) it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. Incentive Fees are typically recognized as revenue when realized at the end of the measurement period. Once realized, such fees are not subject to clawback or reversal. Accrued but unpaid Incentive Fees charged directly to investors in Blackstone Funds as of the reporting date are recorded within Due from Affiliates in the Condensed Consolidated Statements of Financial Condition.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Investment Income (Loss) — Investment Income (Loss) represents the unrealized and realized gains and losses on Blackstone's Performance Allocations and Principal Investments.

In carry fund structures, Blackstone, through its subsidiaries, invests alongside its limited partners in a partnership and is entitled to its pro-rata share of the results of the fund (a "pro-rata allocation"). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, Blackstone is entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest ("Performance Allocations").

Performance Allocations are made to the general partner based on cumulative fund performance to date, subject to a preferred return to limited partners. At the end of each reporting period, Blackstone calculates the balance of accrued Performance Allocations ("Accrued Performance Allocations") that would be due to Blackstone for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner or (b) negative performance that would cause the amount due to Blackstone to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. Blackstone ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. Blackstone is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. Accrued Performance Allocations as of the reporting date are reflected in Investments in the Condensed Consolidated Statements of Financial Condition.

Performance Allocations are realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the preferred return or, in limited instances, after certain thresholds for return of capital are met. Performance Allocations are subject to clawback to the extent that the Performance Allocation received to date exceeds the amount due to Blackstone based on cumulative results. As such, the accrual for potential repayment of previously received Performance Allocations, which is a component of Due to Affiliates, represents all amounts previously distributed to Blackstone Holdings and non-controlling interest holders that would need to be repaid to the Blackstone carry funds if the Blackstone carry funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual clawback liability, however, generally does not become realized until the end of a fund's life except for certain funds, including certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability.

Principal Investments include the unrealized and realized gains and losses on Blackstone's principal investments, including its investments in Blackstone Funds that are not consolidated and receive pro-rata allocations, its equity method investments, and other principal investments. Income (Loss) on Principal Investments is realized when Blackstone redeems all or a portion of its investment or when Blackstone receives cash income, such as dividends or distributions. Unrealized Income (Loss) on Principal Investments results from changes in the fair value of the underlying investment as well as the reversal of unrealized gain (loss) at the time an investment is realized.

Interest and Dividend Revenue — Interest and Dividend Revenue comprises primarily of interest and dividend income earned on principal investments not accounted for under the equity method held by Blackstone.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Other Revenue — Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

- Level I – Quoted prices are available in active markets for identical financial instruments as of the reporting date. The types of financial instruments in Level I include listed equities, listed derivatives and mutual funds with quoted prices. Blackstone does not adjust the quoted price for these investments, even in situations where Blackstone holds a large position and a sale could reasonably impact the quoted price.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Financial instruments which are generally included in this category include corporate bonds and loans, including certain corporate bonds and loans held within CLO vehicles, government and agency securities, less liquid and restricted equity securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.
- Level III – Pricing inputs are unobservable for the financial instruments and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are included in this category generally include general and limited partnership interests in private equity and real estate funds, credit-focused funds, distressed debt and non-investment grade residual interests in securitizations, certain corporate bonds and loans held within CLO vehicles and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. Blackstone's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise of debt instruments, including debt securities sold, not yet purchased and certain equity securities and derivative instruments valued using observable inputs.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The valuation techniques used to value financial instruments classified within Level II of the fair value hierarchy are as follows:

- Debt Instruments and Equity Securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments. The valuation of certain equity securities is based on an observable price for an identical security adjusted for the effect of a restriction.
- Freestanding Derivatives are valued using contractual cash flows and observable inputs comprising yield curves, foreign currency rates and credit spreads.

Level III Valuation Techniques

In the absence of observable market prices, Blackstone values its investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity of operating companies, real estate properties, certain funds of hedge funds and credit-focused investments.

Real Estate Investments – The fair values of real estate investments are determined by considering projected operating cash flows, sales of comparable assets, if any, and replacement costs, among other measures. The methods used to estimate the fair value of real estate investments include the discounted cash flow method and/or capitalization rates analysis. Where a discounted cash flow method is used, a terminal value is derived by reference to an exit multiple, such as earnings before interest, taxes, depreciation and amortization ("EBITDA"), or a capitalization rate. Where applicable, projected distributable cash flow through a debt securities' maturity will be considered in support of the investment's fair value. Valuations may also be derived by reference to observable valuation measures for comparable companies or assets (for example, multiplying a key performance metric of the investee company or asset, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods.

Private Equity Investments – The fair values of private equity investments are determined by reference to projected net earnings, EBITDA, the discounted cash flow method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are based on unaudited information at the time received. Where a discounted cash flow method is used, a terminal value is generally derived by reference to EBITDA or price/earnings exit multiples. Valuations may also be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods.

Credit-Focused Investments – The fair values of credit-focused investments are generally determined on the basis of prices between market participants provided by reputable dealers or pricing services. For credit-focused investments that are not publicly traded or whose market prices are not readily available, Blackstone may utilize other valuation techniques, including the discounted cash flow method or a market approach. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms, and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly traded debt instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The market approach is generally used to determine the enterprise value of the issuer of a credit investment, and considers valuation multiples of comparable companies or transactions. The resulting enterprise value will dictate whether or not such credit investment has adequate enterprise value coverage. In cases of distressed credit instruments, the market approach may be used to estimate a recovery value in the event of a restructuring.

Investments, at Fair Value

Generally, Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accountants Accounting and Auditing Guide, *Investment Companies*, and in accordance with the GAAP guidance on investment companies and reflect their investments, including majority owned and controlled investments (the “Portfolio Companies”), at fair value. Such consolidated funds’ investments are reflected in Investments on the Condensed Consolidated Statements of Financial Condition at fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of Net Gains from Fund Investment Activities in the Condensed Consolidated Statements of Operations. Fair value is the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, at current market conditions (i.e., the exit price).

Blackstone’s principal investments are presented at fair value with unrealized appreciation or depreciation and realized gains and losses recognized in the Condensed Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, Blackstone has elected the fair value option. Such election is irrevocable and is applied on an investment by investment basis at initial recognition or other eligible election dates. Blackstone has applied the fair value option for certain loans and receivables, unfunded loan commitments and certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses recorded in net income. The methodology for measuring the fair value of such investments is consistent with the methodology applied to private equity, real estate, credit-focused and funds of hedge funds investments. Changes in the fair value of such instruments are recognized in Investment Income (Loss) in the Condensed Consolidated Statements of Operations. Interest income on interest bearing loans and receivables and debt securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of purchase discounts and the amortization of purchase premiums. This interest income is recorded within Interest and Dividend Revenue.

Blackstone has elected the fair value option for certain proprietary investments that would otherwise have been accounted for using the equity method of accounting. The fair value of such investments is based on quoted prices in an active market or using the discounted cash flow method. Changes in fair value are recognized in Investment Income (Loss) in the Condensed Consolidated Statements of Operations.

Further disclosure on instruments for which the fair value option has been elected is presented in Note 7. “Fair Value Option.”

Blackstone may elect to measure certain proprietary investments in equity securities without readily determinable fair values under the measurement alternative, which reflects cost less impairment, with adjustments in value resulting from observable price changes arising from orderly transactions of the same or a similar security from the same issuer. If the measurement alternative election is not made, the equity security is measured at fair value. The measurement alternative election is made on an instrument by instrument basis. The election is reassessed each reporting period to determine whether investments under the measurement alternative have readily determinable fair values, in which case they would no longer be eligible for this election.

The investments of consolidated Blackstone Funds in funds of hedge funds (“Investee Funds”) are valued at net asset value (“NAV”) per share of the Investee Fund. In limited circumstances, Blackstone may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, Blackstone will estimate the fair value in good faith and in a manner that it reasonably chooses, in accordance with the requirements of GAAP.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Certain investments of Blackstone and of the consolidated Blackstone funds of hedge funds and credit-focused funds measure their investments in underlying funds at fair value using NAV per share without adjustment. The terms of the investee's investment generally provide for minimum holding periods or lock-ups, the institution of gates on redemptions or the suspension of redemptions or an ability to side-pocket investments, at the discretion of the investee's fund manager, and as a result, investments may not be redeemable at, or within three months of, the reporting date. A side-pocket is used by hedge funds and funds of hedge funds to separate investments that may lack a readily ascertainable value, are illiquid or are subject to liquidity restriction. Redemptions are generally not permitted until the investments within a side-pocket are liquidated or it is deemed that the conditions existing at the time that required the investment to be included in the side-pocket no longer exist. As the timing of either of these events is uncertain, the timing at which Blackstone may redeem an investment held in a side-pocket cannot be estimated. Further disclosure on instruments for which fair value is measured using NAV per share is presented in Note 5. "Net Asset Value as Fair Value."

Security and loan transactions are recorded on a trade date basis.

Equity Method Investments

Investments in which Blackstone is deemed to exert significant influence, but not control, are accounted for using the equity method of accounting except in cases where the fair value option has been elected. Blackstone has significant influence over all Blackstone Funds in which it invests but does not consolidate. Therefore, its investments in such Blackstone Funds, which include both a proportionate and disproportionate allocation of the profits and losses (as is the case with carry funds that include a Performance Allocation), are accounted for under the equity method. Under the equity method of accounting, Blackstone's share of earnings (losses) from equity method investments is included in Investment Income (Loss) in the Condensed Consolidated Statements of Operations.

In cases where Blackstone's equity method investments provide for a disproportionate allocation of the profits and losses (as is the case with carry funds that include a Performance Allocation), Blackstone's share of earnings (losses) from equity method investments is determined using a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, at the end of each reporting period, Blackstone calculates the Accrued Performance Allocations that would be due to Blackstone for each fund pursuant to the fund agreements as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner, or (b) negative performance that would cause the amount due to Blackstone to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. Blackstone ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. Blackstone is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. The carrying amounts of equity method investments are reflected in Investments in the Condensed Consolidated Statements of Financial Condition.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Strategic Partners' results presented in Blackstone's financial statements are reported on a three month lag from Strategic Partners' fund financial statements, which report the performance of underlying investments generally on a same quarter basis, if available. Therefore, Strategic Partners' results presented herein do not reflect the impact of economic and market activity in the current quarter. Current quarter market activity of Strategic Partners' underlying investments is expected to affect Blackstone's reported results in upcoming periods.

Compensation and Benefits

Compensation and Benefits — Compensation — Compensation consists of (a) salary and bonus, and benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with the grants of equity-based awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to senior managing directors and employees is measured at fair value at the grant date, and expensed over the vesting period on a straight-line basis, taking into consideration expected forfeitures, except in the case of (a) equity-based awards that do not require future service, which are expensed immediately, and (b) certain awards to recipients that meet criteria making them eligible for retirement (allowing such recipient to keep a percentage of those awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of the award that would be retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-based awards and awards settled in a variable number of shares are classified as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits — Incentive Fee Compensation — Incentive Fee Compensation consists of compensation paid based on Incentive Fees.

Compensation and Benefits — Performance Allocations Compensation — Performance Allocation Compensation consists of compensation paid based on Performance Allocations (which may be distributed in cash or in-kind). Such compensation expense is subject to both positive and negative adjustments. Unlike Performance Allocations, compensation expense is based on the performance of individual investments held by a fund rather than on a fund by fund basis. These amounts may also include allocations of investment income from Blackstone's principal investments, to senior managing directors and employees participating in certain profit sharing initiatives.

Non-Controlling Interests in Consolidated Entities

Non-Controlling Interests in Consolidated Entities represent the component of Equity in general partner entities and consolidated Blackstone Funds held by third party investors and employees. The percentage interests in consolidated Blackstone Funds held by third parties and employees is adjusted for general partner allocations and by subscriptions and redemptions in funds of hedge funds and certain credit-focused funds which occur during the reporting period. Income (Loss) and other comprehensive income, if applicable, arising from the respective entities is allocated to non-controlling interests in consolidated entities based on the relative ownership interests of third party investors and employees after considering any contractual arrangements that govern the allocation of income (loss) such as fees allocable to Blackstone Inc.

Redeemable Non-Controlling Interests in Consolidated Entities

Investors in certain consolidated funds may be granted redemption rights that allow for quarterly or monthly redemption, as outlined in the relevant fund governing documents. Such redemption rights may include limitations on the amounts that may be redeemed in a given period, may only allow for redemption following the expiration of a specified period of time, or may be withdrawn subject to a redemption fee during the period when capital may not be withdrawn. As a result, amounts relating to third party interests in such consolidated funds are presented as Redeemable Non-Controlling Interests in Consolidated Entities within the Condensed Consolidated Statements of Financial Condition. When redeemable amounts become legally payable to investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition. For all consolidated funds in which redemption rights have not been granted, non-controlling interests are presented within Equity in the Condensed Consolidated Statements of Financial Condition as Non-Controlling Interests in Consolidated Entities.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Non-Controlling Interests in Blackstone Holdings

Non-Controlling Interests in Blackstone Holdings represent the component of Equity in the consolidated Blackstone Holdings Partnerships held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships.

Certain costs and expenses are borne directly by the Holdings Partnerships. Income (Loss), excluding those costs directly borne by and attributable to the Holdings Partnerships, is attributable to Non-Controlling Interests in Blackstone Holdings. This residual attribution is based on the year to date average percentage of Blackstone Holdings Partnership Units and unvested participating Holdings Partnership Units held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships. Unvested participating Holdings Partnership Units are excluded from the attribution in periods of loss as they are not contractually obligated to share in losses of the Holdings Partnerships.

Income Taxes

Provision of Income Taxes

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities, resulting in all pretax amounts being appropriately tax effected in the period, irrespective of which tax return year items will be reflected. Blackstone reports interest expense and tax penalties related to income tax matters in provision for income taxes.

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce the deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets are separately stated, and deferred tax liabilities are included in Accounts Payable, Accrued Expenses, and Other Liabilities in the financial statements.

Unrecognized Tax Benefits

Blackstone recognizes tax positions in the condensed consolidated financial statements when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit what will more likely than not be realized on settlement. A liability is established for differences between positions taken in the return and amounts recognized in the condensed consolidated financial statements.

Net Income (Loss) Per Share of Common Stock

Basic Income (Loss) Per Share of Common Stock is calculated by dividing Net Income (Loss) Attributable to Blackstone Inc. by the weighted-average shares of common stock, unvested participating shares of common stock outstanding for the period and vested deferred restricted shares of common stock that have been earned for which issuance of the related shares of common stock is deferred until future periods. Diluted Income (Loss) Per Share of Common Stock reflects the impact of all dilutive securities. Unvested participating shares of common stock are excluded from the computation in periods of loss as they are not contractually obligated to share in losses.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Blackstone applies the treasury stock method to determine the dilutive weighted-average common shares outstanding for certain equity-based compensation awards. Blackstone applies the “if-converted” method to the Blackstone Holdings Partnership Units to determine the dilutive impact, if any, of the exchange right included in the Blackstone Holdings Partnership Units. Blackstone applies the contingently issuable share model to contracts that may require the issuance of shares.

Reverse Repurchase and Repurchase Agreements

Securities purchased under agreements to resell (“reverse repurchase agreements”) and securities sold under agreements to repurchase (“repurchase agreements”), comprised primarily of U.S. and non-U.S. government and agency securities, asset-backed securities and corporate debt, represent collateralized financing transactions. Such transactions are recorded in the Condensed Consolidated Statements of Financial Condition at their contractual amounts and include accrued interest. The carrying value of reverse repurchase and repurchase agreements approximates fair value.

Blackstone manages credit exposure arising from reverse repurchase agreements and repurchase agreements by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide Blackstone, in the event of a counterparty default, the right to liquidate collateral and the right to offset a counterparty’s rights and obligations.

Blackstone takes possession of securities purchased under reverse repurchase agreements and is permitted to repledge, deliver or otherwise use such securities. Blackstone also pledges its financial instruments to counterparties to collateralize repurchase agreements. Financial instruments pledged that can be repledged, delivered or otherwise used by the counterparty are recorded in Investments in the Condensed Consolidated Statements of Financial Condition. Additional disclosures relating to repurchase agreements are discussed in Note 10. “Repurchase Agreements.”

Blackstone does not offset assets and liabilities relating to reverse repurchase agreements and repurchase agreements in its Condensed Consolidated Statements of Financial Condition. Additional disclosures relating to offsetting are discussed in Note 11. “Offsetting of Assets and Liabilities.”

Securities Sold, Not Yet Purchased

Securities Sold, Not Yet Purchased consist of equity and debt securities that Blackstone has borrowed and sold. Blackstone is required to “cover” its short sale in the future by purchasing the security at prevailing market prices and delivering it to the counterparty from which it borrowed the security. Blackstone is exposed to loss in the event that the price at which a security may have to be purchased to cover a short sale exceeds the price at which the borrowed security was sold short.

Securities Sold, Not Yet Purchased are recorded at fair value in the Condensed Consolidated Statements of Financial Condition.

Derivative Instruments

Blackstone recognizes all derivatives as assets or liabilities on its Condensed Consolidated Statements of Financial Condition at fair value. On the date Blackstone enters into a derivative contract, it designates and documents each derivative contract as one of the following: (a) a hedge of a recognized asset or liability (“fair value hedge”), (b) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”), (c) a hedge of a net investment in a foreign operation, or (d) a derivative instrument not designated as a hedging instrument (“freestanding derivative”).

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

For freestanding derivative contracts, Blackstone presents changes in fair value in current period earnings. Changes in the fair value of derivative instruments held by consolidated Blackstone Funds are reflected in Net Gains from Fund Investment Activities or, where derivative instruments are held by Blackstone, within Investment Income (Loss) in the Condensed Consolidated Statements of Operations. The fair value of freestanding derivative assets of the consolidated Blackstone Funds are recorded within Investments, the fair value of freestanding derivative assets that are not part of the consolidated Blackstone Funds are recorded within Other Assets and the fair value of freestanding derivative liabilities are recorded within Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition.

Blackstone has elected to not offset derivative assets and liabilities or financial assets in its Condensed Consolidated Statements of Financial Condition, including cash, that may be received or paid as part of collateral arrangements, even when an enforceable master netting agreement is in place that provides Blackstone, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

Blackstone's other disclosures regarding derivative financial instruments are discussed in Note 6. "Derivative Financial Instruments."

Blackstone's disclosures regarding offsetting are discussed in Note 11. "Offsetting of Assets and Liabilities."

Affiliates

Blackstone considers its Founder, senior managing directors, employees, the Blackstone Funds and the Portfolio Companies to be affiliates.

Dividends

Dividends are reflected in the condensed consolidated financial statements when declared.

3. Intangible Assets

Intangible Assets, Net consists of the following:

	September 30, 2022	December 31, 2021
Finite-Lived Intangible Assets/Contractual Rights	\$ 1,745,376	\$ 1,745,376
Accumulated Amortization	(1,513,280)	(1,460,992)
Intangible Assets, Net	<u>\$ 232,096</u>	<u>\$ 284,384</u>

Amortization expense associated with Blackstone's intangible assets was \$14.9 million and \$52.3 million for the three and nine month periods ended September 30, 2022, respectively, and \$18.7 million and \$56.2 million for the three and nine month periods ended September 30, 2021, respectively.

Amortization of Intangible Assets held at September 30, 2022 is expected to be \$67.1 million, \$38.1 million, \$30.5 million, \$30.5 million, and \$30.4 million for each of the years ending December 31, 2022, 2023, 2024, 2025 and 2026, respectively. Blackstone's Intangible Assets as of September 30, 2022 are expected to amortize over a weighted-average period of 7.2 years.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

4. Investments

Investments consist of the following:

	September 30, 2022	December 31, 2021
Investments of Consolidated Blackstone Funds	\$ 3,828,497	\$ 2,018,829
Equity Method Investments		
Partnership Investments	5,566,645	5,635,212
Accrued Performance Allocations	12,938,888	17,096,873
Corporate Treasury Investments	799,016	658,066
Other Investments	3,123,102	3,256,063
	<u>\$ 26,256,148</u>	<u>\$ 28,665,043</u>

Blackstone's share of Investments of Consolidated Blackstone Funds totaled \$444.5 million and \$375.8 million at September 30, 2022 and December 31, 2021, respectively.

Where appropriate, the accounting for Blackstone's investments incorporates the changes in fair value of those investments as determined under GAAP. The significant inputs and assumptions required to determine the change in fair value of the investments of Consolidated Blackstone Funds, Corporate Treasury Investments and Other Investments are discussed in more detail in Note 8. "Fair Value Measurements of Financial Instruments."

Investments of Consolidated Blackstone Funds

The following table presents the Realized and Net Change in Unrealized Gains (Losses) on investments held by the consolidated Blackstone Funds and a reconciliation to Other Income (Loss) – Net Gains (Losses) from Fund Investment Activities in the Condensed Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Gains	\$ 17,083	\$ 37,697	\$ 128,952	\$ 99,692
Net Change in Unrealized Gains (Losses)	(30,603)	86,303	(216,198)	259,259
Realized and Net Change in Unrealized Gains (Losses) from Consolidated Blackstone Funds	(13,520)	124,000	(87,246)	358,951
Interest and Dividend Revenue and Foreign Exchange Gains Attributable to Consolidated Blackstone Funds	14,698	8,312	34,974	20,830
Other Income (Loss) – Net Gains (Losses) from Fund Investment Activities	<u>\$ 1,178</u>	<u>\$ 132,312</u>	<u>\$ (52,272)</u>	<u>\$ 379,781</u>

Equity Method Investments

Blackstone's equity method investments include Partnership Investments, which represent the pro-rata investments, and any associated Accrued Performance Allocations, in Blackstone Funds, excluding any equity method investments for which the fair value option has been elected. Blackstone evaluates each of its equity method investments, excluding Accrued Performance Allocations, to determine if any were significant as defined by guidance from the United States Securities and Exchange Commission. As of and for the nine months ended September 30, 2022 and 2021, no individual equity method investment held by Blackstone met the significance criteria. As such, Blackstone is not required to present separate financial statements for any of its equity method investments.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Partnership Investments

Blackstone recognized net gains (losses) related to its Partnership Investments accounted for under the equity method of \$19.8 million and \$469.0 million for the three months ended September 30, 2022 and 2021, respectively. Blackstone recognized net gains (losses) related to its equity method investments of \$217.4 million and \$1.6 billion for the nine months ended September 30, 2022 and 2021, respectively.

Accrued Performance Allocations

Accrued Performance Allocations to Blackstone were as follows:

	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
Accrued Performance Allocations, December 31, 2021	\$ 8,471,754	\$ 7,550,468	\$ 456,405	\$ 618,246	\$ 17,096,873
Performance Allocations as a Result of Changes in Fund Fair Values	2,576,432	(544,705)	82,702	74,207	2,188,636
Foreign Exchange Loss	(187,767)	—	—	—	(187,767)
Impact of Consolidation	2,066	—	—	—	2,066
Fund Distributions	(4,855,678)	(1,095,032)	(61,347)	(148,863)	(6,160,920)
Accrued Performance Allocations, September 30, 2022	<u>\$ 6,006,807</u>	<u>\$ 5,910,731</u>	<u>\$ 477,760</u>	<u>\$ 543,590</u>	<u>\$ 12,938,888</u>

Corporate Treasury Investments

The portion of corporate treasury investments included in Investments represents Blackstone's investments into primarily fixed income securities, mutual fund interests, and other fund interests. These strategies are managed by a combination of Blackstone personnel and third party advisors. The following table presents the Realized and Net Change in Unrealized Gains (Losses) on these investments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Gains (Losses)	\$ (2,857)	\$ (359)	\$ (23,474)	\$ 5,526
Net Change in Unrealized Gains (Losses)	(16,196)	3,196	(63,779)	42,648
	<u>\$ (19,053)</u>	<u>\$ 2,837</u>	<u>\$ (87,253)</u>	<u>\$ 48,174</u>

Other Investments

Other Investments consist of equity method investments where Blackstone has elected the fair value option and other proprietary investment securities held by Blackstone, including equity securities carried at fair value, equity investments without readily determinable fair values, and subordinated notes in non-consolidated CLO vehicles. Equity securities carried at fair value include the ownership of common stock of Corebridge Financial, Inc., formerly known as American International Group, Inc.'s Life and Retirement business ("Corebridge"). Such common stock is subject to certain phased lock-up restrictions that expire over time through five years after the initial public offering ("IPO") of Corebridge. Equity investments without a readily determinable fair value had a

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

carrying value of \$362.7 million as of September 30, 2022. In the period of acquisition and upon remeasurement in connection with an observable transaction, such investments are reported at fair value. See Note 8. "Fair Value Measurements of Financial Instruments" for additional detail. The following table presents Blackstone's Realized and Net Change in Unrealized Gains (Losses) in Other Investments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Gains	\$ 83,269	\$ 100,289	\$ 200,610	\$ 129,711
Net Change in Unrealized Gains (Losses)	(970,654)	(51,380)	(1,121,924)	234,187
	<u>\$ (887,385)</u>	<u>\$ 48,909</u>	<u>\$ (921,314)</u>	<u>\$ 363,898</u>

5. Net Asset Value as Fair Value

A summary of fair value by strategy type and ability to redeem such investments as of September 30, 2022 is presented below:

Strategy (a)	Fair Value	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity	\$ 414,240	(b)	(b)
Real Estate	113,527	(c)	(c)
Credit Driven	26,790	(d)	(d)
Commodities	1,119	(e)	(e)
Diversified Instruments	17	(f)	(f)
	<u>\$ 555,693</u>		

(a) As of September 30, 2022, Blackstone had no unfunded commitments.

(b) The Equity category includes investments in hedge funds that invest primarily in domestic and international equity securities. Investments representing 48% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date. Investments representing 52% of the fair value of the investments in this category are redeemable as of the reporting date. Investments representing less than 1% of the fair value of the investments in this category are in liquidation. As of the reporting date, the investee fund manager had elected to side pocket less than 1% of Blackstone's investments in the category.

(c) The Real Estate category includes investments in funds that primarily invest in real estate assets. Investments representing 100% of fair value of the investments in this category are redeemable as of the reporting date.

(d) The Credit Driven category includes investments in hedge funds that invest primarily in domestic and international bonds. Investments representing 84% of the fair value of the investments in this category are in liquidation. The remaining 16% of investments in this category may not be redeemed at, or within three months of, the reporting date.

(e) The Commodities category includes investments in commodities-focused funds that primarily invest in futures and physical-based commodity driven strategies. Investments representing 100% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date.

(f) Diversified Instruments include investments in funds that invest across multiple strategies. Investments representing 100% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

6. Derivative Financial Instruments

Blackstone and the consolidated Blackstone Funds enter into derivative contracts in the normal course of business to achieve certain risk management objectives and for general investment purposes. Blackstone may enter into derivative contracts in order to hedge its interest rate risk exposure against the effects of interest rate changes. Additionally, Blackstone may also enter into derivative contracts in order to hedge its foreign currency risk exposure against the effects of a portion of its non-U.S. dollar denominated currency net investments. As a result of the use of derivative contracts, Blackstone and the consolidated Blackstone Funds are exposed to the risk that counterparties will fail to fulfill their contractual obligations. To mitigate such counterparty risk, Blackstone and the consolidated Blackstone Funds enter into contracts with certain major financial institutions, all of which have investment grade ratings. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

Freestanding Derivatives

Freestanding derivatives are instruments that Blackstone and certain of the consolidated Blackstone Funds have entered into as part of their overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include interest rate swaps, foreign exchange contracts, equity swaps, options, futures and other derivative contracts.

The table below summarizes the aggregate notional amount and fair value of the derivative financial instruments. The notional amount represents the absolute value amount of all outstanding derivative contracts.

	September 30, 2022				December 31, 2021			
	Assets		Liabilities		Assets		Liabilities	
	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Freestanding Derivatives								
Blackstone								
Interest Rate Contracts	\$ 768,540	\$ 235,304	\$ 613,000	\$ 72,813	\$ 609,132	\$ 143,349	\$ 692,442	\$ 138,677
Foreign Currency Contracts	350,407	20,472	518,732	20,804	217,161	1,858	572,643	6,143
Total Return Swaps	31,665	1,092	—	—	—	—	—	—
Credit Default Swaps	2,007	396	9,463	1,487	2,007	194	9,916	1,055
	<u>1,152,619</u>	<u>257,264</u>	<u>1,141,195</u>	<u>95,104</u>	<u>828,300</u>	<u>145,401</u>	<u>1,275,001</u>	<u>145,875</u>
Investments of Consolidated Blackstone Funds								
Foreign Currency Contracts	115,331	3,094	—	—	20,764	339	54,300	370
Interest Rate Contracts	551,842	78,200	—	—	—	—	14,000	764
Credit Default Swaps	132	23	3,545	615	3,401	321	22,865	799
	<u>667,305</u>	<u>81,317</u>	<u>3,545</u>	<u>615</u>	<u>24,165</u>	<u>660</u>	<u>91,165</u>	<u>1,933</u>
	<u>\$ 1,819,924</u>	<u>\$ 338,581</u>	<u>\$ 1,144,740</u>	<u>\$ 95,719</u>	<u>\$ 852,465</u>	<u>\$ 146,061</u>	<u>\$ 1,366,166</u>	<u>\$ 147,808</u>

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The table below summarizes the impact to the Condensed Consolidated Statements of Operations from derivative financial instruments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Freestanding Derivatives				
Realized Gains (Losses)				
Interest Rate Contracts	\$ 7,740	\$ (4,181)	\$ 13,018	\$ (2,883)
Foreign Currency Contracts	(2,206)	(4,812)	(6,981)	(389)
Credit Default Swaps	(115)	10	13	(980)
Total Return Swaps	—	161	—	(1,254)
Other	—	—	—	(40)
	5,419	(8,822)	6,050	(5,546)
Net Change in Unrealized Gains (Losses)				
Interest Rate Contracts	113,623	27,025	221,300	72,210
Foreign Currency Contracts	(22,626)	6,807	(25,232)	3,431
Credit Default Swaps	131	106	(289)	948
Total Return Swaps	526	—	526	2,130
Other	—	—	—	(20)
	91,654	33,938	196,305	78,699
	\$ 97,073	\$ 25,116	\$ 202,355	\$ 73,153

As of September 30, 2022 and December 31, 2021, Blackstone had not designated any derivatives as fair value, cash flow or net investment hedges.

7. Fair Value Option

The following table summarizes the financial instruments for which the fair value option has been elected:

	September 30, 2022	December 31, 2021
Assets		
Loans and Receivables	\$ 543,397	\$ 392,732
Equity and Preferred Securities	1,551,593	516,539
Debt Securities	144,010	183,877
	<u>\$ 2,239,000</u>	<u>\$ 1,093,148</u>
Liabilities		
Corporate Treasury Commitments	<u>\$ 9,872</u>	<u>\$ 636</u>

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following tables present the Realized and Net Change in Unrealized Gains (Losses) on financial instruments on which the fair value option was elected:

	Three Months Ended September 30,			
	2022		2021	
	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets				
Loans and Receivables	\$ (3,246)	\$ 1,050	\$ (2,631)	\$ (509)
Equity and Preferred Securities	3,719	(45,301)	989	2,914
Debt Securities	(5,056)	(4,418)	909	(2,303)
	<u>\$ (4,583)</u>	<u>\$ (48,669)</u>	<u>\$ (733)</u>	<u>\$ 102</u>
Liabilities				
Corporate Treasury Commitments	<u>\$ —</u>	<u>\$ (1,175)</u>	<u>\$ —</u>	<u>\$ 80</u>

	Nine Months Ended September 30,			
	2022		2021	
	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets				
Loans and Receivables	\$ (6,663)	\$ (4,309)	\$ (10,527)	\$ 4,574
Equity and Preferred Securities	16,020	(58,239)	19,433	43,315
Debt Securities	(9,423)	(32,627)	10,879	(6,538)
	<u>\$ (66)</u>	<u>\$ (95,175)</u>	<u>\$ 19,785</u>	<u>\$ 41,351</u>
Liabilities				
Corporate Treasury Commitments	<u>\$ —</u>	<u>\$ (9,236)</u>	<u>\$ —</u>	<u>\$ (113)</u>

The following table presents information for those financial instruments for which the fair value option was elected:

	September 30, 2022			December 31, 2021		
	For Financial Assets Past Due			For Financial Assets Past Due		
	(Deficiency) of Fair Value Over Principal	Fair Value	(Deficiency) of Fair Value Over Principal	(Deficiency) of Fair Value Over Principal	Fair Value	Excess of Fair Value Over Principal
Loans and Receivables	\$ (7,061)	\$ —	\$ —	\$ (2,748)	\$ —	\$ —
Debt Securities	(63,609)	1,830	(244)	(29,475)	—	—
	<u>\$ (70,670)</u>	<u>\$ 1,830</u>	<u>\$ (244)</u>	<u>\$ (32,223)</u>	<u>\$ —</u>	<u>\$ —</u>

As of September 30, 2022 and December 31, 2021, no Loans and Receivables for which the fair value option was elected were past due or in non-accrual status.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

8. Fair Value Measurements of Financial Instruments

The following tables summarize the valuation of Blackstone's financial assets and liabilities by the fair value hierarchy:

	September 30, 2022				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents	\$ 296,066	\$ —	\$ —	\$ —	\$ 296,066
Investments					
Investments of Consolidated Blackstone Funds					
Equity Securities, Partnerships and LLC Interests (a)	44,358	113,964	2,670,684	550,304	3,379,310
Debt Instruments	936	214,839	152,095	—	367,870
Freestanding Derivatives	—	81,317	—	—	81,317
Total Investments of Consolidated Blackstone Funds	45,294	410,120	2,822,779	550,304	3,828,497
Corporate Treasury Investments	113,924	680,925	4,167	—	799,016
Other Investments (b)	1,460,605	1,272,568	35,028	5,389	2,773,590
Total Investments	1,619,823	2,363,613	2,861,974	555,693	7,401,103
Accounts Receivable - Loans and Receivables	—	—	543,397	—	543,397
Other Assets - Freestanding Derivatives	2,084	254,088	1,092	—	257,264
	<u>\$ 1,917,973</u>	<u>\$ 2,617,701</u>	<u>\$ 3,406,463</u>	<u>\$ 555,693</u>	<u>\$ 8,497,830</u>
Liabilities					
Securities Sold, Not Yet Purchased	\$ 3,812	\$ 22,971	\$ —	\$ —	\$ 26,783
Accounts Payable, Accrued Expenses and Other Liabilities					
Consolidated Blackstone Funds - Freestanding Derivatives	—	615	—	—	615
Freestanding Derivatives	260	94,844	—	—	95,104
Corporate Treasury Commitments (c)	—	—	9,872	—	9,872
Total Accounts Payable, Accrued Expenses and Other Liabilities	260	95,459	9,872	—	105,591
	<u>\$ 4,072</u>	<u>\$ 118,430</u>	<u>\$ 9,872</u>	<u>\$ —</u>	<u>\$ 132,374</u>

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	December 31, 2021				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents	\$ 173,408	\$ —	\$ —	\$ —	\$ 173,408
Investments					
Investments of Consolidated Blackstone Funds					
Equity Securities, Partnerships and LLC Interests (a)	70,484	122,068	1,170,362	382,267	1,745,181
Debt Instruments	642	242,393	29,953	—	272,988
Freestanding Derivatives	—	660	—	—	660
Total Investments of Consolidated Blackstone Funds	71,126	365,121	1,200,315	382,267	2,018,829
Corporate Treasury Investments	86,877	570,712	477	—	658,066
Other Investments (b)	478,892	210,752	2,518,032	4,845	3,212,521
Total Investments	636,895	1,146,585	3,718,824	387,112	5,889,416
Accounts Receivable - Loans and Receivables	—	—	392,732	—	392,732
Other Assets - Freestanding Derivatives	113	145,288	—	—	145,401
	<u>\$ 810,416</u>	<u>\$ 1,291,873</u>	<u>\$ 4,111,556</u>	<u>\$ 387,112</u>	<u>\$ 6,600,957</u>
Liabilities					
Securities Sold, Not Yet Purchased	\$ 4,292	\$ 23,557	\$ —	\$ —	\$ 27,849
Accounts Payable, Accrued Expenses and Other Liabilities					
Consolidated Blackstone Funds - Freestanding Derivatives	—	1,933	—	—	1,933
Freestanding Derivatives	323	145,552	—	—	145,875
Corporate Treasury Commitments (c)	—	—	636	—	636
Total Accounts Payable, Accrued Expenses and Other Liabilities	323	147,485	636	—	148,444
	<u>\$ 4,615</u>	<u>\$ 171,042</u>	<u>\$ 636</u>	<u>\$ —</u>	<u>\$ 176,293</u>

LLC Limited Liability Company.

- (a) Equity Securities, Partnership and LLC Interest includes investments in investment funds. Prior period amounts have been reclassified to this presentation.
- (b) Other Investments includes Blackstone's ownership of common stock of Corebridge. Following Corebridge's IPO in September 2022, a quoted price for Corebridge's common shares exists and as such the investment will be measured at fair value on a recurring basis as a Level I investment. Blackstone's investment in Corebridge was previously valued as a Level III investment on a nonrecurring basis using the measurement alternative.
- (c) Corporate Treasury Commitments are measured using third party pricing.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of September 30, 2022:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)	Impact to Valuation from an Increase in Input
Financial Assets						
Investments of Consolidated Blackstone Funds						
Equity Securities, Partnership and LLC Interests	\$ 2,670,684	Discounted Cash Flows	Discount Rate	4.1% - 37.9%	8.6%	Lower
			Exit Multiple - EBITDA	4.0x - 31.4x	15.1x	Higher
			Exit Capitalization Rate	2.8% - 14.5%	4.5%	Lower
Debt Instruments	152,095	Third Party Pricing	n/a			
		Transaction Price	n/a			
Total Investments of Consolidated Blackstone Funds	2,822,779					
Corporate Treasury Investments	4,167	Third Party Pricing	n/a			
Loans and Receivables	543,397	Discounted Cash Flows	Discount Rate	6.6% - 11.6%	9.6%	Lower
Other Investments (b)	36,120	Third Party Pricing	n/a			
		Transaction Price	n/a			
	<u>\$ 3,406,463</u>					

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of December 31, 2021:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)	Impact to Valuation from an Increase in Input
Financial Assets						
Investments of Consolidated Blackstone Funds						
Equity Securities, Partnership and LLC Interests	\$ 1,170,362	Discounted Cash Flows	Discount Rate	1.3% - 43.3%	10.4%	Lower
			Exit Multiple - EBITDA	3.7x - 31.4x	14.7x	Higher
			Exit Capitalization Rate	1.3% - 17.3%	4.9%	Lower
Debt Instruments	29,953	Discounted Cash Flows	Discount Rate	6.5% - 19.3%	9.0%	Lower
		Third Party Pricing	n/a			
Total Investments of Consolidated Blackstone Funds	1,200,315					
Corporate Treasury Investments	477	Discounted Cash Flows	Discount Rate	9.4%	n/a	Lower
		Third Party Pricing	n/a			
Loans and Receivables	392,732	Discounted Cash Flows	Discount Rate	6.5% - 12.2%	7.6%	Lower
Other Investments	2,518,032	Third Party Pricing	n/a			
		Transaction Price	n/a			
	<u>\$ 4,111,556</u>					

n/a	Not applicable.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Exit Multiple	Ranges include the last twelve months EBITDA and forward EBITDA multiples.
Third Party Pricing	Third Party Pricing is generally determined on the basis of unadjusted prices between market participants provided by reputable dealers or pricing services.
Transaction Price	Includes recent acquisitions or transactions.
(a)	Unobservable inputs were weighted based on the fair value of the investments included in the range.
(b)	As of September 30, 2022, Other Investments includes Level III Freestanding Derivatives.

For the nine months ended September 30, 2022, there have been no changes in valuation techniques within Level II and Level III that have had a material impact on the valuation of financial instruments.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following tables summarize the changes in financial assets and liabilities measured at fair value for which Blackstone has used Level III inputs to determine fair value and does not include gains or losses that were reported in Level III in prior years or for instruments that were transferred out of Level III prior to the end of the respective reporting period. These tables also exclude financial assets and liabilities measured at fair value on a non-recurring basis. Total realized and unrealized gains and losses recorded for Level III investments are reported in either Investment Income (Loss) or Net Gains from Fund Investment Activities in the Condensed Consolidated Statements of Operations.

Level III Financial Assets at Fair Value Three Months Ended September 30,								
2022					2021			
	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total
Balance, Beginning of Period	\$ 2,791,812	\$ 534,105	\$ 38,603	\$ 3,364,520	\$ 982,984	\$ 223,796	\$ 73,475	\$ 1,280,255
Transfer In Due to Consolidation and Acquisition	—	—	—	—	—	—	—	—
Transfer Into Level III (b)	2,466	—	1,610	4,076	—	—	8,018	8,018
Transfer Out of Level III (b)	(6,293)	—	(4,043)	(10,336)	(18,239)	—	(14,400)	(32,639)
Purchases	195,133	229,502	1,124	425,759	85,581	326,937	191,610	604,128
Sales	(2,280)	(217,173)	(51)	(219,504)	(56,063)	(333,041)	(13,250)	(402,354)
Issuances	—	6,437	—	6,437	—	24,138	—	24,138
Settlements	—	(12,688)	566	(12,122)	—	(1,093)	—	(1,093)
Changes in Gains (Losses) Included in Earnings	(158,059)	3,214	1,577	(153,268)	104,691	(971)	1,950	105,670
Balance, End of Period	\$ 2,822,779	\$ 543,397	\$ 39,386	\$ 3,405,562	\$ 1,098,954	\$ 239,766	\$ 247,403	\$ 1,586,123
Changes in Unrealized Gains (Losses) Included in Earnings Related to Financial Assets Still Held at the Reporting Date	\$ (53,588)	\$ (3,010)	\$ 1,591	\$ (55,007)	\$ 96,160	\$ (3,732)	\$ 1,940	\$ 94,368

Level III Financial Assets at Fair Value Nine Months Ended September 30,								
2022					2021			
	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total
Balance, Beginning of Period	\$ 1,200,315	\$ 392,732	\$ 43,987	\$ 1,637,034	\$ 858,310	\$ 581,079	\$ 46,158	\$ 1,485,547
Transfer In Due to Consolidation and Acquisition	1,535,171	—	—	1,535,171	—	—	—	—
Transfer Into Level III (b)	2,518	—	2,517	5,035	302	—	8,018	8,320
Transfer Out of Level III (b)	(111,824)	—	(4,043)	(115,867)	(105,547)	—	(14,400)	(119,947)
Purchases	522,941	674,286	8,622	1,205,849	265,947	683,700	225,070	1,174,717
Sales	(169,710)	(522,198)	(2,864)	(694,772)	(178,397)	(1,034,253)	(19,414)	(1,232,064)
Issuances	—	30,336	—	30,336	—	43,478	—	43,478
Settlements (c)	—	(34,706)	566	(34,140)	—	(46,649)	—	(46,649)
Changes in Gains (Losses) Included in Earnings	(156,632)	2,947	(9,399)	(163,084)	258,339	12,411	1,971	272,721
Balance, End of Period	\$ 2,822,779	\$ 543,397	\$ 39,386	\$ 3,405,562	\$ 1,098,954	\$ 239,766	\$ 247,403	\$ 1,586,123
Changes in Unrealized Gains (Losses) Included in Earnings Related to Financial Assets Still Held at the Reporting Date	\$ (41,596)	\$ (10,940)	\$ (9,476)	\$ (62,012)	\$ 222,541	\$ (6,842)	\$ 1,919	\$ 217,618

- (a) Represents freestanding derivatives, corporate treasury investments and Other Investments.
- (b) Transfers in and out of Level III financial assets and liabilities were due to changes in the observability of inputs used in the valuation of such assets and liabilities.
- (c) For Freestanding Derivatives included within Other Investments, Settlements includes all ongoing contractual cash payments made or received over the life of the instrument.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

9. Variable Interest Entities

Pursuant to GAAP consolidation guidance, Blackstone consolidates certain VIEs for which it is the primary beneficiary either directly or indirectly, through a consolidated entity or affiliate. VIEs include certain private equity, real estate, credit-focused or funds of hedge funds entities and CLO vehicles. The purpose of such VIEs is to provide strategy specific investment opportunities for investors in exchange for management and performance-based fees. The investment strategies of the Blackstone Funds differ by product; however, the fundamental risks of the Blackstone Funds are similar, including loss of invested capital and loss of management fees and performance-based fees. In Blackstone's role as general partner, collateral manager or investment adviser, it generally considers itself the sponsor of the applicable Blackstone Fund. Blackstone does not provide performance guarantees and has no other financial obligation to provide funding to consolidated VIEs other than its own capital commitments.

The assets of consolidated variable interest entities may only be used to settle obligations of these entities. In addition, there is no recourse to Blackstone for the consolidated VIEs' liabilities.

Blackstone holds variable interests in certain VIEs which are not consolidated as it is determined that Blackstone is not the primary beneficiary. Blackstone's involvement with such entities is in the form of direct and indirect equity interests and fee arrangements. The maximum exposure to loss represents the loss of assets recognized by Blackstone relating to non-consolidated VIEs and any clawback obligation relating to previously distributed Performance Allocations. Blackstone's maximum exposure to loss relating to non-consolidated VIEs were as follows:

	September 30, 2022	December 31, 2021
Investments	\$ 3,290,254	\$ 3,337,757
Due from Affiliates	374,215	179,939
Potential Clawback Obligation	53,776	44,327
Maximum Exposure to Loss	<u>\$ 3,718,245</u>	<u>\$ 3,562,023</u>
Amounts Due to Non-Consolidated VIEs	<u>\$ 107</u>	<u>\$ 105</u>

10. Repurchase Agreements

At September 30, 2022 and December 31, 2021, Blackstone pledged securities with a carrying value of \$313.1 million and \$63.0 million, respectively, and cash to collateralize its repurchase agreements. Such securities can be repledged, delivered or otherwise used by the counterparty.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following tables provide information regarding Blackstone's Repurchase Agreements obligation by type of collateral pledged:

	September 30, 2022				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater than 90 days	Total
Repurchase Agreements					
Loans	\$ —	\$170,879	\$142,259	\$ —	\$313,138
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 11. "Offsetting of Assets and Liabilities"					\$313,138
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 11. "Offsetting of Assets and Liabilities"					\$ —

	December 31, 2021				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater than 90 days	Total
Repurchase Agreements					
Asset-Backed Securities	\$ —	\$ 15,980	\$ —	\$ —	\$ 15,980
Loans	—	—	42,000	—	42,000
	<u>\$ —</u>	<u>\$ 15,980</u>	<u>\$ 42,000</u>	<u>\$ —</u>	<u>\$ 57,980</u>
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 11. “Offsetting of Assets and Liabilities”					<u>\$ 57,980</u>
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 11. “Offsetting of Assets and Liabilities”					\$ —

11. Offsetting of Assets and Liabilities

The following tables present the offsetting of assets and liabilities as of September 30, 2022 and December 31, 2021:

September 30, 2022			
	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition	
		Financial Instruments (a)	Cash Collateral Received
			Net Amount
Assets			
Freestanding Derivatives	\$ 338,336	\$ 153,019	\$ 163,357
			\$ 21,960

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

September 30, 2022				
	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial	Cash Collateral	
		Instruments (a)	Pledged	
Liabilities				
Freestanding Derivatives	\$ 95,719	\$ 78,779	\$ 2,082	\$ 14,858
Repurchase Agreements	313,138	313,138	—	—
	<u>\$ 408,857</u>	<u>\$ 391,917</u>	<u>\$ 2,082</u>	<u>\$ 14,858</u>

December 31, 2021				
	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial	Cash Collateral	
		Instruments (a)	Received	
Assets				
Freestanding Derivatives	\$ 146,061	\$ 137,265	\$ 41	\$ 8,755

December 31, 2021				
	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial	Cash Collateral	
		Instruments (a)	Pledged	
Liabilities				
Freestanding Derivatives	\$ 147,666	\$ 118,552	\$ 1,347	\$ 27,767
Repurchase Agreements	57,980	57,980	—	—
	<u>\$ 205,646</u>	<u>\$ 176,532</u>	<u>\$ 1,347</u>	<u>\$ 27,767</u>

(a) Amounts presented are inclusive of both legally enforceable master netting agreements, and financial instruments received or pledged as collateral. Financial instruments received or pledged as collateral offset derivative counterparty risk exposure, but do not reduce net balance sheet exposure.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Repurchase Agreements are presented separately in the Condensed Consolidated Statements of Financial Condition. Freestanding Derivative assets are included in Other Assets in the Condensed Consolidated Statements of Financial Condition. The following table presents the components of Other Assets:

	September 30, 2022	December 31, 2021
Furniture, Equipment and Leasehold Improvements, Net	\$ 387,066	\$ 244,608
Prepaid Expenses	123,646	92,359
Freestanding Derivatives	257,264	145,401
Other	17,818	10,568
	<u>\$ 785,794</u>	<u>\$ 492,936</u>

Freestanding Derivative liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition.

Notional Pooling Arrangements

Blackstone has notional cash pooling arrangements with financial institutions for cash management purposes. These arrangements allow for cash withdrawals based upon aggregate cash balances on deposit at the same financial institution. Cash withdrawals cannot exceed aggregate cash balances on deposit. The net balance of cash on deposit and overdrafts is used as a basis for calculating net interest expense or income. As of September 30, 2022, the aggregate cash balance on deposit relating to the cash pooling arrangements was \$1.3 billion, which was offset and reported net of the accompanying overdraft of \$1.3 billion.

12. Borrowings

On November 3, 2022, Blackstone, through its indirect subsidiary Blackstone Holdings Finance Co. L.L.C. (the "Issuer"), issued \$600 million aggregate principal amount of 5.900% senior notes due November 3, 2027 (the "2027 Notes") and \$900 million aggregate principal amount of 6.200% senior notes due April 22, 2033 (the "2033 Notes" and, together with the 2027 Notes, the "Notes"). The Notes accrue interest from November 3, 2022. Interest on the 2027 Notes is payable semi-annually in arrears on May 3 and November 3 of each year commencing on May 3, 2023. Interest on the 2033 Notes is payable semi-annually in arrears on April 22 and October 22 of each year commencing on April 22, 2023.

All of Blackstone's outstanding senior notes, including the 2027 Notes and the 2033 Notes, are unsecured and unsubordinated obligations of the Issuer that are fully and unconditionally guaranteed by Blackstone Inc. and its indirect subsidiaries, Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. (the "Guarantors"). The guarantees are unsecured and unsubordinated obligations of the Guarantors. Transaction costs related to senior note issuances are capitalized and are amortized over the life of each respective note.

Blackstone, through the Issuer, has a \$4.1 billion revolving credit facility with Citibank, N.A., as administrative agent, and the lenders party thereto that matures on June 3, 2027.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table presents the general characteristics of each of Blackstone's notes as of September 30, 2022 and December 31, 2021, as well as their carrying value and fair value. The notes are included in Loans Payable within the Condensed Consolidated Statements of Financial Condition. Each of the notes were issued at a discount, accrue interest from the issue date thereof, and pay interest in arrears on a semi-annual basis or annual basis.

Senior Notes	September 30, 2022		December 31, 2021	
	Carrying Value	Fair Value (a)	Carrying Value	Fair Value (a)
4.750%, Due 2/15/2023	\$ 399,518	\$ 400,004	\$ 398,581	\$ 415,880
2.000%, Due 5/19/2025	297,850	284,103	338,275	362,078
1.000%, Due 10/5/2026	588,643	527,555	675,867	700,892
3.150%, Due 10/2/2027	298,009	269,586	297,738	317,610
1.625%, Due 8/5/2028	644,221	526,682	643,251	629,265
1.500%, Due 4/10/2029	591,300	498,802	678,085	720,062
2.500%, Due 1/10/2030	492,367	408,570	491,662	507,350
1.600%, Due 3/30/2031	495,877	368,685	495,541	467,750
2.000%, Due 1/30/2032	787,785	592,639	786,690	767,920
2.550%, Due 3/30/2032	495,093	393,590	—	—
3.500%, Due 6/1/2034	461,319	429,450	—	—
6.250%, Due 8/15/2042	239,109	251,298	238,914	361,775
5.000%, Due 6/15/2044	489,638	446,945	489,446	648,500
4.450%, Due 7/15/2045	344,514	289,174	344,412	426,195
4.000%, Due 10/2/2047	290,883	235,596	290,730	347,370
3.500%, Due 9/10/2049	392,216	286,052	392,089	431,240
2.800%, Due 9/30/2050	393,923	240,148	393,818	382,880
2.850%, Due 8/5/2051	543,123	334,945	542,963	531,355
3.200%, Due 1/30/2052	987,065	647,630	—	—
	<u>\$ 9,232,453</u>	<u>\$ 7,431,454</u>	<u>\$ 7,498,062</u>	<u>\$ 8,018,122</u>

(a) Effective September 30, 2022, fair value is determined by third party pricing services. Prior to this date, fair value was determined by broker quote and under both techniques, these notes would be classified as Level II within the fair value hierarchy.

Scheduled principal payments for borrowings as of September 30, 2022 were as follows:

	Operating Borrowings	Blackstone Fund Facilities	Total Borrowings
2022	\$ —	\$ —	\$ —
2023	400,000	—	400,000
2024	—	—	—
2025	294,060	30,627	324,687
2026	588,120	—	588,120
Thereafter	8,078,220	—	8,078,220
	<u>\$ 9,360,400</u>	<u>\$ 30,627</u>	<u>\$ 9,391,027</u>

13. Income Taxes

Blackstone's net deferred tax assets relate primarily to basis differences resulting from a step-up in tax basis of certain assets at the time of its conversion to a corporation, as well as ongoing exchanges of units for common shares by founders and partners. As of September 30, 2022, Blackstone had no material valuation allowance recorded against deferred tax assets.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Blackstone is subject to examination by the U.S. Internal Revenue Service and other taxing authorities where Blackstone has significant business operations such as the United Kingdom, and various state and local jurisdictions such as New York State and New York City. The tax years under examination vary by jurisdiction. Blackstone does not expect the completion of these audits to have a material impact on its financial condition, but it may be material to operating results for a particular period, depending on the operating results for that period. Blackstone believes the liability established for unrecognized tax benefits is adequate in relation to the potential for additional assessments. It is reasonably possible that changes in the balance of unrecognized tax benefits may occur within the next 12 months; however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on Blackstone's effective tax rate over the next 12 months.

As of September 30, 2022, the major jurisdictions and the earliest tax years that remain subject to examination are U.S. federal 2018, New York State 2015, New York City 2009, and the United Kingdom 2011.

14. Earnings Per Share and Stockholders' Equity

Earnings Per Share

Basic and diluted net income per share of common stock for the three and nine months ended September 30, 2022 and 2021 was calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Income for Per Share of Common Stock Calculations				
Net Income Attributable to Blackstone Inc., Basic and Diluted	\$ 2,296	\$ 1,401,895	\$ 1,189,777	\$ 4,458,919
Shares/Units Outstanding				
Weighted-Average Shares of Common Stock Outstanding, Basic	742,345,646	722,229,117	739,963,370	717,516,302
Weighted-Average Shares of Unvested Deferred Restricted Common Stock	149,886	203,982	308,877	402,113
Weighted-Average Shares of Common Stock Outstanding, Diluted	742,495,532	722,433,099	740,272,247	717,918,415
Net Income Per Share of Common Stock				
Basic	\$ —	\$ 1.94	\$ 1.61	\$ 6.21
Diluted	\$ —	\$ 1.94	\$ 1.61	\$ 6.21
Dividends Declared Per Share of Common Stock (a)	\$ 1.27	\$ 0.70	\$ 4.04	\$ 2.48

(a) Dividends declared reflects the calendar date of the declaration for each distribution.

In computing the dilutive effect that the exchange of Blackstone Holdings Partnership Units would have on Net Income Per Share of Common Stock, Blackstone considered that net income available to holders of shares of common stock would increase due to the elimination of non-controlling interests in Blackstone Holdings, inclusive of any tax impact. The hypothetical conversion may be dilutive to the extent there is activity at the Blackstone Inc. level that has not previously been attributed to the non-controlling interests or if there is a change in tax rate as a result of a hypothetical conversion.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table summarizes the anti-dilutive securities for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Weighted-Average Blackstone Holdings Partnership Units	465,522,745	484,991,263	466,703,389	488,880,363

Stockholders' Equity

In connection with the share reclassification, effective February 26, 2021, the Certificate of Incorporation of Blackstone was amended and restated to: (a) rename the Class A common stock as "common stock," which has the same rights and powers (including, without limitation, with respect to voting) that Blackstone's Class A common stock formerly had, (b) reclassify the "Class B common stock" into a new "Series I preferred stock," which has the same rights and powers that the Class B common stock formerly had, and (c) reclassify the Class C common stock into a new "Series II preferred stock," which has the same rights and powers that the Class C common stock formerly had. In connection with such share reclassification, Blackstone authorized 10 billion shares of preferred stock with a par value of \$0.00001, of which (a) 999,999,000 shares are designated as Series I preferred stock and (b) 1,000 shares are designated as Series II preferred stock. The remaining 9 billion shares may be designated from time to time in accordance with Blackstone's certificate of incorporation. There was 1 share of Series I preferred stock and 1 share of Series II preferred stock issued and outstanding as of September 30, 2022.

Under Blackstone's certificate of incorporation and Delaware law, holders of Blackstone's common stock are entitled to vote, together with holders of Blackstone's Series I preferred stock, voting as a single class, on a number of significant matters, including certain sales, exchanges or other dispositions of all or substantially all of Blackstone's assets, a merger, consolidation or other business combination, the removal of the Series II Preferred Stockholder and forced transfer by the Series II Preferred Stockholder of its shares of Series II preferred stock and the designation of a successor Series II Preferred Stockholder. The Series II Preferred Stockholder elects Blackstone's directors. Holders of Blackstone's Series I preferred stock and Series II preferred stock are not entitled to dividends from Blackstone, or receipt of any of Blackstone's assets in the event of any dissolution, liquidation or winding up. Blackstone Partners L.L.C. is the sole holder of the Series I preferred stock and Blackstone Group Management L.L.C. is the sole holder of the Series II preferred stock.

Share Repurchase Program

On December 7, 2021, Blackstone's board of directors authorized the repurchase of up to \$2.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual numbers repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the three and nine months ended September 30, 2022, Blackstone repurchased 2.0 million and 3.9 million shares of common stock at a total cost of \$196.6 million and \$392.0 million, respectively. During the three and nine months ended September 30, 2021, Blackstone repurchased 2.9 million and 6.0 million shares of common stock at a total cost of \$355.9 million and \$644.9 million, respectively. As of September 30, 2022, the amount remaining available for repurchases under the program was \$1.1 billion.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Shares Eligible for Dividends and Distributions

As of September 30, 2022, the total shares of common stock and Blackstone Holdings Partnership Units entitled to participate in dividends and distributions were as follows:

	Shares/Units
Common Stock Outstanding (a)	708,995,155
Unvested Participating Common Stock	32,557,230
Total Participating Common Stock	741,552,385
Participating Blackstone Holdings Partnership Units	464,951,386
	<u>1,206,503,771</u>

(a) Common Stock Outstanding differs from the Condensed Consolidated Statement of Financial Condition due to effect of share repurchases that were initiated before September 30, 2022, but were not retired until after September 30, 2022.

15. Equity-Based Compensation

Blackstone has granted equity-based compensation awards to Blackstone's senior managing directors, non-partner professionals, non-professionals and selected external advisers under Blackstone's Amended and Restated 2007 Equity Incentive Plan (the "Equity Plan"). The Equity Plan allows for the granting of options, share appreciation rights or other share-based awards (shares, restricted shares, restricted shares of common stock, deferred restricted shares of common stock, phantom restricted shares of common stock or other share-based awards based in whole or in part on the fair value of shares of common stock or Blackstone Holdings Partnership Units) which may contain certain service or performance requirements. As of January 1, 2022, Blackstone had the ability to grant 171,096,250 shares under the Equity Plan.

For the three and nine months ended September 30, 2022, Blackstone recorded compensation expense of \$206.6 million and \$636.5 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$54.6 million and \$127.5 million, respectively. For the three and nine months ended September 30, 2021, Blackstone recorded compensation expense of \$148.7 million and \$454.1 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$19.4 million and \$60.1 million, respectively.

As of September 30, 2022, there was \$2.0 billion of estimated unrecognized compensation expense related to unvested awards, including compensation with performance conditions where it is probable that the performance condition will be met. This cost is expected to be recognized over a weighted-average period of 3.7 years.

Total vested and unvested outstanding shares, including common stock, Blackstone Holdings Partnership Units and deferred restricted shares of common stock, were 1,206,688,359 as of September 30, 2022. Total outstanding phantom shares were 60,899 as of September 30, 2022.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

A summary of the status of Blackstone's unvested equity-based awards as of September 30, 2022 and of changes during the period January 1, 2022 through September 30, 2022 is presented below:

	Blackstone Holdings		Blackstone Inc.			
	Partnership Units	Weighted-Average Grant Date Fair Value	Equity Settled Awards		Cash Settled Awards	
Unvested Shares/Units			Deferred Restricted Shares of Common Stock	Weighted-Average Grant Date Fair Value	Phantom Shares	Weighted-Average Grant Date Fair Value
Balance, December 31, 2021	17,344,328	\$ 37.37	26,537,813	\$ 58.34	73,581	\$ 137.65
Granted	—	—	11,465,069	126.99	28,130	125.93
Vested	(4,784,333)	36.35	(5,973,900)	61.10	(4,111)	62.72
Forfeited	(116,197)	38.24	(808,862)	75.67	(46,412)	130.22
Balance, September 30, 2022	12,443,798	\$ 37.71	31,220,120	\$ 82.66	51,188	\$ 94.15

Shares/Units Expected to Vest

The following unvested shares and units, after expected forfeitures, as of September 30, 2022, are expected to vest:

	Shares/Units	Weighted-Average Service Period in Years
Blackstone Holdings Partnership Units	11,968,951	1.4
Deferred Restricted Shares of Common Stock	27,060,245	3.2
Total Equity-Based Awards	39,029,196	2.7
Phantom Shares	41,021	3.2

16. Related Party Transactions

Affiliate Receivables and Payables

Due from Affiliates and Due to Affiliates consisted of the following:

	September 30, 2022	December 31, 2021
Due from Affiliates		
Management Fees, Performance Revenues, Reimbursable Expenses and Other Receivables from Non-Consolidated Entities and Portfolio Companies	\$ 3,160,945	\$ 3,519,945
Due from Certain Non-Controlling Interest Holders and Blackstone Employees	824,535	1,099,899
Accrual for Potential Clawback of Previously Distributed Performance Allocations	44,010	37,023
	\$ 4,029,490	\$ 4,656,867

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	September 30, 2022	December 31, 2021
Due to Affiliates		
Due to Certain Non-Controlling Interest Holders in Connection with the Tax Receivable Agreements	\$ 1,600,749	\$ 1,558,393
Due to Non-Consolidated Entities	166,191	181,341
Due to Certain Non-Controlling Interest Holders and Blackstone Employees	191,135	77,664
Accrual for Potential Repayment of Previously Received Performance Allocations	102,816	88,700
	<u>\$ 2,060,891</u>	<u>\$ 1,906,098</u>

Interests of the Founder, Senior Managing Directors, Employees and Other Related Parties

The Founder, senior managing directors, employees and certain other related parties invest on a discretionary basis in the consolidated Blackstone Funds both directly and through consolidated entities. These investments generally are subject to preferential management fee and performance allocation or incentive fee arrangements. As of September 30, 2022 and December 31, 2021, such investments aggregated \$1.6 billion and \$1.6 billion, respectively. Their share of the Net Income Attributable to Redeemable Non-Controlling and Non-Controlling Interests in Consolidated Entities aggregated to \$(10.0) million and \$137.7 million for the three months ended September 30, 2022 and 2021, respectively, and \$(20.4) million and \$371.3 million for the nine months ended September 30, 2022 and 2021, respectively.

Loans to Affiliates

Loans to affiliates consist of interest bearing advances to certain Blackstone individuals to finance their investments in certain Blackstone Funds. These loans earn interest at Blackstone's cost of borrowing and such interest totaled \$1.9 million and \$1.0 million for the three months ended September 30, 2022 and 2021, respectively, and \$5.7 million and \$4.2 million for the nine months ended September 30, 2022 and 2021, respectively.

Contingent Repayment Guarantee

Blackstone and its personnel who have received Performance Allocation distributions have guaranteed payment on a several basis (subject to a cap) to the carry funds of any clawback obligation with respect to the excess Performance Allocation allocated to the general partners of such funds and indirectly received thereby to the extent that either Blackstone or its personnel fails to fulfill its clawback obligation, if any. The Accrual for Potential Repayment of Previously Received Performance Allocations represents amounts previously paid to Blackstone Holdings and non-controlling interest holders that would need to be repaid to the Blackstone Funds if the carry funds were to be liquidated based on the fair value of their underlying investments as of September 30, 2022. See Note 17. "Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)."

Tax Receivable Agreements

Blackstone used a portion of the proceeds from the IPO and other sales of shares to purchase interests in the predecessor businesses from the predecessor owners. In addition, holders of Blackstone Holdings Partnership Units may exchange their Blackstone Holdings Partnership Units for shares of Blackstone common stock on a one-for-one basis. The purchase and subsequent exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings and therefore reduce the amount of tax that Blackstone would otherwise be required to pay in the future.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Blackstone has entered into tax receivable agreements with each of the predecessor owners and additional tax receivable agreements have been executed, and will continue to be executed, with newly-admitted senior managing directors and others who acquire Blackstone Holdings Partnership Units. The agreements provide for the payment by the corporate taxpayer to such owners of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the corporate taxpayers actually realize as a result of the aforementioned increases in tax basis and of certain other tax benefits related to entering into these tax receivable agreements. For purposes of the tax receivable agreements, cash savings in income tax will be computed by comparing the actual income tax liability of the corporate taxpayers to the amount of such taxes that the corporate taxpayers would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of Blackstone Holdings as a result of the exchanges and had the corporate taxpayers not entered into the tax receivable agreements.

Assuming no future material changes in the relevant tax law and that the corporate taxpayers earn sufficient taxable income to realize the full tax benefit of the increased amortization of the assets, the expected future payments under the tax receivable agreements (which are taxable to the recipients) will aggregate \$1.6 billion over the next 15 years. The after-tax net present value of these estimated payments totals \$461.3 million assuming a 15% discount rate and using Blackstone's most recent projections relating to the estimated timing of the benefit to be received. Future payments under the tax receivable agreements in respect of subsequent exchanges would be in addition to these amounts. The payments under the tax receivable agreements are not conditioned upon continued ownership of Blackstone equity interests by the pre-IPO owners and the others mentioned above.

Amounts related to the deferred tax asset resulting from the increase in tax basis from the exchange of Blackstone Holdings Partnership Units to shares of Blackstone common stock, the resulting remeasurement of net deferred tax assets at the Blackstone ownership percentage at the balance sheet date, the due to affiliates for the future payments resulting from the tax receivable agreements and resulting adjustment to partners' capital are included as Acquisition of Ownership Interests from Non-Controlling Interest Holders in the Supplemental Disclosure of Non-Cash Investing and Financing Activities in the Condensed Consolidated Statements of Cash Flows.

Other

Blackstone does business with and on behalf of some of its Portfolio Companies; all such arrangements are on a negotiated basis.

Additionally, please see Note 17. "Commitments and Contingencies — Contingencies — Guarantees" for information regarding guarantees provided to a lending institution for certain loans held by employees.

17. Commitments and Contingencies

Commitments

Investment Commitments

Blackstone had \$5.0 billion of investment commitments as of September 30, 2022 representing general partner capital funding commitments to the Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments, including loan commitments. The consolidated Blackstone Funds had signed investment commitments of \$198.2 million as of September 30, 2022, which includes \$49.8 million of signed investment commitments for fund investments in the process of closing.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Contingencies

Guarantees

Certain of Blackstone's consolidated real estate funds guarantee payments to third parties in connection with the ongoing business activities and/or acquisitions of their Portfolio Companies. There is no direct recourse to Blackstone to fulfill such obligations. To the extent that underlying funds are required to fulfill guarantee obligations, Blackstone's invested capital in such funds is at risk. Total investments at risk in respect of guarantees extended by consolidated real estate funds was \$16.7 million as of September 30, 2022.

The Blackstone Holdings Partnerships provided guarantees to a lending institution for certain loans held by employees either for investment in Blackstone Funds or for members' capital contributions to The Blackstone Group International Partners LLP. The amount guaranteed as of September 30, 2022 was \$82.5 million.

Litigation

Blackstone may from time to time be involved in litigation and claims incidental to the conduct of its business. Blackstone's businesses are also subject to extensive regulation, which may result in regulatory proceedings against Blackstone.

Blackstone accrues a liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Although there can be no assurance of the outcome of such legal actions, based on information known by management, Blackstone does not have a potential liability related to any current legal proceeding or claim that would individually or in the aggregate materially affect its results of operations, financial position or cash flows.

Blackstone continues to believe that the following suits against Blackstone are totally without merit and intends to defend them vigorously.

In December 2017, eight pension plan members of the Kentucky Retirement System ("KRS") filed a derivative lawsuit on behalf of KRS in the Franklin County Circuit Court of the Commonwealth of Kentucky (the "Mayberry Action"). The Mayberry Action alleged various breaches of fiduciary duty and other violations of Kentucky state law in connection with KRS's investment in three hedge funds of funds, including a fund managed by Blackstone Alternative Asset Management L.P. ("BLP"). The suit named more than 30 defendants, including, among others, The Blackstone Group L.P. (now Blackstone Inc.); BLP; Stephen A. Schwarzman, as Chairman and CEO of Blackstone; and J. Tomilson Hill, as then-CEO of BLP (collectively, the "Blackstone Defendants"). In July 2020, the Kentucky Supreme Court directed the Circuit Court to dismiss the action due to the plaintiffs' lack of standing.

Over the objection of the Blackstone Defendants and others, in December 2020, the Circuit Court permitted the Attorney General of the Commonwealth of Kentucky (the "AG") to intervene in the Mayberry Action. Motions to dismiss are currently pending in the Mayberry Action and discovery has begun. The Blackstone Defendants and others are also pursuing an interlocutory appeal asserting that the Circuit Court did not have jurisdiction to continue the Mayberry Action after the ruling of the Kentucky Supreme Court. On August 25, 2022, KRS was ordered to disclose, and on September 6, 2022, did disclose, a report prepared in 2021 by a law firm retained by KRS to conduct an investigation into the investment activities underlying the lawsuit. According to the report, the investigators "did not find any violations of fiduciary duty or illegal activity by [BLP]" related to KRS's due diligence and retention of BLP or KRS's continued investment with BLP. The report quotes contemporaneous communications by KRS staff during the period of the investment recognizing that BLP was exceeding KRS's returns benchmark, that BLP was providing KRS with "far fewer negative months than any liquid market comparable," and that BLP "[h]as killed it."

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

In January 2021, certain former plaintiffs in the Mayberry Action filed a separate action (“Taylor I”), against the Blackstone Defendants and other defendants named in the Mayberry Action, asserting allegations substantially similar to those made in the Mayberry Action, and in July 2021 they amended their complaint to add class action allegations. Defendants removed Taylor I to the U.S. District Court for the Eastern District of Kentucky, and in March 2022, the District Court stayed Taylor I pending the resolution of the AG’s suit in the Mayberry Action.

In August 2021, a group of KRS members—including those that filed Taylor I—filed a new action in Franklin County Circuit Court (“Taylor II”), against the Blackstone Defendants, other defendants named in the Mayberry Action, and other KRS officials. The filed complaint is substantially similar to that filed in Taylor I and the Mayberry Action. Motions to dismiss are pending.

In May 2022, the presiding judge recused himself from the Mayberry Action and Taylor II and the cases were reassigned to another judge in the Franklin County Circuit Court.

In April 2021, the AG filed an action (the “Declaratory Judgment Action”), against BLP and the other fund manager defendants from the Mayberry Action in Franklin County Circuit Court. The action sought to have certain provisions in the subscription agreements between KRS and the fund managers declared to be in violation of the Kentucky Constitution. In March 2022, the Circuit Court granted summary judgment to the AG. BLP’s appeal is currently pending.

In July 2021, BLP filed a breach of contract action against defendants affiliated with KRS alleging that the Mayberry Action and the Declaratory Judgment Action breach the parties’ subscription agreements governing KRS’s investment with BLP. The action seeks damages, including legal fees and expenses incurred in defending against the above actions. In April 2022, the Circuit Court dismissed BLP’s complaint without prejudice to refile, on the grounds that the action was not yet ripe for adjudication. BLP’s appeal is currently pending.

Contingent Obligations (Clawback)

Performance Allocations are subject to clawback to the extent that the Performance Allocations received to date with respect to a fund exceeds the amount due to Blackstone based on cumulative results of that fund. The actual clawback liability, however, generally does not become realized until the end of a fund’s life except for certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability. The lives of the carry funds, including available contemplated extensions, for which a liability for potential clawback obligations has been recorded for financial reporting purposes, are currently anticipated to expire at various points through 2032. Further extensions of such terms may be implemented under given circumstances.

For financial reporting purposes, when applicable, the general partners record a liability for potential clawback obligations to the limited partners of some of the carry funds due to changes in the unrealized value of a fund’s remaining investments and where the fund’s general partner has previously received Performance Allocation distributions with respect to such fund’s realized investments.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table presents the clawback obligations by segment:

Segment	September 30, 2022			December 31, 2021		
	Blackstone Holdings	Current and Former Personnel (a)	Total (b)	Blackstone Holdings	Current and Former Personnel (a)	Total (b)
Real Estate	\$ 32,831	\$ 19,106	\$ 51,937	\$ 34,080	\$ 20,186	\$ 54,266
Private Equity	13,401	10,142	23,543	5,158	2,196	7,354
Credit & Insurance	12,605	14,731	27,336	12,439	14,641	27,080
	<u>\$ 58,837</u>	<u>\$ 43,979</u>	<u>\$ 102,816</u>	<u>\$ 51,677</u>	<u>\$ 37,023</u>	<u>\$ 88,700</u>

- (a) The split of clawback between Blackstone Holdings and Current and Former Personnel is based on the performance of individual investments held by a fund rather than on a fund by fund basis.
- (b) Total is a component of Due to Affiliates. See Note 16. "Related Party Transactions — Affiliate Receivables and Payables — Due to Affiliates."

For Private Equity, Real Estate, and certain Credit & Insurance Funds, a portion of the Performance Allocations paid to current and former Blackstone personnel is held in segregated accounts in the event of a cash clawback obligation. These segregated accounts are not included in the Condensed Consolidated Financial Statements of Blackstone, except to the extent a portion of the assets held in the segregated accounts may be allocated to a consolidated Blackstone fund of hedge funds. At September 30, 2022, \$1.2 billion was held in segregated accounts for the purpose of meeting any clawback obligations of current and former personnel if such payments are required.

In the Credit & Insurance segment, payment of Performance Allocations to Blackstone by the majority of the stressed/distressed, mezzanine and credit alpha strategies funds are substantially deferred under the terms of the partnership agreements. This deferral mitigates the need to hold funds in segregated accounts in the event of a cash clawback obligation.

If, at September 30, 2022, all of the investments held by Blackstone's carry funds were deemed worthless, a possibility that management views as remote, the amount of Performance Allocations subject to potential clawback would be \$6.0 billion, on an after-tax basis where applicable, of which Blackstone Holdings is potentially liable for \$5.6 billion if current and former Blackstone personnel default on their share of the liability, a possibility that management also views as remote.

18. Segment Reporting

Blackstone conducts its alternative asset management businesses through four segments:

- Real Estate – Blackstone's Real Estate segment primarily comprises its management of opportunistic real estate funds, Core+ real estate funds, high-yield real estate debt funds and liquid real estate debt funds.
- Private Equity – Blackstone's Private Equity segment includes its management of flagship corporate private equity funds, sector and geographically-focused corporate private equity funds, core private equity funds, an opportunistic investment platform, a secondary fund of funds business, infrastructure-focused funds, a life sciences investment platform, a growth equity investment platform, a multi-asset investment program for eligible high net worth investors and a capital markets services business.
- Hedge Fund Solutions – The largest component of Blackstone's Hedge Fund Solutions segment is Blackstone Alternative Asset Management, which manages a broad range of commingled and customized hedge fund of fund solutions. The segment also includes a GP Stakes business and investment platforms that invest directly, as well as investment platforms that seed new hedge fund businesses and create alternative solutions through daily liquidity products.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

- Credit & Insurance – Blackstone’s Credit & Insurance segment consists principally of Blackstone Credit, which is organized into two overarching strategies: private credit (which includes mezzanine and direct lending funds, private placement strategies and energy strategies, including Blackstone’s sustainable resources platform) and liquid credit (which consists of CLOs, closed-ended funds, open-ended funds and separately managed accounts). In addition, the segment includes an insurer-focused platform, an asset-based finance platform and publicly traded master limited partnership investment platform.

These business segments are differentiated by their various investment strategies. Each of the segments primarily earns its income from management fees and investment returns on assets under management.

Segment Distributable Earnings is Blackstone’s segment profitability measure used to make operating decisions and assess performance across Blackstone’s four segments. Segment Distributable Earnings represents the net realized earnings of Blackstone’s segments and is the sum of Fee Related Earnings and Net Realizations for each segment. Blackstone’s segments are presented on a basis that deconsolidates Blackstone Funds, eliminates non-controlling ownership interests in Blackstone’s consolidated operating partnerships, removes the amortization of intangible assets and removes Transaction-Related Charges. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures and Blackstone’s initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the Tax Receivable Agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.

For segment reporting purposes, Segment Distributable Earnings is presented along with its major components, Fee Related Earnings and Net Realizations. Fee Related Earnings is used to assess Blackstone’s ability to generate profits from revenues that are measured and received on a recurring basis and not subject to future realization events. Net Realizations is the sum of Realized Principal Investment Income and Realized Performance Revenues less Realized Performance Compensation. Performance Allocations and Incentive Fees are presented together and referred to collectively as Performance Revenues or Performance Compensation.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Segment Presentation

The following tables present the financial data for Blackstone's four segments for the three months ended September 30, 2022 and 2021:

	Three Months Ended September 30, 2022				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 610,606	\$ 466,474	\$ 138,818	\$ 312,663	\$ 1,528,561
Transaction, Advisory and Other Fees, Net	54,342	24,313	581	10,629	89,865
Management Fee Offsets	(1,842)	(3,634)	(57)	(1,323)	(6,856)
Total Management and Advisory Fees, Net	663,106	487,153	139,342	321,969	1,611,570
Fee Related Performance Revenues	260,003	—	—	112,128	372,131
Fee Related Compensation	(239,572)	(142,381)	(40,895)	(135,420)	(558,268)
Other Operating Expenses	(74,701)	(76,138)	(26,599)	(68,696)	(246,134)
Fee Related Earnings	608,836	268,634	71,848	229,981	1,179,299
Realized Performance Revenues	142,794	309,326	4,430	12,459	469,009
Realized Performance Compensation	(33,464)	(164,531)	(3,237)	(4,992)	(206,224)
Realized Principal Investment Income	45,297	38,015	9,460	46,993	139,765
Total Net Realizations	154,627	182,810	10,653	54,460	402,550
Total Segment Distributable Earnings	\$ 763,463	\$ 451,444	\$ 82,501	\$ 284,441	\$ 1,581,849

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended September 30, 2021				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 485,308	\$ 370,083	\$ 154,884	\$ 197,591	\$ 1,207,866
Transaction, Advisory and Other Fees, Net	53,876	50,241	2,535	8,132	114,784
Management Fee Offsets	(446)	10	(255)	(1,884)	(2,575)
Total Management and Advisory Fees, Net	538,738	420,334	157,164	203,839	1,320,075
Fee Related Performance Revenues	35,625	—	—	37,688	73,313
Fee Related Compensation	(137,313)	(139,211)	(35,092)	(107,865)	(419,481)
Other Operating Expenses	(61,398)	(56,792)	(25,476)	(51,276)	(194,942)
Fee Related Earnings	375,652	224,331	96,596	82,386	778,965
Realized Performance Revenues	495,727	988,331	7,271	6,148	1,497,477
Realized Performance Compensation	(199,100)	(417,386)	(1,443)	(1,145)	(619,074)
Realized Principal Investment Income	42,677	77,570	14,943	15,820	151,010
Total Net Realizations	339,304	648,515	20,771	20,823	1,029,413
Total Segment Distributable Earnings	\$ 714,956	\$ 872,846	\$ 117,367	\$ 103,209	\$ 1,808,378

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following tables present the financial data for Blackstone's four segments as of September 30, 2022 and for the nine months ended September 30, 2022 and 2021:

	September 30, 2022 and the Nine Months Then Ended				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 1,802,543	\$ 1,321,405	\$ 428,941	\$ 911,697	\$ 4,464,586
Transaction, Advisory and Other Fees, Net	141,801	64,522	5,500	27,143	238,966
Management Fee Offsets	(3,491)	(53,933)	(166)	(4,107)	(61,697)
Total Management and Advisory Fees, Net	1,940,853	1,331,994	434,275	934,733	4,641,855
Fee Related Performance Revenues	1,017,027	(648)	—	260,410	1,276,789
Fee Related Compensation	(858,307)	(446,053)	(145,993)	(399,799)	(1,850,152)
Other Operating Expenses	(229,033)	(227,115)	(75,849)	(189,745)	(721,742)
Fee Related Earnings	1,870,540	658,178	212,433	605,599	3,346,750
Realized Performance Revenues	2,943,430	882,448	40,540	122,175	3,988,593
Realized Performance Compensation	(1,154,897)	(428,614)	(14,320)	(54,487)	(1,652,318)
Realized Principal Investment Income	128,388	112,357	22,831	76,793	340,369
Total Net Realizations	1,916,921	566,191	49,051	144,481	2,676,644
Total Segment Distributable Earnings	\$ 3,787,461	\$ 1,224,369	\$ 261,484	\$ 750,080	\$ 6,023,394
Segment Assets	\$ 14,156,922	\$14,185,968	\$ 2,709,389	\$ 6,147,667	\$37,199,946

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Nine Months Ended September 30, 2021				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 1,366,158	\$ 1,112,349	\$ 460,661	\$ 526,039	\$ 3,465,207
Transaction, Advisory and Other Fees, Net	117,975	125,220	8,439	19,915	271,549
Management Fee Offsets	(2,562)	(17,510)	(516)	(5,146)	(25,734)
Total Management and Advisory Fees, Net	1,481,571	1,220,059	468,584	540,808	3,711,022
Fee Related Performance Revenues	224,793	—	—	66,577	291,370
Fee Related Compensation	(447,762)	(416,575)	(112,580)	(263,059)	(1,239,976)
Other Operating Expenses	(160,520)	(168,888)	(66,521)	(142,615)	(538,544)
Fee Related Earnings	1,098,082	634,596	289,483	201,711	2,223,872
Realized Performance Revenues	935,418	1,627,186	55,900	73,234	2,691,738
Realized Performance Compensation	(376,790)	(687,970)	(13,977)	(29,532)	(1,108,269)
Realized Principal Investment Income	171,626	220,769	52,618	67,285	512,298
Total Net Realizations	730,254	1,159,985	94,541	110,987	2,095,767
Total Segment Distributable Earnings	\$ 1,828,336	\$ 1,794,581	\$ 384,024	\$ 312,698	\$ 4,319,639

Reconciliations of Total Segment Amounts

The following tables reconcile the Total Segment Revenues, Expenses and Distributable Earnings to their equivalent GAAP measure for the three and nine months ended September 30, 2022 and 2021 along with Total Assets as of September 30, 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues				
Total GAAP Revenues	\$ 1,058,114	\$ 6,224,265	\$ 6,813,614	\$ 16,814,491
Less: Unrealized Performance Revenues (a)	771,637	(2,724,366)	2,946,255	(7,886,033)
Less: Unrealized Principal Investment Loss (b)	996,105	2,343	1,172,635	(526,249)
Less: Interest and Dividend Revenue (c)	(57,462)	(35,535)	(178,090)	(99,878)
Less: Other Revenue (d)	(198,546)	(64,109)	(427,069)	(152,252)
Impact of Consolidation (e)	23,373	(398,786)	(79,124)	(980,178)
Transaction-Related Charges (f)	(1,264)	36,797	(2,714)	33,186
Intersegment Eliminations	518	1,266	2,099	3,341
Total Segment Revenue (g)	\$ 2,592,475	\$ 3,041,875	\$ 10,247,606	\$ 7,206,428

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Expenses				
Total GAAP Expenses	\$ 961,361	\$ 2,654,359	\$ 3,902,496	\$ 6,978,136
Less: Unrealized Performance Allocations Compensation (h)	359,590	(1,193,853)	1,273,849	(3,394,041)
Less: Equity-Based Compensation (i)	(190,197)	(129,254)	(587,386)	(394,948)
Less: Interest Expense (j)	(80,312)	(51,773)	(216,339)	(140,245)
Impact of Consolidation (e)	(14,125)	(5,320)	(33,325)	(17,067)
Amortization of Intangibles (k)	(13,238)	(17,044)	(47,326)	(51,212)
Transaction-Related Charges (f)	(10,511)	(22,396)	(62,435)	(89,428)
Administrative Fee Adjustment (l)	(2,460)	(2,488)	(7,421)	(7,747)
Intersegment Eliminations	518	1,266	2,099	3,341
Total Segment Expenses (m)	\$ 1,010,626	\$ 1,233,497	\$ 4,224,212	\$ 2,886,789
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Other Income				
Total GAAP Other Income	\$ 1,178	\$ 94,991	\$ (51,524)	\$ 344,978
Impact of Consolidation (e)	(1,178)	(94,991)	51,524	(344,978)
Total Segment Other Income	\$ —	\$ —	\$ —	\$ —

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Income Before Provision for Taxes				
Total GAAP Income Before Provision for Taxes	\$ 97,931	\$ 3,664,897	\$ 2,859,594	\$ 10,181,333
Less: Unrealized Performance Revenues (a)	771,637	(2,724,366)	2,946,255	(7,886,033)
Less: Unrealized Principal Investment Loss (b)	996,105	2,343	1,172,635	(526,249)
Less: Interest and Dividend Revenue (c)	(57,462)	(35,535)	(178,090)	(99,878)
Less: Other Revenue (d)	(198,546)	(64,109)	(427,069)	(152,252)
Plus: Unrealized Performance Allocations Compensation (h)	(359,590)	1,193,853	(1,273,849)	3,394,041
Plus: Equity-Based Compensation (i)	190,197	129,254	587,386	394,948
Plus: Interest Expense (j)	80,312	51,773	216,339	140,245
Impact of Consolidation (e)	36,320	(488,457)	5,725	(1,308,089)
Amortization of Intangibles (k)	13,238	17,044	47,326	51,212
Transaction-Related Charges (f)	9,247	59,193	59,721	122,614
Administrative Fee Adjustment (l)	2,460	2,488	7,421	7,747
Total Segment Distributable Earnings	<u>\$ 1,581,849</u>	<u>\$ 1,808,378</u>	<u>\$ 6,023,394</u>	<u>\$ 4,319,639</u>
				As of September 30, 2022
Total Assets				
Total GAAP Assets	\$ 40,259,321			
Impact of Consolidation (e)	(3,059,375)			
Total Segment Assets	<u>\$ 37,199,946</u>			

Segment basis presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages and excludes the amortization of intangibles and Transaction-Related Charges.

- (a) This adjustment removes Unrealized Performance Revenues on a segment basis.
- (b) This adjustment removes Unrealized Principal Investment Income (Loss) on a segment basis.
- (c) This adjustment removes Interest and Dividend Revenue on a segment basis.
- (d) This adjustment removes Other Revenue on a segment basis. For the three months ended September 30, 2022 and 2021, Other Revenue on a GAAP basis was \$199.4 million and \$64.2 million, and included \$198.4 million and \$63.5 million of foreign exchange gains, respectively. For the nine months ended September 30, 2022 and 2021, Other Revenue on a GAAP basis was \$427.8 million and \$152.4 million, and included \$426.7 million and \$150.4 million of foreign exchange gains, respectively.
- (e) This adjustment reverses the effect of consolidating Blackstone Funds, which are excluded from Blackstone's segment presentation. This adjustment includes the elimination of Blackstone's interest in these funds, the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Management and Advisory Fees, Net in the Total Segment measures, and the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

- (f) This adjustment removes Transaction-Related Charges, which are excluded from Blackstone's segment presentation. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures, and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the Tax Receivable Agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.
- (g) Total Segment Revenues is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total Segment Management and Advisory Fees, Net	\$ 1,611,570	\$ 1,320,075	\$ 4,641,855	\$ 3,711,022
Total Segment Fee Related Performance Revenues	372,131	73,313	1,276,789	291,370
Total Segment Realized Performance Revenues	469,009	1,497,477	3,988,593	2,691,738
Total Segment Realized Principal Investment Income	139,765	151,010	340,369	512,298
Total Segment Revenues	\$ 2,592,475	\$ 3,041,875	\$ 10,247,606	\$ 7,206,428

- (h) This adjustment removes Unrealized Performance Allocations Compensation.
- (i) This adjustment removes Equity-Based Compensation on a segment basis.
- (j) This adjustment adds back Interest Expense on a segment basis, excluding interest expense related to the Tax Receivable Agreement.
- (k) This adjustment removes the amortization of transaction-related intangibles, which are excluded from Blackstone's segment presentation.
- (l) This adjustment adds an amount equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.
- (m) Total Segment Expenses is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total Segment Fee Related Compensation	\$ 558,268	\$ 419,481	\$ 1,850,152	\$ 1,239,976
Total Segment Realized Performance Compensation	206,224	619,074	1,652,318	1,108,269
Total Segment Other Operating Expenses	246,134	194,942	721,742	538,544
Total Segment Expenses	\$ 1,010,626	\$ 1,233,497	\$ 4,224,212	\$ 2,886,789

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Reconciliations of Total Segment Components

The following tables reconcile the components of Total Segments to their equivalent GAAP measures, reported on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Management and Advisory Fees, Net				
GAAP	\$ 1,617,754	\$ 1,320,795	\$ 4,654,877	\$ 3,711,159
Segment Adjustment (a)	(6,184)	(720)	(13,022)	(137)
Total Segment	<u>\$ 1,611,570</u>	<u>\$ 1,320,075</u>	<u>\$ 4,641,855</u>	<u>\$ 3,711,022</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
GAAP Realized Performance Revenues to Total Segment				
Fee Related Performance Revenues				
GAAP				
Incentive Fees	\$ 110,776	\$ 48,206	\$ 314,863	\$ 117,537
Investment Income - Realized Performance Allocations	725,888	1,522,495	4,946,043	2,865,482
GAAP	<u>836,664</u>	<u>1,570,701</u>	<u>5,260,906</u>	<u>2,983,019</u>
Total Segment				
Less: Realized Performance Revenues	(469,009)	(1,497,477)	(3,988,593)	(2,691,738)
Segment Adjustment	4,476	89	4,476	89
Total Segment	<u>\$ 372,131</u>	<u>\$ 73,313</u>	<u>\$ 1,276,789</u>	<u>\$ 291,370</u>

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
GAAP Compensation to Total Segment Fee Related Compensation				
GAAP				
Compensation	\$ 600,273	\$ 536,199	\$ 1,942,790	\$ 1,585,941
Incentive Fee Compensation	50,355	21,007	136,737	48,763
Realized Performance Allocations Compensation	313,930	631,632	2,067,447	1,192,082
GAAP	964,558	1,188,838	4,146,974	2,826,786
Total Segment				
Less: Realized Performance Compensation	(206,224)	(619,074)	(1,652,318)	(1,108,269)
Less: Equity-Based Compensation - Fee Related Compensation	(187,873)	(127,442)	(580,029)	(388,607)
Less: Equity-Based Compensation - Performance Compensation	(2,324)	(1,812)	(7,357)	(6,341)
Segment Adjustment (b)	(9,869)	(21,029)	(57,118)	(83,593)
Total Segment	\$ 558,268	\$ 419,481	\$ 1,850,152	\$ 1,239,976
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
GAAP General, Administrative and Other to Total Segment Other Operating Expenses				
GAAP				
Segment Adjustment (c)	\$ 270,369	\$ 217,995	\$ 800,331	\$ 608,174
Segment Adjustment (c)	(24,235)	(23,053)	(78,589)	(69,630)
Total Segment	\$ 246,134	\$ 194,942	\$ 721,742	\$ 538,544
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Performance Revenues				
GAAP				
Incentive Fees	\$ 110,776	\$ 48,206	\$ 314,863	\$ 117,537
Investment Income - Realized Performance Allocations	725,888	1,522,495	4,946,043	2,865,482
GAAP	836,664	1,570,701	5,260,906	2,983,019
Total Segment				
Less: Fee Related Performance Revenues	(372,131)	(73,313)	(1,276,789)	(291,370)
Segment Adjustment	4,476	89	4,476	89
Total Segment	\$ 469,009	\$ 1,497,477	\$ 3,988,593	\$ 2,691,738

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Performance Compensation				
GAAP				
Incentive Fee Compensation	\$ 50,355	\$ 21,007	\$ 136,737	\$ 48,763
Realized Performance Allocation Compensation	313,930	631,632	2,067,447	1,192,082
GAAP	364,285	652,639	2,204,184	1,240,845
Total Segment				
Less: Fee Related Performance Compensation (d)	(155,737)	(31,753)	(544,509)	(126,235)
Less: Equity-Based Compensation - Performance Compensation	(2,324)	(1,812)	(7,357)	(6,341)
Total Segment	\$ 206,224	\$ 619,074	\$ 1,652,318	\$ 1,108,269
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized Principal Investment Income				
GAAP	\$ 193,228	\$ 325,414	\$ 743,493	\$ 832,512
Segment Adjustment (e)	(53,463)	(174,404)	(403,124)	(320,214)
Total Segment	\$ 139,765	\$ 151,010	\$ 340,369	\$ 512,298

Segment basis presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages and excludes the amortization of intangibles, the expense of equity-based awards and Transaction-Related Charges.

- (a) Represents (1) the add back of net management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Management and Advisory Fees, Net in the Total Segment measures.
- (b) Represents the removal of Transaction-Related Charges that are not recorded in the Total Segment measures.
- (c) Represents the (1) removal of amortization of transaction-related intangibles, (2) removal of certain expenses reimbursed by the Blackstone Funds, which are presented gross under GAAP but netted against Management and Advisory Fees, Net in the Total Segment measures, and (3) a reduction equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units which is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.
- (d) Fee related performance compensation may include equity-based compensation based on fee related performance revenues.
- (e) Represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.

Blackstone Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

19. Subsequent Events

On November 3, 2022, Blackstone issued \$600 million aggregate principal amount of 5.900% senior notes due 2027 and \$900 million aggregate principal amount of 6.200% senior notes due 2033. For additional information see Note 12. "Borrowings."

Item 1A. Unaudited Supplemental Presentation of Statements of Financial Condition

Blackstone Inc.
Unaudited Consolidating Statements of Financial Condition
(Dollars in Thousands)

	September 30, 2022			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	\$ 3,480,003	\$ —	\$ —	\$ 3,480,003
Cash Held by Blackstone Funds and Other	—	94,358	—	94,358
Investments	23,371,059	3,828,497	(943,408)	26,256,148
Accounts Receivable	743,030	92,499	—	835,529
Due from Affiliates	4,042,347	12,925	(25,782)	4,029,490
Intangible Assets, Net	232,096	—	—	232,096
Goodwill	1,890,202	—	—	1,890,202
Other Assets	785,508	286	—	785,794
Right-of-Use Assets	887,832	—	—	887,832
Deferred Tax Assets	1,767,869	—	—	1,767,869
Total Assets	<u>\$ 37,199,946</u>	<u>\$ 4,028,565</u>	<u>\$ (969,190)</u>	<u>\$ 40,259,321</u>
Liabilities and Equity				
Loans Payable	\$ 9,232,453	\$ 30,627	\$ —	\$ 9,263,080
Due to Affiliates	1,992,504	94,169	(25,782)	2,060,891
Accrued Compensation and Benefits	6,732,507	—	—	6,732,507
Securities Sold, Not Yet Purchased	3,812	22,971	—	26,783
Repurchase Agreements	313,138	—	—	313,138
Operating Lease Liabilities	985,632	—	—	985,632
Accounts Payable, Accrued Expenses and Other Liabilities	1,117,340	24,565	—	1,141,905
Total Liabilities	<u>20,377,386</u>	<u>172,332</u>	<u>(25,782)</u>	<u>20,523,936</u>
Redeemable Non-Controlling Interests in Consolidated Entities	<u>3</u>	<u>1,344,185</u>	<u>—</u>	<u>1,344,188</u>
Equity				
Common Stock	7	—	—	7
Series I Preferred Stock	—	—	—	—
Series II Preferred Stock	—	—	—	—
Additional Paid-in-Capital	5,791,006	922,225	(922,225)	5,791,006
Retained Earnings	1,869,463	21,183	(21,183)	1,869,463
Accumulated Other Comprehensive Loss	(34,582)	(40,218)	—	(74,800)
Non-Controlling Interests in Consolidated Entities	3,748,290	1,608,858	—	5,357,148
Non-Controlling Interests in Blackstone Holdings	5,448,373	—	—	5,448,373
Total Equity	<u>16,822,557</u>	<u>2,512,048</u>	<u>(943,408)</u>	<u>18,391,197</u>
Total Liabilities and Equity	<u>\$ 37,199,946</u>	<u>\$ 4,028,565</u>	<u>\$ (969,190)</u>	<u>\$ 40,259,321</u>

Blackstone Inc.
Unaudited Consolidating Statements of Financial Condition - Continued
(Dollars in Thousands)

	December 31, 2021			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	\$ 2,119,738	\$ —	\$ —	\$ 2,119,738
Cash Held by Blackstone Funds and Other	—	79,994	—	79,994
Investments	27,041,225	2,018,829	(395,011)	28,665,043
Accounts Receivable	571,936	64,680	—	636,616
Due from Affiliates	4,652,295	15,031	(10,459)	4,656,867
Intangible Assets, Net	284,384	—	—	284,384
Goodwill	1,890,202	—	—	1,890,202
Other Assets	492,685	251	—	492,936
Right-of-Use Assets	788,991	—	—	788,991
Deferred Tax Assets	1,581,637	—	—	1,581,637
Total Assets	\$ 39,423,093	\$ 2,178,785	\$ (405,470)	\$ 41,196,408
Liabilities and Equity				
Loans Payable	\$ 7,748,062	\$ 101	\$ —	\$ 7,748,163
Due to Affiliates	1,812,223	104,334	(10,459)	1,906,098
Accrued Compensation and Benefits	7,905,070	—	—	7,905,070
Securities Sold, Not Yet Purchased	4,292	23,557	—	27,849
Repurchase Agreements	42,000	15,980	—	57,980
Operating Lease Liabilities	908,033	—	—	908,033
Accounts Payable, Accrued Expenses and Other Liabilities	926,749	10,420	—	937,169
Total Liabilities	19,346,429	154,392	(10,459)	19,490,362
Redeemable Non-Controlling Interests in Consolidated Entities				
	22,002	46,026	—	68,028
Equity				
Common Stock	7	—	—	7
Series I Preferred Stock	—	—	—	—
Series II Preferred Stock	—	—	—	—
Additional Paid-in-Capital	5,794,727	349,822	(349,822)	5,794,727
Retained Earnings	3,647,785	45,189	(45,189)	3,647,785
Accumulated Other Comprehensive Loss	(19,626)	—	—	(19,626)
Non-Controlling Interests in Consolidated Entities	4,017,297	1,583,356	—	5,600,653
Non-Controlling Interests in Blackstone Holdings	6,614,472	—	—	6,614,472
Total Equity	20,054,662	1,978,367	(395,011)	21,638,018
Total Liabilities and Equity	\$ 39,423,093	\$ 2,178,785	\$ (405,470)	\$ 41,196,408

(a) The Consolidated Blackstone Funds consisted of the following:

Blackstone / GSO Global Dynamic Credit Feeder Fund (Cayman) LP
Blackstone / GSO Global Dynamic Credit Funding Designated Activity Company
Blackstone / GSO Global Dynamic Credit Master Fund

Blackstone / GSO Global Dynamic Credit USD Feeder Fund (Ireland)
 Blackstone Annex Onshore Fund L.P.
 Blackstone Horizon Fund L.P.
 Blackstone Real Estate Special Situations Holdings L.P.
 Blackstone Strategic Alliance Fund L.P.
 BTD CP Holdings LP
 Blackstone Dislocation Fund L.P.*
 BEPIF (Aggregator) SCSp*
 BX Shipston SCSp*
 Blackstone Private Equity Strategies Fund L.P.*
 Blackstone Private Equity Strategies Fund SICAV*
 Mezzanine side-by-side investment vehicles
 Private equity side-by-side investment vehicles
 Real estate side-by-side investment vehicles
 Hedge Fund Solutions side-by-side investment vehicles.

*Consolidated as of September 30, 2022 only

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with Blackstone Inc.'s condensed consolidated financial statements and the related notes included within this Quarterly Report on Form 10-Q.

In this report, references to "Blackstone," the "Company," "we," "us" or "our" refer to Blackstone Inc. and its consolidated subsidiaries.

Our Business

Blackstone is one of the world's leading investment firms. We generate revenue from fees earned pursuant to contractual arrangements with funds, fund investors and fund portfolio companies (including management, transaction and monitoring fees), and from capital markets services. We also invest in the funds we manage and we are entitled to a pro-rata share of the income of the fund (a "pro-rata allocation"). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, we are entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest ("Performance Allocations"). In certain structures, we receive a contractual incentive fee from an investment fund based on achieving certain investment returns (an "Incentive Fee," and together with Performance Allocations, "Performance Revenues"). The composition of our revenues will vary based on market conditions and the cyclicity of the different businesses in which we operate. Net investment gains and investment income generated by the Blackstone Funds are driven by the performance of the underlying investments as well as overall market conditions. Fair values are affected by changes in the fundamentals of our portfolio company and other investments, the industries in which they operate, the overall economy and other market conditions.

Our business is organized into four segments:

Real Estate

Our real estate business is a global leader in real estate investing. Our Real Estate segment operates as one globally integrated business, with investments in the Americas, Europe and Asia. Our real estate investment teams seek to utilize our global expertise and presence to generate attractive risk-adjusted returns for our investors.

Our Blackstone Real Estate Partners (“BREP”) business is geographically diversified and targets a broad range of opportunistic real estate and real estate-related investments. The BREP funds include global funds as well as funds focused specifically on Europe or Asia investments. BREP seeks to invest thematically in high-quality assets, focusing where we see outsized growth potential driven by global economic and demographic trends. BREP has made significant investments in logistics, office, rental housing, hospitality and retail properties around the world, as well as in a variety of real estate operating companies.

Our Core+ strategy invests in substantially stabilized real estate globally with long-term growth potential. Our institutional North America, Europe and Asia Core+ strategies, Blackstone Property Partners (“BPP”), focus on logistics, residential, office, life science office and retail assets in global gateway cities. The Core+ Real Estate business also comprises strategies tailored for income-focused individual investors including, Blackstone Real Estate Income Trust, Inc. (“BREIT”), a U.S. non-listed REIT, and Blackstone European Property Income (“BEPIF”) funds.

Our Blackstone Real Estate Debt Strategies (“BREDS”) vehicles primarily target real estate-related debt investment opportunities. BREDS invests in both public and private markets, primarily in the U.S. and Europe. BREDS’ scale and investment mandates enable it to provide a variety of lending options for our borrowers and investment options for our investors, including commercial real estate and mezzanine loans, residential mortgage loan pools and liquid real estate-related debt securities. The BREDS platform includes high-yield real estate debt funds, liquid real estate debt funds and Blackstone Mortgage Trust, Inc. (“BXMT”), a NYSE-listed real estate investment trust (“REIT”).

Private Equity

Our Private Equity segment includes our corporate private equity business, which consists of (a) our global private equity funds, Blackstone Capital Partners (“BCP”), (b) our sector-focused funds, including our energy-focused funds, Blackstone Energy Partners (“BEP”), (c) our Asia-focused private equity funds, Blackstone Capital Partners Asia and (d) our core private equity funds, Blackstone Core Equity Partners (“BCEP”). Our Private Equity segment also includes (a) our opportunistic investment platform that invests globally across asset classes, industries and geographies, Blackstone Tactical Opportunities (“Tactical Opportunities”), (b) our secondary fund of funds business, Strategic Partners Fund Solutions (“Strategic Partners”), (c) our infrastructure-focused funds, Blackstone Infrastructure Partners (“BIP”), (d) our life sciences investment platform, Blackstone Life Sciences (“Bxls”), (e) our growth equity investment platform, Blackstone Growth (“BXG”), (f) our multi-asset investment program for eligible high net worth investors offering exposure to certain of Blackstone’s key illiquid investment strategies through a single commitment, Blackstone Total Alternatives Solution (“BTAS”) and (g) our capital markets services business, Blackstone Capital Markets (“Bxcm”).

We are a global leader in private equity investing. Our corporate private equity business pursues transactions across industries on a global basis. It strives to create value by investing in great businesses where our capital, strategic insight, global relationships and operational support can drive transformation. Our corporate private equity business’s investment strategies and core themes continually evolve in anticipation of, or in response to, changes in the global economy, local markets, regulation, capital flows and geopolitical trends. We seek to construct a differentiated portfolio of investments with a well-defined, post-acquisition value creation strategy. Similarly, we seek investments that can generate strong unlevered returns regardless of entry or exit cycle timing. Blackstone Core Equity Partners pursues control-oriented investments in high-quality companies with durable businesses and seeks to offer a lower level of risk and a longer hold period than traditional private equity.

Tactical Opportunities pursues a thematically driven, opportunistic investment strategy. Our flexible, global mandate enables us to find differentiated opportunities across asset classes, industries, and geographies and invest behind them with the frequent use of structure to generate attractive risk-adjusted returns. With a focus on businesses and/or asset-backed investments in market sectors that are benefitting from long-term

transformational tailwinds, Tactical Opportunities seeks to leverage the full power of Blackstone to help those businesses grow and improve. Tactical Opportunities' ability to dynamically shift focus to the most compelling opportunities in any market environment, combined with the business' expertise in structuring complex transactions, enables Tactical Opportunities to invest behind attractive market areas often with securities that provide downside protection and maintain upside return.

Strategic Partners, our secondary fund of funds business, is a total fund solutions provider. As a secondary investor it acquires interests in high-quality private funds from original holders seeking liquidity. Strategic Partners focuses on a range of opportunities in underlying funds such as private equity, real estate, infrastructure, venture and growth capital, credit and other types of funds, as well as general partner-led transactions and primary investments and co-investments with financial sponsors. Strategic Partners also provides investment advisory services to separately managed account clients investing in primary and secondary investments in private funds and co-investments.

BIP targets a diversified mix of core+, core and public-private partnership investments across all infrastructure sectors, including energy infrastructure, transportation, digital infrastructure, and water and waste with a primary focus in the U.S. BIP applies a disciplined, operationally intensive investment approach to investments, seeking to apply a long-term buy-and-hold strategy to large-scale infrastructure assets with a focus on delivering stable, long-term capital appreciation together with a predictable annual cash flow yield.

BXLS is our investment platform with capabilities to invest across the life cycle of companies and products within the life sciences sector. BXLS primarily focuses on investments in life sciences products in late stage clinical development within the pharmaceutical and biotechnology sectors.

BXG is our growth equity platform that seeks to deliver attractive risk-adjusted returns by investing in dynamic, growth-stage businesses, with a focus on the consumer, enterprise solutions, financial services and healthcare sectors.

Hedge Fund Solutions

The principal component of our Hedge Fund Solutions segment is Blackstone Alternative Asset Management ("BAAM"). BAAM is the world's largest discretionary allocator to hedge funds, managing a broad range of commingled and customized fund solutions since its inception in 1990. The Hedge Fund Solutions segment also includes (a) our GP Stakes business ("GP Stakes"), which targets minority investments in the general partners of private equity and other private-market alternative asset management firms globally, with a focus on delivering a combination of recurring annual cash flow yield and long-term capital appreciation, (b) investment platforms that invest directly, including our Blackstone Strategic Opportunity Fund, which seeks to produce attractive long-term, risk-adjusted returns by investing in a wide variety of securities, assets and instruments, often sourced and/or managed by third party subadvisors or affiliated Blackstone managers, (c) our hedge fund seeding business and (d) registered funds that provide alternative asset solutions through daily liquidity products. Hedge Fund Solutions' overall investment philosophy is to grow investors' assets through both commingled and custom-tailored investment strategies designed to deliver compelling risk-adjusted returns. Diversification, risk management and due diligence are key tenets of our approach.

Credit & Insurance

Our Credit & Insurance segment includes Blackstone Credit ("BXC"). BXC is one of the largest credit-oriented managers in the world. The investment portfolios of the funds BXC manages or sub-advises consist of loans and securities of non-investment and investment grade companies spread across the capital structure including senior debt, subordinated debt, preferred stock and common equity.

BXC is organized into two overarching strategies: private credit and liquid credit. BXC's private credit strategies include mezzanine and direct lending funds, private placement strategies, stressed/distressed strategies and energy strategies (including our sustainable resources platform). BXC's direct lending funds include Blackstone Private Credit Fund ("BCRED") and Blackstone Secured Lending Fund ("BXSL"), both of which are business development companies ("BDCs"). BXC's liquid credit strategies consist of collateralized loan obligations ("CLOs"), closed-ended funds, open-ended funds, systematic strategies and separately managed accounts.

Our Credit & Insurance segment also includes our insurer-focused platform, Blackstone Insurance Solutions ("BIS"). BIS focuses on providing full investment management services for insurers' general accounts, seeking to deliver customized and diversified portfolios that include allocations to Blackstone managed products and strategies across asset classes and Blackstone's private credit origination capabilities. BIS provides its clients tailored portfolio construction and strategic asset allocation, seeking to generate risk-managed, capital-efficient returns, diversification and capital preservation that meets clients' objectives. BIS also provides similar services to clients through separately managed accounts or by sub-managing assets for certain insurance-dedicated funds and special purpose vehicles.

In addition, our Credit & Insurance segment includes our asset-based finance platform and our publicly traded midstream energy infrastructure, listed infrastructure and master limited partnership ("MLP") investment platform, which is managed by Harvest Fund Advisors LLC ("Harvest"). Harvest primarily invests capital raised from institutional investors in separately managed accounts and pooled vehicles, investing in publicly traded energy infrastructure, listed infrastructure, renewables and MLPs holding primarily midstream energy assets in North America.

Business Environment

Blackstone's businesses are materially affected by conditions in the financial markets and economic conditions in the U.S., Europe, Asia and, to a lesser extent, elsewhere in the world.

In the third quarter of 2022, global markets continued to experience significant volatility, driven by concerns over persistent inflation, rising interest rates, slowing economic growth and geopolitical uncertainty. Inflation persisted at multi-decade highs in many major economies around the world, prompting central banks to pursue monetary policy tightening actions that are likely to continue to create headwinds to economic growth. In the U.S., annual inflation was 8.2% in September, down from 9.1% in June but still well above the Federal Reserve's long-run target of 2%. In Eurozone economies, inflation increased to a record 9.9% in September, up from 9.1% in August. The U.S. Federal Reserve raised the federal funds target range to 3.00-3.25% in the third quarter of 2022 and further to 3.75-4.00% in November, while the European Central Bank raised its deposit facility rate to 0.75%. Both central banks reiterated expectations for further increases in the coming months.

Nonetheless, several key economic indicators in the U.S., including employment, wage growth and consumer health measures, have demonstrated resilience. The U.S. unemployment rate declined to the pre-pandemic level of 3.5% as of September 2022, signaling a strong labor market. Wages increased 5.0% year-over-year in September and exceeded the 15-year average of 2.9%. Retail sales increased 8.2% year-over-year in September, driven in part by higher prices. In manufacturing, however, the Institute for Supply Management Purchasing Managers' Index decreased to 50.9 in the third quarter from 61.1 in September 2021, signaling a slowing expansion in the U.S. manufacturing sector. While the U.S. economy has demonstrated resilience, global economies are facing less robust fundamentals. In China, 2022 economic growth is expected to be the second lowest since 1976. In the Eurozone and U.K., many economists are predicting modest economic contraction in 2023.

For the first nine months of 2022, the S&P 500 declined 24% — with declines in every sector except energy. The telecom sector experienced the largest decline, down 39% year to date. Energy was the best performing sector, up 34% year to date. The price of West Texas Intermediate crude oil decreased 25% from the second quarter to \$79 per barrel, but has since climbed 9% as of October 31, 2022 following production cuts amid tight supply.

Volatility increased in the third quarter, with the CBOE Volatility Index rising 10% from the second quarter. Capital markets activity experienced a dramatic slowdown. U.S. initial public offering volumes decreased 95% compared to the third quarter of 2021 while U.S. announced merger and acquisition deal volumes declined 62% over the same period.

The ten-year Treasury yield increased 82 basis points to 3.83% during the third quarter and has since climbed to 4.05% as of October 31, 2022. Three month LIBOR increased 147 basis points to 3.75% during the third quarter and has since increased to 4.46% as of October 31, 2022.

In credit markets, the S&P leveraged loan index increased by 1.4% and the Credit Suisse high yield bond index declined by 0.4% in the third quarter. High yield spreads contracted by 45 basis points sequentially, while issuance decreased 81% compared to the third quarter of 2021.

While overall headline economic measures remained generally resilient in the third quarter, pervasive inflation is likely to lead to continued central bank tightening. The prospect of slower economic growth, coupled with continued uncertainty regarding the potential for a recession in the U.S., could contribute to prolonged market volatility.

Notable Transactions

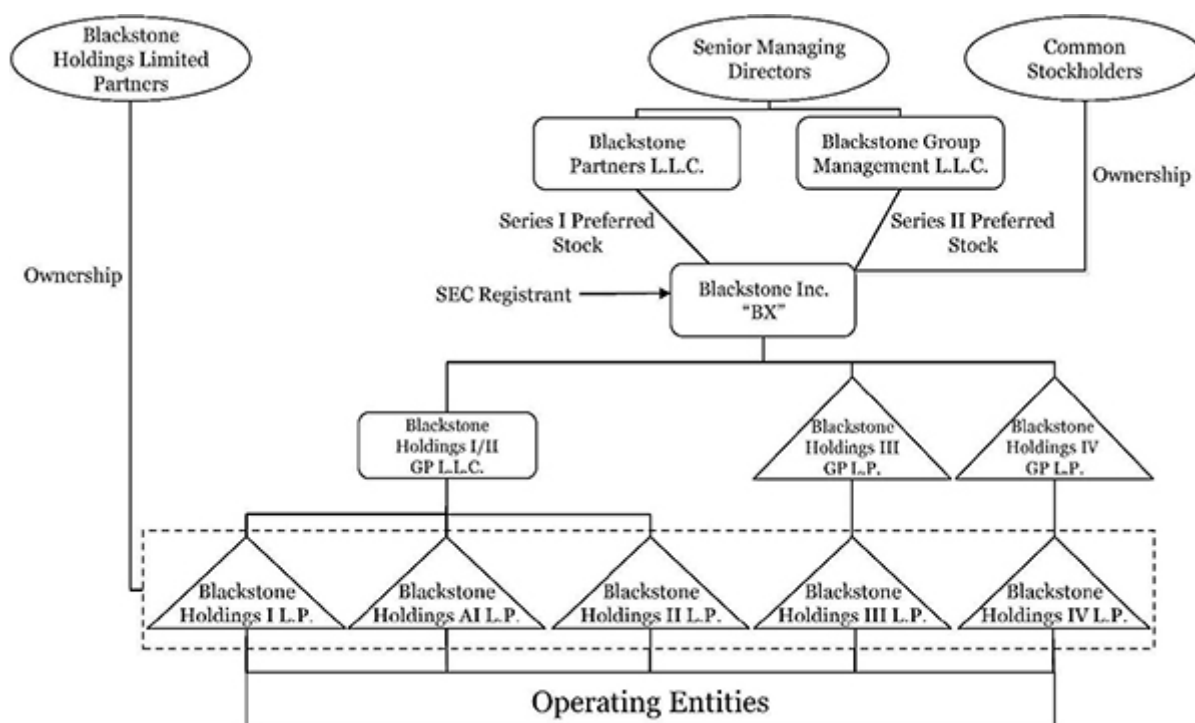
On November 3, 2022, Blackstone issued \$600 million aggregate principal amount of 5.900% senior notes due November 3, 2027 (the “2027 Notes”) and \$900 million aggregate principal amount of 6.200% senior notes due April 22, 2033 (the “2033 Notes”). Blackstone intends to use the net proceeds from the sale of the 2027 Notes and the 2033 Notes for general corporate purposes. For additional information see Note 12. “Borrowings” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements.”

Organizational Structure

Effective February 26, 2021, Blackstone effectuated changes to rename its Class A common stock as “common stock,” and to reclassify its Class B and Class C common stock into a new “Series I preferred stock” and “Series II preferred stock,” respectively. Each new stock has the same rights and powers of its predecessor. For additional information, see Note 1. “Organization” and Note 14. “Earnings Per Share and Stockholders’ Equity — Stockholders’ Equity” in the “Notes to Condensed Consolidated Financial Statements” in “— Item 1. Financial Statements” of this filing.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. For additional information, see Note 1. “Organization” in the “Notes to Condensed Consolidated Financial Statements” in “— Item 1. Financial Statements.”

The simplified diagram below depicts our current organizational structure. The diagram does not depict all of our subsidiaries, including intermediate holding companies through which certain of the subsidiaries depicted are held.



Key Financial Measures and Indicators

We manage our business using certain financial measures and key operating metrics since we believe these metrics measure the productivity of our investment activities. We prepare our Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”). See Note 2. “Summary of Significant Accounting Policies” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” and “— Critical Accounting Policies.” Our key non-GAAP financial measures and operating indicators and metrics are discussed below.

Distributable Earnings

Distributable Earnings is derived from Blackstone’s segment reported results. Distributable Earnings is used to assess performance and amounts available for dividends to Blackstone shareholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships. Distributable Earnings is the sum of Segment Distributable Earnings plus Net Interest and Dividend Income (Loss) less Taxes and Related Payables. Distributable Earnings excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income Before Provision (Benefit) for Taxes. See “— Non-GAAP Financial Measures” for our reconciliation of Distributable Earnings.

Net Interest and Dividend Income (Loss) is presented on a segment basis and is equal to Interest and Dividend Revenue less Interest Expense, adjusted for the impact of consolidation of Blackstone Funds, and interest expense associated with the Tax Receivable Agreement.

Taxes and Related Payables represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income Before Provision (Benefit) for Taxes and including the Payable under the Tax Receivable Agreement. Further, the current tax provision utilized when calculating Taxes and Related Payables and Distributable Earnings reflects the benefit of deductions available to the company on certain expense items that are excluded from the underlying calculation of Segment Distributable Earnings and Total Segment Distributable Earnings, such as equity-based compensation charges and certain Transaction-Related Charges where there is a current tax provision or benefit. The economic assumptions and methodologies that impact the implied income tax provision are the same as those methodologies and assumptions used in calculating the current income tax provision for Blackstone's Condensed Consolidated Statements of Operations under GAAP, excluding the impact of divestitures and accrued tax contingencies and refunds which are reflected when paid or received. Management believes that including the amount payable under the Tax Receivable Agreement and utilizing the current income tax provision adjusted as described above when calculating Distributable Earnings is meaningful as it increases comparability between periods and more accurately reflects earnings that are available for distribution to shareholders.

Segment Distributable Earnings

Segment Distributable Earnings is Blackstone's segment profitability measure used to make operating decisions and assess performance across Blackstone's four segments. Segment Distributable Earnings represents the net realized earnings of Blackstone's segments and is the sum of Fee Related Earnings and Net Realizations for each segment. Blackstone's segments are presented on a basis that deconsolidates Blackstone Funds, eliminates non-controlling ownership interests in Blackstone's consolidated operating partnerships, removes the amortization of intangible assets and removes Transaction-Related Charges. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the Tax Receivable Agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions. Segment Distributable Earnings excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income Before Provision (Benefit) for Taxes. See "— Non-GAAP Financial Measures" for our reconciliation of Segment Distributable Earnings.

Net Realizations is presented on a segment basis and is the sum of Realized Principal Investment Income and Realized Performance Revenues (which refers to Realized Performance Revenues excluding Fee Related Performance Revenues), less Realized Performance Compensation (which refers to Realized Performance Compensation excluding Fee Related Performance Compensation and Equity-Based Performance Compensation).

Realized Performance Compensation reflects an increase in the aggregate Realized Performance Compensation paid to certain of our professionals above the amounts allocable to them based upon the percentage participation in the relevant performance plans previously awarded to them as a result of a compensation program that commenced during the three months ended June 30, 2021. The expectation is that for the full year 2022, Fee Related Compensation will be decreased by the total amount of additional Performance Compensation awarded for the year. In the three months ended September 30, 2022 the increase to Realized Performance Compensation of \$15.0 million was less than the decrease to Fee Related Compensation of \$20.0 million, while in the nine months ended September 30, 2022 the increase to Realized Performance Compensation of \$80.0 million was greater than the decrease to Fee Related Compensation of \$60.0 million. These changes to Realized Performance Compensation and Fee Related Compensation reduced Net Realizations, increased Fee Related Earnings and had a favorable impact to Income Before Provision (Benefit) for Taxes and Distributable Earnings in the three months ended September 30, 2022 and a negative impact to Income Before Provision (Benefit) for Taxes and Distributable Earnings in the nine months ended September 30, 2022. These changes are not expected to impact Income Before Provision (Benefit) for Taxes and Distributable Earnings for the full year. In the three months and nine months ended September 30, 2021 Realized Performance Compensation was increased, and Fee Related Compensation was decreased, by \$5.0 million and \$20.0 million, respectively. This reduced Net Realizations, increased Fee Related Earnings, was neutral to Income Before Provision (Benefit) for Taxes and had no impact to Distributable Earnings for such period.

Fee Related Earnings

Fee Related Earnings is a performance measure used to assess Blackstone's ability to generate profits from revenues that are measured and received on a recurring basis and not subject to future realization events. Fee Related Earnings equals management and advisory fees (net of management fee reductions and offsets) plus Fee Related Performance Revenues, less (a) Fee Related Compensation on a segment basis, and (b) Other Operating Expenses. Fee Related Earnings is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income Before Provision (Benefit) for Taxes. See "— Non-GAAP Financial Measures" for our reconciliation of Fee Related Earnings.

Fee Related Compensation is presented on a segment basis and refers to the compensation expense, excluding Equity-Based Compensation, directly related to (a) Management and Advisory Fees, Net and (b) Fee Related Performance Revenues, referred to as Fee Related Performance Compensation.

Fee Related Performance Revenues refers to the realized portion of Performance Revenues from Perpetual Capital that are (a) measured and received on a recurring basis, and (b) not dependent on realization events from the underlying investments.

Other Operating Expenses is presented on a segment basis and is equal to General, Administrative and Other Expenses, adjusted to (a) remove the amortization of transaction-related intangibles, (b) remove certain expenses reimbursed by the Blackstone Funds which are netted against Management and Advisory Fees, Net in Blackstone's segment presentation, and (c) give effect to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization ("Adjusted EBITDA"), is a supplemental measure used to assess performance derived from Blackstone's segment results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents Distributable Earnings plus the addition of (a) Interest Expense on a segment basis, (b) Taxes and Related Payables, and (c) Depreciation and Amortization. Adjusted EBITDA is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income Before Provision (Benefit) for Taxes. See "— Non-GAAP Financial Measures" for our reconciliation of Adjusted EBITDA.

Net Accrued Performance Revenues

Net Accrued Performance Revenues is a financial measure used as an indicator of potential future realized performance revenues based on the current investment portfolio of the funds and vehicles we manage. Net Accrued Performance Revenues represents the accrued performance revenues receivable by Blackstone, net of the related accrued performance compensation payable by Blackstone, excluding Performance Revenues that have been realized but not yet distributed as of the reporting date and clawback amounts, if any. Net Accrued Performance Revenues is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Investments. See “— Non-GAAP Financial Measures” for our reconciliation of Net Accrued Performance Revenues and Note 2. “Summary of Significant Accounting Policies — Equity Method Investments” in the “Notes to Condensed Consolidated Financial Statements” in “— Item 1. Financial Statements” for additional information on the calculation of Investments — Accrued Performance Allocations.

Operating Metrics

The alternative asset management business is primarily based on managing third party capital and does not require substantial capital investment to support rapid growth. Since our inception, we have developed and used various key operating metrics to assess and monitor the operating performance of our various alternative asset management businesses in order to monitor the effectiveness of our value creating strategies.

Total and Fee-Earning Assets Under Management

Total Assets Under Management refers to the assets we manage. Our Total Assets Under Management equals the sum of:

- (a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities managed by us plus the capital that we are entitled to call from investors in those funds and entities pursuant to the terms of their respective capital commitments, including capital commitments to funds that have yet to commence their investment periods,
- (b) the net asset value of (1) our hedge funds, real estate debt carry funds, BPP, certain co-investments managed by us, certain credit-focused funds, and our Hedge Fund Solutions drawdown funds (plus, in each case, the capital that we are entitled to call from investors in those funds, including commitments yet to commence their investment periods), and (2) our funds of hedge funds, our Hedge Fund Solutions registered investment companies, BREIT, and BEPIF,
- (c) the invested capital, fair value or net asset value of assets we manage pursuant to separately managed accounts,
- (d) the amount of debt and equity outstanding for our CLOs during the reinvestment period,
- (e) the aggregate par amount of collateral assets, including principal cash, for our CLOs after the reinvestment period,
- (f) the gross or net amount of assets (including leverage where applicable) for our credit-focused registered investment companies,
- (g) the fair value of common stock, preferred stock, convertible debt, term loans or similar instruments issued by BXMT, and
- (h) borrowings under and any amounts available to be borrowed under certain credit facilities of our funds.

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open-ended funds in our Real Estate, Hedge Fund Solutions and Credit & Insurance segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example,

annually or quarterly), typically with 30 to 95 days' notice, depending on the fund and the liquidity profile of the underlying assets. In our Perpetual Capital vehicles where redemption rights exist, Blackstone has the ability to fulfill redemption requests only (a) in Blackstone's or the vehicles' board's discretion, as applicable, or (b) to the extent there is sufficient new capital. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit & Insurance segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days' notice. Our BIS separately managed accounts can generally only be terminated for long-term underperformance, cause and certain other limited circumstances, in each case subject to Blackstone's right to cure.

Fee-Earning Assets Under Management refers to the assets we manage on which we derive management fees and/or performance revenues. Our Fee-Earning Assets Under Management equals the sum of:

- (a) for our Private Equity segment funds and Real Estate segment carry funds, including certain BREDS and Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,
- (b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,
- (c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,
- (d) the net asset value of our funds of hedge funds, hedge funds, BPP, certain co-investments managed by us, certain registered investment companies, BREIT, BEPIF, and certain of our Hedge Fund Solutions drawdown funds,
- (e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,
- (f) the net proceeds received from equity offerings and accumulated distributable earnings of BXMT, subject to certain adjustments,
- (g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and
- (h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

Each of our segments may include certain Fee-Earning Assets Under Management on which we earn performance revenues but not management fees.

Our calculations of Total Assets Under Management and Fee-Earning Assets Under Management may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our calculation of Total Assets Under Management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our personnel, regardless of whether such commitments or invested capital are subject to fees. Our definitions of Total Assets Under Management and Fee-Earning Assets Under Management are not based on any definition of total assets under management and fee-earning assets under management that is set forth in the agreements governing the investment funds that we manage.

For our carry funds, Total Assets Under Management includes the fair value of the investments held and uncalled capital commitments, whereas Fee-Earning Assets Under Management may include the total amount of capital commitments or the remaining amount of invested capital at cost, depending on whether the investment period has expired or as specified by the fee terms of the fund. As such, in certain carry funds Fee-Earning Assets Under Management may be greater than Total Assets Under Management when the aggregate fair value of the remaining investments is less than the cost of those investments.

Perpetual Capital

Perpetual Capital refers to the component of assets under management with an indefinite term, that is not in liquidation, and for which there is no requirement to return capital to investors through redemption requests in the ordinary course of business, except where funded by new capital inflows. Perpetual Capital includes co-investment capital with an investor right to convert into Perpetual Capital.

Dry Powder

Dry Powder represents the amount of capital available for investment or reinvestment, including general partner and employee capital, and is an indicator of the capital we have available for future investments.

Performance Eligible Assets Under Management

Performance Eligible Assets Under Management represents invested and to be invested capital at fair value, including capital closed for funds whose investment period has not yet commenced, on which performance revenues could be earned if certain hurdles are met.

Recent Tax Developments

The Presidential administration and the U.S. Congress may introduce new or enforce existing policies and regulations that may create uncertainty for our business and investment strategies and could have an adverse impact on us. For example, a top legislative priority of the Presidential administration is significant changes to U.S. tax regulations. The administration has recently signed into law the Inflation Reduction Act which, among other things, imposes a minimum “book” tax on certain large corporations and creates a new excise tax on net stock repurchases made by certain publicly traded corporations after December 31, 2022. While the application of this new law is uncertain and we continue to evaluate its potential impact, these changes could materially change the amount and/or timing of tax Blackstone Inc. may be required to pay. For further discussion of potential consequences of changes in tax regulations, please see “Part I. Item 1A. Risk Factors – Risks Related to Our Business – Changes in U.S. and foreign taxation of businesses and other tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could adversely affect us, including by adversely impacting our effective tax rate and tax liability” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Consolidated Results of Operations

Following is a discussion of our consolidated results of operations. For a more detailed discussion of the factors that affected the results of our four business segments (which are presented on a basis that deconsolidates the investment funds, eliminates non-controlling ownership interests in Blackstone’s consolidated operating partnerships and removes the amortization of intangibles assets and Transaction-Related Charges) in these periods, see “— Segment Analysis” below.

The following table sets forth information regarding our consolidated results of operations and certain key operating metrics for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		2022 vs. 2021		Nine Months Ended September 30,		2022 vs. 2021	
	2022	2021	\$	%	2022	2021	\$	%
(Dollars in Thousands)								
Revenues								
Management and Advisory Fees, Net	\$ 1,617,754	\$ 1,320,795	\$ 296,959	22%	\$ 4,654,877	\$ 3,711,159	\$ 943,718	25%
Incentive Fees	110,776	48,206	62,570	130%	314,863	117,537	197,326	168%
Investment Income (Loss)								
Performance Allocations								
Realized	725,888	1,522,495	(796,607)	-52%	4,946,043	2,865,482	2,080,561	73%
Unrealized	(771,637)	2,724,366	(3,496,003)	n/m	(2,946,255)	7,886,033	(10,832,288)	n/m
Principal Investments								
Realized	193,228	325,414	(132,186)	-41%	743,493	832,512	(89,019)	-11%
Unrealized	(1,069,697)	183,754	(1,253,451)	n/m	(1,496,226)	1,151,904	(2,648,130)	n/m
Total Investment Income (Loss)	(922,218)	4,756,029	(5,678,247)	n/m	1,247,055	12,735,931	(11,488,876)	-90%
Interest and Dividend Revenue	52,420	35,048	17,372	50%	168,980	97,477	71,503	73%
Other	199,382	64,187	135,195	211%	427,839	152,387	275,452	181%
Total Revenues	1,058,114	6,224,265	(5,166,151)	-83%	6,813,614	16,814,491	(10,000,877)	-59%
Expenses								
Compensation and Benefits								
Compensation	600,273	536,199	64,074	12%	1,942,790	1,585,941	356,849	23%
Incentive Fee Compensation	50,355	21,007	29,348	140%	136,737	48,763	87,974	180%
Performance Allocations Compensation								
Realized	313,930	631,632	(317,702)	-50%	2,067,447	1,192,082	875,365	73%
Unrealized	(359,590)	1,193,853	(1,553,443)	n/m	(1,273,849)	3,394,041	(4,667,890)	n/m
Total Compensation and Benefits	604,968	2,382,691	(1,777,723)	-75%	2,873,125	6,220,827	(3,347,702)	-54%
General, Administrative and Other	270,369	217,995	52,374	24%	800,331	608,174	192,157	32%
Interest Expense	80,507	52,413	28,094	54%	216,896	141,718	75,178	53%
Fund Expenses	5,517	1,260	4,257	338%	12,144	7,417	4,727	64%
Total Expenses	961,361	2,654,359	(1,692,998)	-64%	3,902,496	6,978,136	(3,075,640)	-44%
Other Income (Loss)								
Change in Tax Receivable Agreement Liability	—	(37,321)	37,321	-100%	748	(34,803)	35,551	n/m
Net Gains (Losses) from Fund Investment Activities	1,178	132,312	(131,134)	-99%	(52,272)	379,781	(432,053)	n/m
Total Other Income (Loss)	1,178	94,991	(93,813)	-99%	(51,524)	344,978	(396,502)	n/m
Income Before Provision for Taxes	97,931	3,664,897	(3,566,966)	-97%	2,859,594	10,181,333	(7,321,739)	-72%
Provision for Taxes	94,231	458,904	(364,673)	-79%	614,026	746,707	(132,681)	-18%
Net Income	3,700	3,205,993	(3,202,293)	-100%	2,245,568	9,434,626	(7,189,058)	-76%
Net Income Attributable to Redeemable								
Non-Controlling Interests in Consolidated Entities	25,773	1,550	24,223	n/m	56,700	2,816	53,884	n/m
Net Income (Loss) Attributable to Non-Controlling								
Interests in Consolidated Entities	(62,093)	486,907	(549,000)	n/m	(62,425)	1,305,273	(1,367,698)	n/m
Net Income Attributable to Non-Controlling Interests								
in Blackstone Holdings	37,724	1,315,641	(1,277,917)	-97%	1,061,516	3,667,618	(2,606,102)	-71%
Net Income Attributable to Blackstone Inc.	\$ 2,296	\$ 1,401,895	\$ (1,399,599)	-100%	\$ 1,189,777	\$ 4,458,919	\$ (3,269,142)	-73%

n/m Not meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Revenues

Revenues were \$1.1 billion for the three months ended September 30, 2022, a decrease of \$5.2 billion, compared to \$6.2 billion for the three months ended September 30, 2021. The decrease in Revenues was primarily attributable to a decrease of \$5.7 billion in Investment Income (Loss), which is composed of decreases of \$4.7 billion and \$928.8 million in Unrealized Investment Income (Loss) and Realized Investment Income (Loss), respectively.

The \$4.7 billion decrease in Unrealized Investment Income (Loss) was primarily attributable to net unrealized depreciation of investments in the three months ended September 30, 2022 compared to net unrealized appreciation of investments in the three months ended September 30, 2021. Principal drivers of the decrease were:

- The decrease of \$2.3 billion in our Real Estate segment was primarily attributable to net unrealized depreciation of investments in BREP and lower net unrealized appreciation of investments in Core+ real estate during the three months ended September 30, 2022. BREP and Core+ real estate's carrying value decreased 0.6% and increased 2.3%, respectively, in the three months ended September 30, 2022 compared to increases of 16.2% and 7.6%, respectively, in the three months ended September 30, 2021.
- The decrease of \$1.1 billion in our Private Equity segment was primarily attributable to net unrealized depreciation of investments in corporate private equity and Strategic Partners in the three months ended September 30, 2022 compared to net unrealized appreciation of investments in the three months ended September 30, 2021. Corporate private equity and Strategic Partners carrying value decreased 0.3% and 3.5%, respectively, in the three months ended September 30, 2022 compared to increases of 9.9% and 24.6%, respectively, in the three months ended September 30, 2021.
- The decrease of \$972.5 million in our Credit & Insurance segment was primarily attributable to an unrealized loss on the ownership of Corebridge common stock based on the publicly traded price as of September 30, 2022.

The \$928.8 million decrease in Realized Investment Income (Loss) was primarily attributable to lower realized gains in our Real Estate and Private Equity segments.

Expenses

Expenses were \$961.4 million for the three months ended September 30, 2022, a decrease of \$1.7 billion, compared to \$2.7 billion for the three months ended September 30, 2021. The decrease was primarily attributable to a decrease of \$1.8 billion in Total Compensation and Benefits, which is composed of a decrease of \$1.9 billion in Performance Allocations Compensation and an increase of \$64.1 million in Compensation. The decrease in Performance Allocations Compensation was primarily due to the decrease in Investment Income (Loss), on which a portion of compensation is based. The increase in Compensation was primarily due to the increase in Management and Advisory Fees, Net, on which a portion of compensation is based.

Other Income (Loss)

Other Income (Loss) was \$1.2 million for the three months ended September 30, 2022, a decrease of \$93.8 million, compared to \$95.0 million for the three months ended September 30, 2021. The decrease in Other Income was primarily due to a decrease of \$131.1 million in Net Gains (Losses) from Fund Investment Activities.

The decrease in Net Gains (Losses) from Fund Investment Activities was principally driven by decreases of \$71.1 million, \$40.5 million, \$14.0 million and \$5.5 million in our Private Equity, Real Estate, Hedge Fund Solutions and Credit & Insurance segments, respectively. The decrease in our Private Equity segment was primarily due to unrealized depreciation of investments and lower realized gains of investments in our consolidated private equity funds. The decrease in our Real Estate segment was primarily due to unrealized depreciation of investments, partially offset by higher realized gains of investments in our consolidated real estate funds. The decrease in our Hedge Fund Solutions segment was primarily due to unrealized depreciation of investments in our consolidated hedge fund solutions funds. The decrease in our Credit & Insurance segment was primarily due to unrealized depreciation of investments and realized losses of investments in our consolidated credit funds.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Revenues

Revenues were \$6.8 billion for the nine months ended September 30, 2022, a decrease of \$10.0 billion, compared to \$16.8 billion for the nine months ended September 30, 2021. The decrease in Revenues was primarily attributable to a net decrease of \$11.5 billion in Investment Income (Loss), which is composed of a decrease of \$13.5 billion in Unrealized Investment Income (Loss) and an increase of \$2.0 billion in Realized Investment Income (Loss), partially offset by an increase of \$943.7 million in Management and Advisory Fees, Net.

The \$13.5 billion decrease in Unrealized Investment Income (Loss) was primarily attributable to net unrealized depreciation of investments in the nine months ended September 30, 2022 compared to net unrealized appreciation of investments in the nine months ended September 30, 2021. Principal drivers of the decrease were:

- The decrease of \$5.5 billion in our Private Equity segment was primarily attributable to net unrealized depreciation of investments in corporate private equity and lower net unrealized appreciation in Strategic Partners in the nine months ended September 30, 2022 compared to net unrealized appreciation of investments in the nine months ended September 30, 2021. Corporate private equity and Strategic Partners carrying value decreased 4.3% and increased 10.3%, respectively, in the nine months ended September 30, 2022 compared to increases of 38.3% and 54.6%, respectively, in the nine months ended September 30, 2021.
- The decrease of \$5.3 billion in our Real Estate segment which was primarily attributable to lower net unrealized appreciation of investments in BREP during the nine months ended September 30, 2022, compared to the net unrealized appreciation of investments in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. BREP's carrying value increased 8.8% in the nine months ended September 30, 2022 compared to 31.6% in the nine months ended September 30, 2021.
- The decrease of \$1.3 billion in our Credit & Insurance segment was primarily attributable to an unrealized loss on the ownership of Corebridge common stock based on the publicly traded price as of September 30, 2022 and lower net returns in our private credit strategies in the nine months ended September 30, 2022 compared to September 30, 2021.

The \$2.0 billion increase in Realized Investment Income (Loss) was primarily attributable to higher realized gains in our Real Estate segment, partially offset by lower realized gains in our Private Equity segment.

The \$943.7 million increase in Management and Advisory Fees, Net was primarily due to increases in our Real Estate and Credit & Insurance segments of \$459.3 million and \$393.9 million, respectively. The increase in our Real Estate segment was primarily due to Fee-Earning Assets Under Management growth in Core+ real estate and BREDS. The increase in our Credit & Insurance segment was primarily due to an increase in inflows in BCRED and BIS.

Expenses

Expenses were \$3.9 billion for the nine months ended September 30, 2022, a decrease of \$3.1 billion, compared to \$7.0 billion for the nine months ended September 30, 2021. The decrease was primarily attributable a decrease of \$3.3 billion in Total Compensation and Benefits, which is composed of a decrease of \$3.8 billion in Performance Allocations Compensation and an increase of \$356.8 million in Compensation, partially offset by an increase of \$192.2 million in General, Administrative and Other. The decrease in Performance Allocations Compensation was primarily due to the decrease in Investment Income, on which a portion of compensation is based. The increase in Compensation was primarily due to the increase in Management and Advisory Fees, Net, on which a portion of compensation is based. The increase in General, Administrative and Other was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Other Income (Loss)

Other Income (Loss) was \$(51.5) million for the nine months ended September 30, 2022, a decrease of \$396.5 million, compared to \$345.0 million for the nine months ended September 30, 2021. The decrease in Other Income was primarily due to a decrease of \$432.1 million in Net Gains (Losses) from Fund Investment Activities.

The decrease in Net Gains (Losses) from Fund Investment Activities was principally driven by decreases of \$264.3 million, \$99.9 million, \$36.9 million and \$31.0 million in our Private Equity, Hedge Fund Solutions, Credit & Insurance and Real Estate segments, respectively. The decrease in our Private Equity segment was primarily due to unrealized depreciation of investments and lower realized gains of investments in our consolidated private equity funds. The decrease in our Hedge Fund Solutions segment was primarily due to unrealized depreciation of investments in our consolidated hedge fund solutions funds. The decrease in our Credit & Insurance segment was primarily due to unrealized depreciation of investments and realized losses of investments in our consolidated credit funds. The decrease in our Real Estate segment was primarily due to unrealized depreciation of investments, partially offset by higher realized gains of investments in our consolidated real estate funds.

Provision for Taxes

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Blackstone's Provision for Taxes for the three months ended September 30, 2022 and 2021 was \$94.2 million and \$458.9 million, respectively. This resulted in an effective tax rate of 96.2% and 12.5%, respectively, based on our Income (Loss) Before Provision for Taxes of \$97.9 million and \$3.7 billion. The increase in Blackstone's effective tax rate for the three months ended September 30, 2022, compared to the three months ended September 30, 2021, includes a portion of the reported Income (Loss) Before Provision for Taxes that is attributable to non-controlling interest holders, the state tax provision and deferred tax adjustments.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Blackstone's Provision for Taxes for the nine months ended September 30, 2022 and 2021 was \$614.0 million and \$746.7 million, respectively. This resulted in an effective tax rate of 21.5% and 7.3%, respectively, based on our Income (Loss) Before Provision for Taxes of \$2.9 billion and \$10.2 billion. The increase in Blackstone's effective tax rate for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, resulted primarily from the reduction of valuation allowances previously recorded against deferred tax assets during 2021, and an increase in state tax provision due to recent developments affecting the allocation of income among multiple tax jurisdictions.

Additional information regarding our income taxes can be found in Note 13. "Income Taxes" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing.

Non-Controlling Interests in Consolidated Entities

The Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities and Net Income Attributable to Non-Controlling Interests in Consolidated Entities is attributable to the consolidated Blackstone Funds. The amounts of these items vary directly with the performance of the consolidated Blackstone Funds and largely eliminate the amount of Other Income (Loss) – Net Gains (Losses) from Fund Investment Activities from the Net Income (Loss) Attributable to Blackstone Inc.

Net Income Attributable to Non-Controlling Interests in Blackstone Holdings is derived from the Income Before Provision (Benefit) for Taxes at the Blackstone Holdings level, excluding the Net Gains (Losses) from Fund Investment Activities and the percentage allocation of the income between Blackstone personnel and others who are limited partners of Blackstone Holdings and Blackstone after considering any contractual arrangements that govern the allocation of income such as fees allocable to Blackstone.

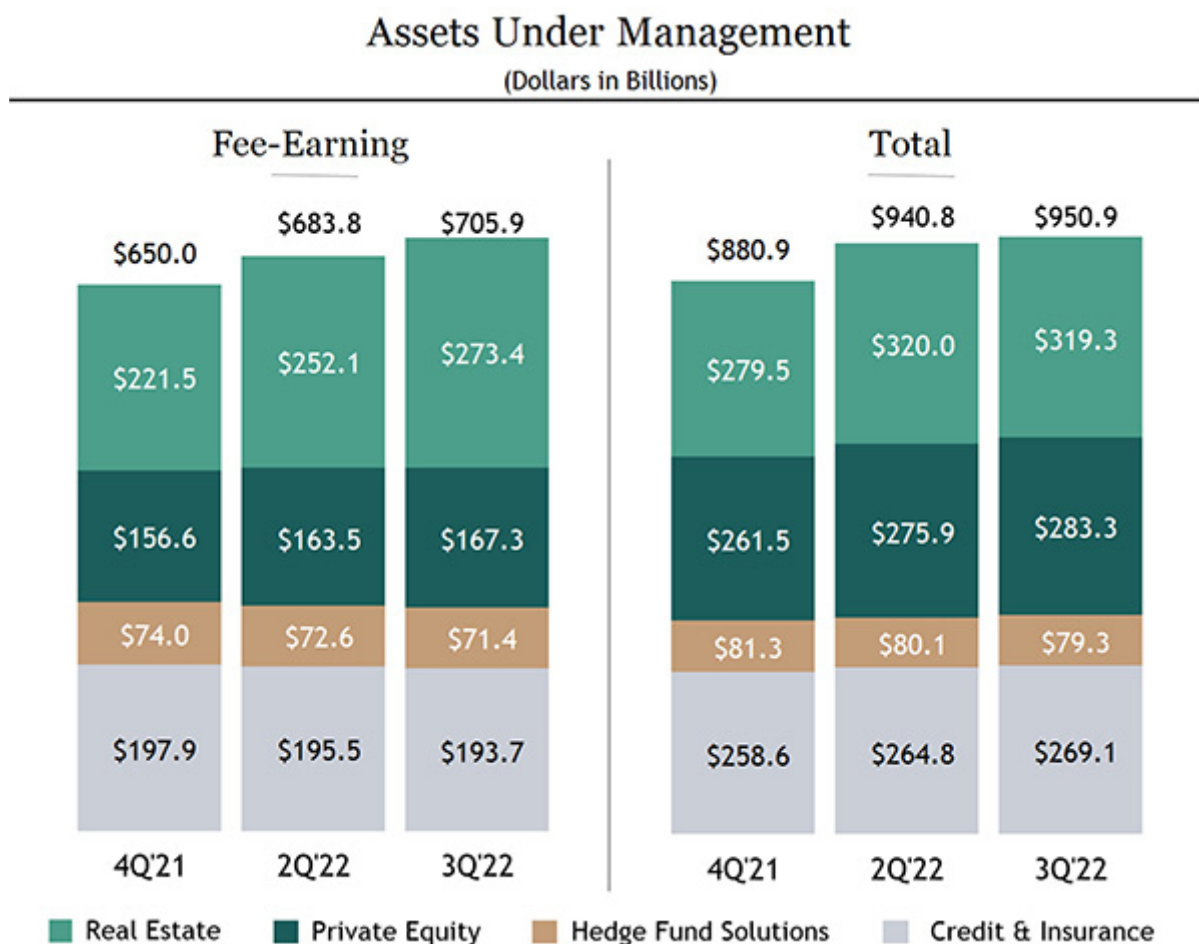
For the three months ended September 30, 2022 and 2021, the Net Income Before Taxes allocated to Blackstone personnel and other limited partners of Blackstone Holdings was 39.7% and 41.2%, respectively. For the nine months ended September 30, 2022 and 2021, the Net Income Before Taxes allocated to Blackstone personnel and others who are limited partners of Blackstone Holdings was 39.8% and 41.5%, respectively. The respective decreases of 1.5% and 1.7% were primarily due to the conversion of Blackstone Holdings Partnership Units to shares of common stock and the vesting of shares of common stock.

The Other Income (Loss) — Change in Tax Receivable Agreement Liability was entirely allocated to Blackstone Inc.

Operating Metrics

Total and Fee-Earning Assets Under Management

The following graphs and tables summarize the Fee-Earning Assets Under Management by Segment and Total Assets Under Management by Segment, followed by a rollforward of activity for the three and nine months ended September 30, 2022 and 2021. For a description of how Assets Under Management and Fee-Earning Assets Under Management are determined, please see “— Key Financial Measures and Indicators — Operating Metrics — Total and Fee-Earning Assets Under Management.”



Note: Totals may not add due to rounding.

Three Months Ended										
September 30, 2022					September 30, 2021					
Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	
(Dollars in Thousands)										
Fee-Earning Assets Under Management										
Balance, Beginning of Period	\$252,125,870	\$163,521,507	\$72,629,621	\$195,548,963	\$683,825,961	\$166,263,493	\$132,475,486	\$72,240,152	\$127,953,395	\$498,932,526
Inflows (a)	35,565,611	5,720,545	956,594	9,236,906	51,479,656	13,568,086	8,372,265	3,011,092	12,022,947	36,974,390
Outflows (b)	(8,845,200)	(443,618)	(1,614,636)	(6,325,326)	(17,228,780)	(821,127)	(822,292)	(2,282,247)	(1,914,543)	(5,840,209)
Net Inflows (Outflows)	26,720,411	5,276,927	(658,042)	2,911,580	34,250,876	12,746,959	7,549,973	728,845	10,108,404	31,134,181
Realizations (c)	(4,238,668)	(1,932,887)	(431,322)	(1,457,210)	(8,060,087)	(4,228,169)	(2,649,349)	(413,232)	(1,780,911)	(9,071,661)
Market Activity (d)(g)	(1,159,763)	407,777	(102,021)	(3,297,392)	(4,151,399)	5,385,810	1,704,148	711,084	(383,538)	7,417,504
Balance, End of Period (e)	\$273,447,850	\$167,273,324	\$71,438,236	\$193,705,941	\$705,865,351	\$180,168,093	\$139,080,258	\$73,266,849	\$135,897,350	\$528,412,550
Increase (Decrease)	\$ 21,321,980	\$ 3,751,817	\$ (1,191,385)	\$ (1,843,022)	\$ 22,039,390	\$ 13,904,600	\$ 6,604,772	\$ 1,026,697	\$ 7,943,955	\$ 29,480,024
Increase (Decrease)	8%	2%	-2%	-1%	3%	8%	5%	1%	6%	6%
Nine Months Ended										
September 30, 2022					September 30, 2021					
Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	
(Dollars in Thousands)										
Fee-Earning Assets Under Management										
Balance, Beginning of Period	\$221,476,699	\$156,556,959	\$74,034,568	\$197,900,832	\$649,969,058	\$149,121,461	\$129,539,630	\$74,126,610	\$116,645,413	\$469,433,114
Inflows (a)	83,072,471	17,201,200	6,736,594	34,262,589	141,272,854	31,963,738	15,161,253	6,811,947	34,943,855	88,880,793
Outflows (b)	(16,659,446)	(1,359,978)	(7,402,333)	(16,116,378)	(41,538,135)	(2,246,364)	(1,887,923)	(11,905,577)	(9,532,557)	(25,572,421)
Net Inflows (Outflows)	66,413,025	15,841,222	(665,739)	18,146,211	99,734,719	29,717,374	13,273,330	(5,093,630)	25,411,298	63,308,372
Realizations (c)	(18,443,319)	(7,585,363)	(1,255,419)	(6,717,555)	(34,001,656)	(9,153,366)	(9,024,609)	(896,526)	(9,057,779)	(28,132,280)
Market Activity (d)(h)	4,001,445	2,460,506	(675,174)	(15,623,547)	(9,836,770)	10,482,624	5,291,907	5,130,395	2,898,418	23,803,344
Balance, End of Period (e)	\$273,447,850	\$167,273,324	\$71,438,236	\$193,705,941	\$705,865,351	\$180,168,093	\$139,080,258	\$73,266,849	\$135,897,350	\$528,412,550
Increase (Decrease)	\$ 51,971,151	\$ 10,716,365	\$ (2,596,332)	\$ (4,194,891)	\$ 55,896,293	\$ 31,046,632	\$ 9,540,628	\$ (859,761)	\$ 19,251,937	\$ 58,979,436
Increase (Decrease)	23%	7%	-4%	-2%	9%	21%	7%	-1%	17%	13%
Annualized Base Management Fee Rate (f)	0.97%	1.09%	0.78%	0.62%	0.88%	1.12%	1.11%	0.83%	0.56%	0.93%

Three Months Ended										
September 30, 2022					September 30, 2021					
Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	
(Dollars in Thousands)										
Total Assets Under Management										
Balance, Beginning of Period	\$ 320,038,428	\$ 275,886,414	\$ 80,051,408	\$ 264,829,491	\$ 940,805,741	\$ 207,548,236	\$ 223,621,359	\$ 79,145,263	\$ 173,713,854	\$ 684,028,712
Inflows (a)	10,106,034	14,490,688	1,154,963	19,092,560	44,844,245	16,045,781	7,355,730	3,341,522	19,997,259	46,740,292
Outflows (b)	(3,832,277)	(891,533)	(1,494,809)	(6,419,532)	(12,638,151)	(1,116,933)	(449,214)	(2,358,568)	(2,643,752)	(6,568,467)
Net Inflows (Outflows)	6,273,757	13,599,155	(339,846)	12,673,028	32,206,094	14,928,848	6,906,516	982,954	17,353,507	40,171,825
Realizations (c)	(4,077,373)	(5,306,409)	(448,706)	(5,913,377)	(15,745,865)	(7,048,140)	(10,815,305)	(422,694)	(3,466,302)	(21,752,441)
Market Activity (d)(i)	(2,888,406)	(911,462)	10,776	(2,530,364)	(6,319,456)	14,754,291	11,808,232	896,734	755,359	28,214,616
Balance, End of Period (e)	\$ 319,346,406	\$ 283,267,698	\$ 79,273,632	\$ 269,058,778	\$ 950,946,514	\$ 230,183,235	\$ 231,520,802	\$ 80,602,257	\$ 188,356,418	\$ 730,662,712
Increase (Decrease)	\$ (692,022)	\$ 7,381,284	\$ (777,776)	\$ 4,229,287	\$ 10,140,773	\$ 22,634,999	\$ 7,899,443	\$ 1,456,994	\$ 14,642,564	\$ 46,634,000
Increase (Decrease)	—	3%	-1%	2%	1%	11%	4%	2%	8%	7%

Nine Months Ended										
September 30, 2022					September 30, 2021					
Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	
(Dollars in Thousands)										
Total Assets Under Management										
Balance, Beginning of Period	\$ 279,474,105	\$ 261,471,007	\$ 81,334,141	\$ 258,622,467	\$ 880,901,720	\$ 187,191,247	\$ 197,549,222	\$ 79,422,869	\$ 154,393,590	\$ 618,556,928
Inflows (a)	76,028,056	43,964,395	7,177,191	55,808,400	182,978,042	33,506,903	22,522,400	7,605,641	51,990,890	115,625,834
Outflows (b)	(9,969,465)	(2,869,020)	(7,524,173)	(16,635,968)	(36,998,626)	(3,505,186)	(2,277,970)	(11,280,914)	(11,152,173)	(28,216,243)
Net Inflows (Outflows)	66,058,591	41,095,375	(346,982)	39,172,432	145,979,416	30,001,717	20,244,430	(3,675,273)	40,838,717	87,409,591
Realizations (c)	(33,462,061)	(18,611,016)	(1,364,756)	(14,853,399)	(68,291,232)	(14,307,719)	(27,541,846)	(920,598)	(13,483,353)	(56,253,516)
Market Activity (d)(j)	7,275,771	(687,668)	(348,771)	(13,882,722)	(7,643,390)	27,297,990	41,268,996	5,775,259	6,607,464	80,949,709
Balance, End of Period (e)	\$ 319,346,406	\$ 283,267,698	\$ 79,273,632	\$ 269,058,778	\$ 950,946,514	\$ 230,183,235	\$ 231,520,802	\$ 80,602,257	\$ 188,356,418	\$ 730,662,712
Increase (Decrease)	\$ 39,872,301	\$ 21,796,691	\$ (2,060,509)	\$ 10,436,311	\$ 70,044,794	\$ 42,991,988	\$ 33,971,580	\$ 1,179,388	\$ 33,962,828	\$ 112,105,784
Increase (Decrease)	14%	8%	-3%	4%	8%	23%	17%	1%	22%	18%

- (a) Inflows include contributions, capital raised, other increases in available capital (recallable capital and increased side-by-side commitments), purchases, inter-segment allocations and acquisitions.
- (b) Outflows represent redemptions, client withdrawals and decreases in available capital (expired capital, expense drawdowns and decreased side-by-side commitments).
- (c) Realizations represent realization proceeds from the disposition or other monetization of assets, current income or capital returned to investors from CLOs.
- (d) Market activity includes realized and unrealized gains (losses) on portfolio investments and the impact of foreign exchange rate fluctuations.
- (e) Total and Fee-Earning Assets Under Management are reported in the segment where the assets are managed.
- (f) Annualized Base Management Fee Rate represents annualized year to date Base Management Fee divided by the average of the beginning of year and each quarter end's Fee-Earning Assets Under Management in the reporting period.
- (g) For the three months ended September 30, 2022, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was \$(3.7) billion, \$(135.5) million, \$(556.0) million, \$(1.5) billion and \$(5.9) billion for the Real Estate, Private Equity, Hedge Fund Solutions, Credit & Insurance and Total segments, respectively. For the three months ended September 30, 2021, such impact was \$(841.1) million, \$(13.4) million, \$(599.5) million and \$(1.5) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.
- (h) For the nine months ended September 30, 2022, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was \$(7.5) billion, \$(331.4) million, \$(556.0) million, \$(3.4) billion and \$(11.8) billion for the Real Estate, Private Equity, Hedge Fund Solutions, Credit & Insurance and Total segments, respectively. For the nine months ended September 30, 2021, such impact was \$(1.6) billion, \$(26.3) million, \$(468.8) million and \$(2.1) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.
- (i) For the three months ended September 30, 2022, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was \$(5.7) billion, \$(1.3) billion, \$(556.0) million, \$(1.6) billion and \$(9.1) billion for the Real Estate, Private Equity, Hedge Fund Solutions, Credit & Insurance and Total segments, respectively. For the three months ended September 30, 2021, such impact was \$(1.3) billion, \$(358.2) million, \$(689.2) million and \$(2.3) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.
- (j) For the nine months ended September 30, 2022, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was \$(12.4) billion, \$(3.2) billion, \$(556.0) million, \$(3.8) billion and \$(19.9) billion for the Real Estate, Private Equity, Hedge Fund Solutions, Credit & Insurance and Total segments, respectively. For the nine months ended September 30, 2021, such impact was \$(2.5) billion, \$(620.4) million, \$(573.8) million and \$(3.7) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.

Fee-Earning Assets Under Management

Fee-Earning Assets Under Management were \$705.9 billion at September 30, 2022, an increase of \$22.0 billion, compared to \$683.8 billion at June 30, 2022. The net increase was due to:

- Inflows of \$51.5 billion related to:
 - o \$35.6 billion in our Real Estate segment driven by \$26.2 billion from BREP and co-investment due to the commencement of BREP X, \$5.2 billion from BREIT, \$2.0 billion from BREDS and \$1.9 billion from BPP and co-investment,
 - o \$9.2 billion in our Credit & Insurance segment driven by \$3.7 billion from direct lending, \$2.1 billion from CLOs, \$1.6 billion from asset-based finance, \$1.0 billion from private placement credit, \$798.1 million from BIS, \$622.9 million from stressed/distressed strategies and \$362.9 million from our energy strategies, partially offset by \$1.2 billion from certain liquid credit strategies,
 - o \$5.7 billion in our Private Equity segment driven by \$3.4 billion from Strategic Partners, \$980.1 million from Tactical Opportunities, \$744.9 million from BIP and \$531.2 million from corporate private equity, and
 - o \$956.6 million in our Hedge Fund Solutions segment driven by \$580.0 million from liquid and specialized solutions and \$345.6 million from customized solutions.

Offsetting these increases were:

- Outflows of \$17.2 billion primarily attributable to:
 - o \$8.8 billion in our Real Estate segment driven by \$5.0 billion of uninvested reserves at the end of BREP IX's investment period, \$3.1 billion from BREIT and \$722.4 million from BPP and co-investment,
 - o \$6.3 billion in our Credit & Insurance segment driven by \$2.6 billion from certain liquid credit strategies, \$1.5 billion from direct lending and \$898.2 million from BIS, and
 - o \$1.6 billion in our Hedge Fund Solutions segment driven by \$1.0 billion from liquid and specialized solutions and \$582.6 million from customized solutions.
- Realizations of \$8.1 billion primarily driven by:
 - o \$4.2 billion in our Real Estate segment driven by \$1.4 billion from BREDS, \$1.4 billion from BREIT, \$903.5 million from BPP and co-investment and \$470.6 million from BREP and co-investment,
 - o \$1.9 billion in our Private Equity segment driven by \$889.2 million from Strategic Partners, \$555.3 million from Tactical Opportunities and \$278.7 million from BIP, and
 - o \$1.5 billion in our Credit & Insurance segment driven by \$413.6 million from direct lending, \$334.6 million from stressed/distressed strategies, \$279.9 million from mezzanine funds and \$178.1 million from certain liquid credit.
- Market activity of \$4.2 billion primarily attributable to:
 - o \$3.3 billion of market depreciation in our Credit & Insurance segment driven by depreciation of \$2.1 billion from certain liquid credit strategies, \$1.1 billion from private placement credit, \$903.2 million from CLOs, \$341.4 million from direct lending, all of which included \$1.5 billion of foreign exchange depreciation across the segment,
 - o \$1.2 billion of market depreciation in our Real Estate segment driven by depreciation of \$1.2 billion from BREDS and foreign exchange depreciation of \$665.1 million from BREP and co-investment, partially offset by appreciation of \$688.0 million from Core+ real estate (which included \$2.9 billion of foreign exchange depreciation), and
 - o Partially offset by \$407.8 million of market appreciation in our Private Equity segment driven by appreciation of \$758.0 million in BIP, partially offset by a \$340.8 million depreciation in Strategic Partners.

Fee-Earning Assets Under Management were \$705.9 billion at September 30, 2022, an increase of \$55.9 billion, compared to \$650.0 billion at December 31, 2021. The net increase was due to:

- Inflows of \$141.3 billion related to:
 - o \$83.1 billion in our Real Estate segment driven by \$35.0 billion from BREP and co-investment due to the commencement of BREP X, \$24.5 billion from BREIT, \$12.5 billion from BPP and co-investment, \$10.2 billion from BREDS and \$897.2 million from BEPIF,
 - o \$34.3 billion in our Credit & Insurance segment driven by \$20.1 billion from asset-based finance, \$16.5 billion from direct lending, \$5.6 billion from CLOs, \$1.9 billion from our energy strategies, \$1.6 billion from BIS, \$1.4 billion from certain liquid credit strategies, \$1.3 billion from stressed/distressed strategies and \$580.5 million from mezzanine funds, partially offset by net allocations to other segments of \$16.1 billion,

- o \$17.2 billion in our Private Equity segment driven by \$6.5 billion from Strategic Partners, \$5.2 billion from BIP, \$3.0 billion from Tactical Opportunities, \$1.5 billion from corporate private equity and \$925.3 million from multi-asset products, and
- o \$6.7 billion in our Hedge Fund Solutions segment driven by \$5.0 billion from liquid and specialized solutions, \$1.4 billion from customized solutions and \$294.8 million from commingled products.

Offsetting these increases were:

- Outflows of \$41.5 billion primarily attributable to:
 - o \$16.7 billion in our Real Estate segment driven by \$7.2 billion from BREIT, \$7.1 billion from BREP and co-investment from uninvested reserves at the end of BREP Asia III's and BREP IX's investment period and \$2.1 billion from BPP and co-investment,
 - o \$16.1 billion in our Credit & Insurance segment driven by \$8.3 billion from certain liquid credit strategies, \$2.5 billion from MLP strategies, \$2.2 billion from BIS, \$2.0 billion from direct lending, \$341.1 million from CLOs and \$303.3 million from stressed/distressed strategies,
 - o \$7.4 billion in our Hedge Fund Solutions segment driven by \$3.6 billion from customized solutions, \$2.3 billion from liquid and specialized solutions and \$1.5 billion from commingled products, and
 - o \$1.4 billion in our Private Equity segment driven by \$389.3 million in multi-asset products, \$329.7 million in corporate private equity, \$326.9 million in Tactical Opportunities and \$319.0 million from Strategic Partners.
- Realizations of \$34.0 billion primarily driven by:
 - o \$18.4 billion in our Real Estate segment driven by \$6.4 billion from BREIT, \$5.7 billion from BREDS, \$3.4 billion from BREP and co-investment and \$3.0 billion from BPP and co-investment,
 - o \$7.6 billion in our Private Equity segment driven by \$2.8 billion from Strategic Partners, \$2.3 billion from Tactical Opportunities and \$1.7 billion from corporate private equity,
 - o \$6.7 billion in our Credit & Insurance segment driven by \$2.2 billion from direct lending, \$1.9 billion from CLOs, \$691.0 million from stressed/distressed strategies, \$682.8 million from mezzanine funds and \$585.8 million from our energy strategies, and
 - o \$1.3 billion in our Hedge Fund Solution segment driven by \$1.2 billion from liquid and specialized solutions.
- Market activity of \$9.8 billion primarily attributable to:
 - o \$15.6 billion of market depreciation in our Credit & Insurance segment driven by depreciation of \$10.0 billion from certain liquid credit strategies, \$3.2 billion from private placement credit and \$1.8 billion from CLOs, all of which included \$3.4 billion of foreign exchange depreciation across the segment,
 - o Partially offset by \$4.0 billion of market appreciation in our Real Estate segment driven by appreciation of \$9.5 billion from Core+ real estate (which included \$5.8 billion of foreign exchange depreciation), partially offset by depreciation of \$4.3 billion from BREDS insurance vehicles and foreign exchange depreciation of \$1.5 billion from BREP and co-investment, and
 - o \$2.5 billion of market appreciation in our Private Equity segment driven by appreciation of \$2.1 billion from BIP and \$397.1 million from Strategic Partners.

Total Assets Under Management

Total Assets Under Management were \$950.9 billion at September 30, 2022, an increase of \$10.1 billion, compared to \$940.8 billion at June 30, 2022. The net increase was due to:

- Inflows of \$44.8 billion primarily related to:
 - o \$19.1 billion in our Credit & Insurance segment driven by \$10.8 billion from direct lending, \$3.7 billion from our energy strategies, \$2.1 billion from CLOs \$1.3 billion from asset-based finance, \$1.2 billion from certain liquid credit strategies, \$1.0 billion from private placement credit and \$770.3 million from BIS, partially offset by net allocations to other segments of \$1.5 billion across Credit & Insurance strategies,
 - o \$14.5 billion in our Private Equity segment driven by \$6.4 billion from corporate private equity, \$4.9 billion from Strategic Partners and \$1.7 billion from Tactical Opportunities,
 - o \$10.1 billion in our Real Estate segment driven by \$5.2 billion from BREIT, \$2.5 billion from BREP and co-investment, \$1.1 billion from BPP and co-investment and \$1.1 billion from BREDS, and
 - o \$1.2 billion in our Hedge Fund Solutions segment driven by \$771.7 million from liquid and specialized solutions and \$349.0 million from customized solutions.

For certain segments, Total Assets Under Management inflows exceeds Fee-Earning Assets Under Management inflows due to the following reasons:

- For corporate private equity, due to BCP IX subsequent closings during the three months ended September 30, 2022. Total Assets Under Management inflows are reported at each fund closing, whereas Fee-Earning Assets Under Management inflows are reported when a fund's investment period commences and in each subsequent close.
- For our direct lending funds, Total Assets Under Management inflows are reported at their gross value while, for certain funds, Fee-Earning Assets Under Management are reported as net assets, which is the basis on which fees are charged.

Offsetting these increases were:

- Realizations of \$15.7 billion primarily driven by:
 - o \$5.9 billion in our Credit & Insurance segment driven by \$3.9 billion from direct lending, \$434.7 million from stressed/distressed strategies, \$479.2 million from mezzanine funds, \$148.4 million from CLOs and \$110.0 million from our energy strategies,
 - o \$5.3 billion in our Private Equity segment driven by \$1.8 billion from Strategic Partners, \$1.6 billion from corporate private equity and \$1.6 billion from Tactical Opportunities, and
 - o \$4.1 billion in our Real Estate segment driven by \$1.4 billion from BREIT, \$1.0 billion from BREP and co-investment, \$945.2 million from BPP and co-investment and \$687.6 million from BREDS.

Total Assets Under Management realizations in our Real Estate and Private Equity segments generally represents the total proceeds and typically exceeds the Fee-Earning Assets Under Management realizations which generally represents only the invested capital.

- Outflows of \$12.6 billion primarily attributable to:
 - o \$6.4 billion in our Credit & Insurance segment driven by \$2.7 billion from certain liquid credit strategies, \$1.7 billion from direct lending, \$899.9 million from BIS,

- o \$3.8 billion in our Real Estate segment driven by \$3.1 billion from BREIT and \$723.6 million from BPP and co-investment, and
- o \$1.5 billion in our Hedge Fund Solutions segment driven by \$1.0 billion from liquid and specialized solutions and \$432.9 million from customized solutions.
- Market activity of \$6.3 billion primarily driven by:
 - o \$2.9 billion of market depreciation in our Real Estate segment driven by carrying value decreases in BREDS insurance vehicles and BREP and co-investment of 4.0% and 0.6%, respectively, partially offset by carrying value increases in Core+ real estate of 2.3%, all of which included \$5.7 billion of foreign exchange depreciation across the segment,
 - o \$2.5 billion of market depreciation in our Credit & Insurance segment driven by depreciation of \$2.2 billion from certain liquid credit strategies and \$1.1 billion from private placement credit all of which included \$1.6 billion of foreign exchange depreciation across the segment, and
 - o \$911.5 million of market depreciation in our Private Equity segment driven by carrying value decreases in Strategic Partners, Tactical Opportunities, BXG and corporate private equity of 3.5%, 1.7%, 1.0% and 0.3%, respectively, partially offset by carrying value increases in BIP of 6.8%, all of which included \$1.3 billion of foreign exchange depreciation across the segment.

Total Assets Under Management market activity in our Real Estate and Private Equity segments generally represents the change in fair value of the investments held and typically exceeds the Fee-Earning Assets Under Management market activity.

Total Assets Under Management were \$950.9 billion at September 30, 2022, an increase of \$70.0 billion, compared to \$880.9 billion at December 31, 2021. The net increase was due to:

- Inflows of \$183.0 billion primarily related to:
 - o \$76.0 billion in our Real Estate segment driven by \$31.4 billion from BREP and co-investment, \$24.5 billion from BREIT, \$12.6 billion from BPP and co-investment and \$6.7 billion from BREDS,
 - o \$55.8 billion in our Credit & Insurance segment driven by \$36.0 billion from direct lending, \$23.4 billion from asset-based finance, \$5.7 billion from CLOs, \$5.2 billion from our energy strategies, and \$1.6 billion from BIS, partially offset by net allocations to other segments of \$19.2 billion,
 - o \$44.0 billion in our Private Equity segment driven by \$17.8 billion from corporate private equity, \$10.8 billion from Strategic Partners, \$6.5 billion from BIP, \$3.9 billion from Tactical Opportunities, \$3.8 billion from BXG, \$881.1 million from multi-asset products and \$219.0 million from BXLS, and
 - o \$7.2 billion in our Hedge Fund Solutions segment driven by \$5.6 billion from liquid and specialized solutions, \$1.3 billion from customized solutions and \$285.8 million from commingled products.

Total Assets Under Management inflows may exceed Fee-Earning Assets Under Management inflows due to the reasons discussed above.

Offsetting these increases were:

- Realizations of \$68.3 billion primarily driven by:
 - o \$33.5 billion in our Real Estate segment driven by \$21.2 billion from BREP and co-investment, \$6.4 billion from BREIT, \$3.0 billion from BPP and co-investment and \$2.7 billion from BREDS,

- o \$18.6 billion in our Private Equity segment driven by \$6.9 billion from corporate private equity, \$6.0 billion from Strategic Partners, \$4.7 billion from Tactical Opportunities and \$839.0 million from BIP, and
- o \$14.9 billion in our Credit & Insurance segment driven by \$8.1 billion from direct lending, \$1.9 billion from CLOs, \$1.2 billion from our energy strategies, \$1.2 billion from stressed/distressed strategies and \$1.2 billion from mezzanine funds.

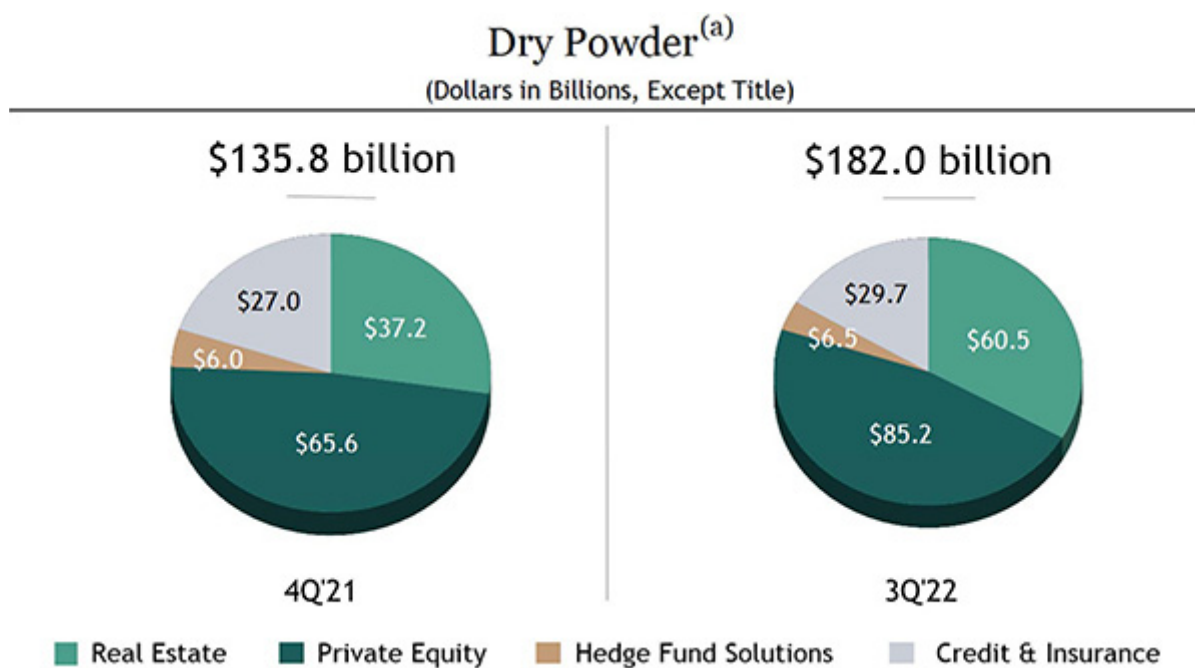
Total Assets Under Management realizations in our Real Estate and Private Equity segments generally represents the total proceeds and typically exceeds the Fee-Earning Assets Under Management realizations which generally represents only the invested capital.

- Outflows of \$37.0 billion primarily attributable to:
 - o \$16.6 billion in our Credit & Insurance segment driven by \$8.6 billion from certain liquid credit strategies, \$2.6 billion from MLP strategies, \$2.3 billion from direct lending and \$2.2 billion from BIS,
 - o \$10.0 billion in our Real Estate segment driven by \$7.2 billion from BREIT, \$2.1 billion from BPP and co-investment and \$573.9 million from BREDS,
 - o \$7.5 billion in our Hedge Fund Solutions segment driven by \$3.7 billion from customized solutions, \$2.3 billion from liquid and specialized solutions and \$1.5 billion from commingled products, and
 - o \$2.9 billion in our Private Equity segment driven by \$958.4 million from Strategic Partners, \$765.1 million from Tactical Opportunities and \$518.0 million from corporate private equity.
- Market activity of \$7.6 billion primarily driven by:
 - o \$13.9 billion of market depreciation in our Credit & Insurance segment driven by depreciation of \$10.1 billion from certain liquid credit strategies and \$3.2 billion from private placement credit, all of which included \$3.8 billion of foreign exchange depreciation across the segment, and
 - o Partially offset by \$7.3 billion of market appreciation in our Real Estate segment driven by carrying value increases in Core+ real estate and BREP and co-investment of 12.0% and 8.8%, respectively, partially offset by carrying value decreases in the BREDS insurance vehicles of 12.3%, all of which included \$12.4 billion of foreign exchange depreciation across the segment.

Total Assets Under Management market activity in our Real Estate and Private Equity segments generally represents the change in fair value of the investments held and typically exceeds the Fee-Earning Assets Under Management market activity.

Dry Powder

The following presents our Dry Powder as of quarter end of each period:



Note: Totals may not add due to rounding.

(a) Represents illiquid drawdown funds, a component of Perpetual Capital and fee-paying co-investments; includes fee-paying third party capital as well as general partner and employee capital that does not earn fees. Amounts are reduced by outstanding capital commitments, for which capital has not yet been invested.

Net Accrued Performance Revenues

The following table presents the Accrued Performance Revenues, net of performance compensation, of the Blackstone Funds as of September 30, 2022 and 2021. Net Accrued Performance Revenues presented do not include clawback amounts, if any, which are disclosed in Note 17. “Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing. See “— Non-GAAP Financial Measures” for our reconciliation of Net Accrued Performance Revenues.

	September 30,	
	2022	2021
	(Dollars in Millions)	
Real Estate		
BREP IV	\$ 7	\$ 22
BREP V	3	44
BREP VI	24	34
BREP VII	145	476
BREP VIII	830	713
BREP IX	1,002	551
BREP Europe IV	68	90
BREP Europe V	96	476
BREP Europe VI	74	176
BREP Asia I	105	112
BREP Asia II	119	116
BPP	735	362
BREIT	—	513
BREDS	14	40
BTAS	37	23
Total Real Estate (a)	3,258	3,747
Private Equity		
BCP IV	7	8
BCP V	8	57
BCP VI	463	561
BCP VII	870	1,278
BCP VIII	227	216
BCP Asia I	137	407
BEP I	33	33
BEP III	86	64
BCEP I	219	198
Tactical Opportunities	233	296
BXG	—	45
Strategic Partners	548	430
BIP	126	79
BXLS	26	33
BTAS/Other	202	195
Total Private Equity (a)	3,186	3,899
Hedge Fund Solutions	320	362
Credit & Insurance	297	302
Total Blackstone Net Accrued Performance Revenues	\$ 7,060	\$ 8,311

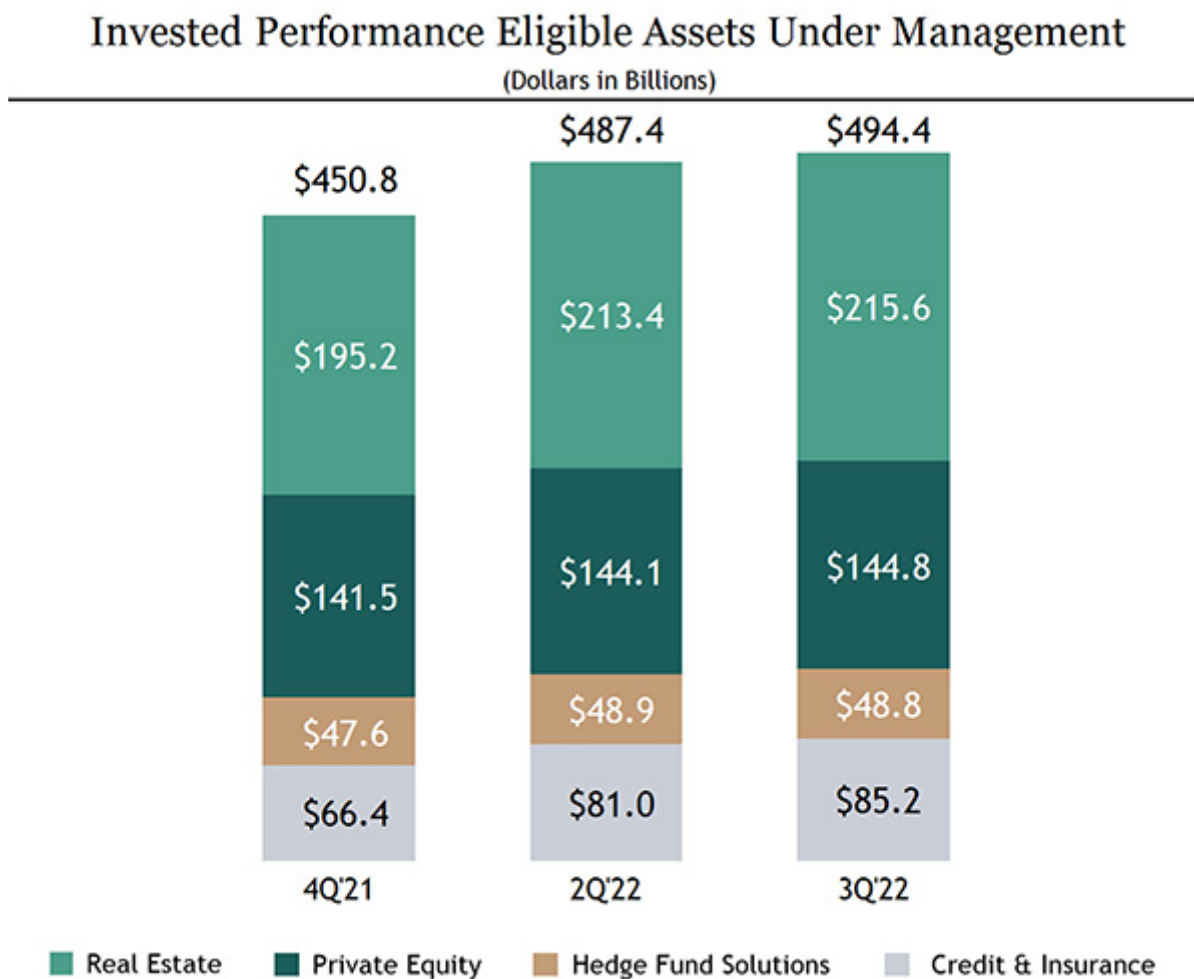
Note: Totals may not add due to rounding.

(a) Real Estate and Private Equity include co-investments, as applicable.

For the twelve months ended September 30, 2022, Net Accrued Performance Revenues receivable decreased due to Net Performance Revenues of \$3.6 billion offset by net realized distributions of \$4.8 billion.

Invested Performance Eligible Assets Under Management

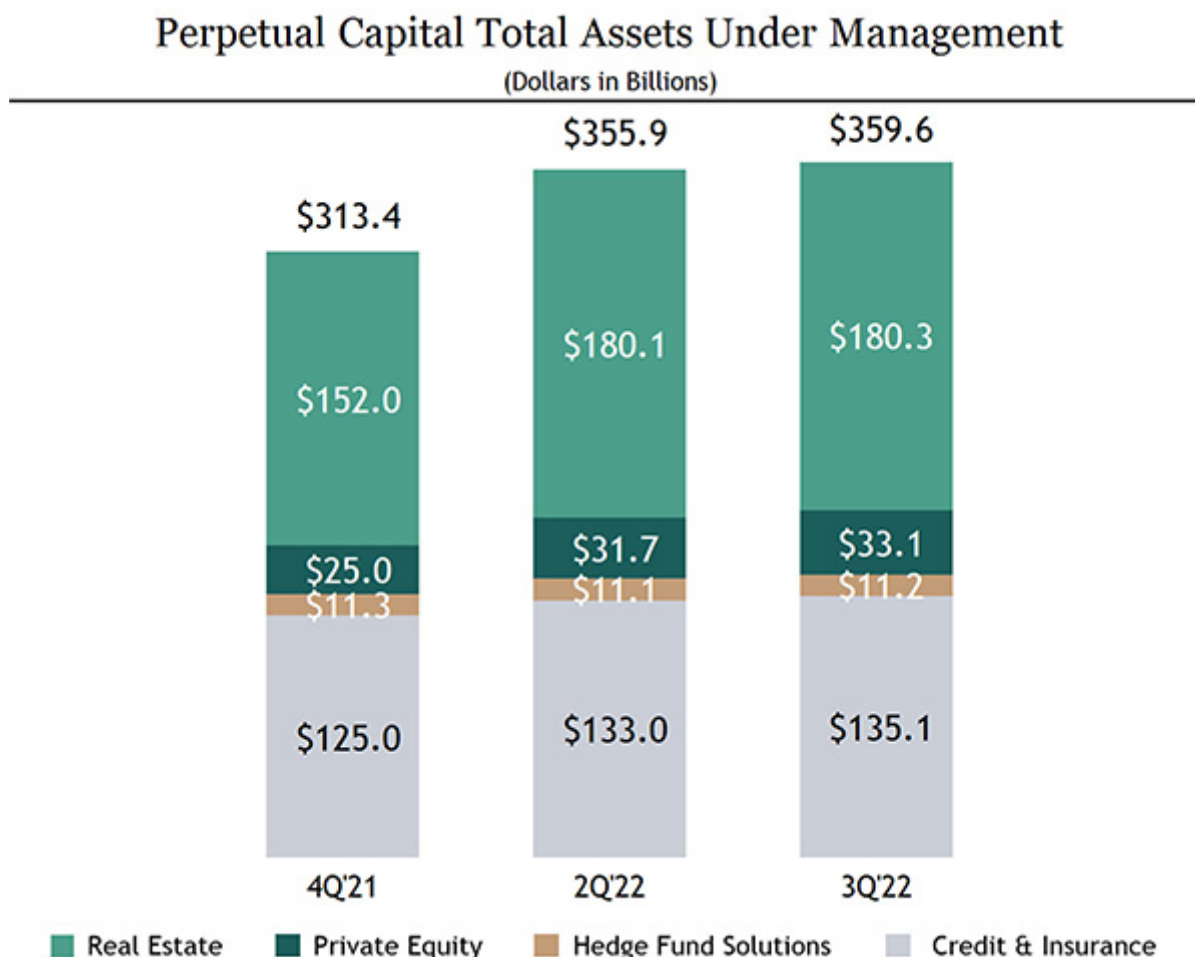
The following presents our Invested Performance Eligible Assets Under Management as of quarter end for each period:



Note: Totals may not add due to rounding.

Perpetual Capital

The following presents our Perpetual Capital Total Assets Under Management as of quarter end for each period:



Note: Totals may not add due to rounding.

Perpetual Capital Total Assets Under Management were \$359.6 billion as of September 30, 2022, an increase of \$3.7 billion, compared to \$355.9 billion as of June 30, 2022. Perpetual Capital Total Assets Under Management in our Credit & Insurance, Private Equity and Real Estate segments increased \$2.0 billion, \$1.4 billion and \$158.9 million, respectively. Principal drivers of these increases were:

- In our Credit & Insurance segment, net Total Assets Under Management growth in direct lending resulted in an increase of \$4.4 billion, partially offset by a decrease of \$2.2 billion related to BIS.
- In our Private Equity segment, net Total Assets Under Management growth in BIP resulted in an increase of \$1.4 billion.
- In our Real Estate segment, net Total Assets Under Management growth in BREIT resulted in an increase of \$2.0 billion, partially offset by decreases of \$793.5 million in BPP and co-invest due to foreign exchange translation of non-U.S. dollar funds and \$736.2 million in BXMT.

Perpetual Capital Total Assets Under Management were \$359.6 billion as of September 30, 2022, an increase of \$46.2 billion, or 15%, compared to \$313.4 billion as of December 31, 2021. Perpetual Capital Total Assets Under Management in our Real Estate, Credit & Insurance and Private Equity segments increased \$28.3 billion, \$10.1 billion and \$8.0 billion, respectively. Principal drivers of these increases were:

- In our Real Estate segment, net Total Assets Under Management growth in BREIT and BPP and co-investment resulted in increases of \$16.2 billion and \$12.0 billion, respectively.
- In our Credit & Insurance segment, net Total Assets Under Management growth in direct lending resulted in an increase of \$22.7 billion, partially offset by a decrease of \$12.3 billion related to BIS.
- In our Private Equity segment, net Total Assets Under Management growth in BIP resulted in an increase of \$8.1 billion.

Investment Records

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the investment record of our significant carry/drawdown funds and selected perpetual capital strategies from inception through September 30, 2022:

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments				Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	%	Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
(Dollars/Euros in Thousands, Except Where Noted)													
Real Estate													
Pre-BREP	\$ 140,714	\$ —	\$ —	n/a	—	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%		
BREP I (Sep 1994 / Oct 1996)	380,708	—	—	n/a	—	1,327,708	2.8x	1,327,708	2.8x	40%	40%		
BREP II (Oct 1996 / Mar 1999)	1,198,339	—	—	n/a	—	2,531,614	2.1x	2,531,614	2.1x	19%	19%		
BREP III (Apr 1999 / Apr 2003)	1,522,708	—	—	n/a	—	3,330,406	2.4x	3,330,406	2.4x	21%	21%		
BREP IV (Apr 2003 / Dec 2005)	2,198,694	—	23,471	n/a	—	4,640,501	1.7x	4,663,972	1.7x	12%	12%		
BREP V (Dec 2005 / Feb 2007)	5,539,418	—	7,046	n/a	—	13,450,289	2.3x	13,457,335	2.3x	11%	11%		
BREP VI (Feb 2007 / Aug 2011)	11,060,444	550,439	253,813	1.7x	72%	27,511,017	2.5x	27,764,830	2.5x	13%	13%		
BREP VII (Aug 2011 / Apr 2015)	13,501,376	1,513,376	3,386,357	0.8x	5%	27,989,427	2.4x	31,375,784	2.0x	22%	15%		
BREP VIII (Apr 2015 / Jun 2019)	16,592,910	2,298,180	14,936,814	1.6x	—	21,372,021	2.5x	36,308,835	2.1x	28%	18%		
BREP IX (Jun 2019 / Aug 2022)	21,601,305	5,428,469	24,944,045	1.6x	1%	7,643,491	2.2x	32,587,536	1.7x	67%	34%		
*BREP X (Aug 2022 / Feb 2028)	26,542,960	26,320,364	209,582	0.9x	100%	—	n/a	209,582	0.9x	n/a	n/m		
Total Global BREP	\$ 100,279,576	\$ 36,110,828	\$ 43,761,128	1.5x	2%	\$ 110,141,664	2.4x	\$ 153,902,792	2.0x	18%	16%		
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ —	€ —	n/a	—	€ 1,373,170	2.1x	€ 1,373,170	2.1x	23%	23%		
BREP Int'l II (Sep 2005 / Jun 2008) (e)	1,629,748	—	—	n/a	—	2,583,032	1.8x	2,583,032	1.8x	8%	8%		
BREP Europe III (Jun 2008 / Sep 2013)	3,205,318	437,071	251,497	0.5x	—	5,811,684	2.4x	6,063,181	2.0x	19%	14%		
BREP Europe IV (Sep 2013 / Dec 2016)	6,673,049	1,473,527	1,728,575	1.2x	—	9,747,521	2.0x	11,476,096	1.8x	20%	13%		
BREP Europe V (Dec 2016 / Oct 2019)	7,965,078	1,430,203	5,708,266	1.1x	—	6,537,218	4.0x	12,245,484	1.8x	43%	13%		
*BREP Europe VI (Oct 2019 / Apr 2025)	9,925,135	6,426,505	4,626,528	1.2x	—	3,273,739	2.6x	7,900,267	1.6x	75%	24%		
Total BREP Europe	€ 30,222,500	€ 9,767,306	€ 12,314,866	1.1x	—	€ 29,326,364	2.4x	€ 41,641,230	1.8x	17%	13%		

continued...

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	%	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
(Dollars/Euros in Thousands, Except Where Noted)												
Real Estate (continued)												
BREP Asia I (Jun 2013 / Dec 2017)	\$ 4,263,411	\$ 897,775	\$ 2,212,848	1.4x	8%	\$ 6,316,167	2.1x	\$ 8,529,015	1.8x	20%	13%	
BREP Asia II (Dec 2017 / Mar 2022)	7,369,945	1,627,900	7,256,313	1.3x	—	818,696	1.8x	8,075,009	1.3x	43%	8%	
*BREP Asia III (Mar 2022 / Sep 2027)	8,068,957	7,285,192	694,80	0.9x	—	—	n/a	694,806	0.9x	n/a	n/m	
BREP Co-Investment (f)	7,208,136	37,995	951,100	2.3x	—	15,043,270	2.2x	15,994,370	2.2x	16%	16%	
Total BREP	\$ 163,184,517	\$ 55,533,602	\$ 69,004,146	1.4x	1%	\$ 168,186,629	2.4x	\$ 237,190,775	1.9x	17%	16%	
*BREDS High-Yield (Various) (g)	\$ 19,981,503	\$ 5,176,958	\$ 5,398,871	1.0x	—	\$ 16,644,956	1.3x	\$ 22,043,826	1.2x	10%	9%	
Private Equity												
Corporate Private Equity												
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ —	\$ —	n/a	—	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%	
BCP II (Oct 1993 / Aug 1997)	1,361,100	—	—	n/a	—	3,256,819	2.5x	3,256,819	2.5x	32%	32%	
BCP III (Aug 1997 / Nov 2002)	3,967,422	—	—	n/a	—	9,184,688	2.3x	9,184,688	2.3x	14%	14%	
BCOM (Jun 2000 / Jun 2006)	2,137,330	24,575	14,208	n/a	—	2,953,649	1.4x	2,967,857	1.4x	6%	6%	
BCP IV (Nov 2002 / Dec 2005)	6,773,182	157,644	136,355	1.2x	—	21,479,599	2.9x	21,615,954	2.8x	36%	36%	
BCP V (Dec 2005 / Jan 2011)	21,009,112	1,035,259	115,599	7.8x	93%	38,427,169	1.9x	38,542,768	1.9x	8%	8%	
BCP VI (Jan 2011 / May 2016)	15,195,537	1,158,107	7,117,830	1.9x	40%	24,467,594	2.2x	31,585,424	2.1x	16%	12%	
BCP VII (May 2016 / Feb 2020)	18,860,928	1,612,486	21,198,399	1.6x	31%	10,590,931	2.4x	31,789,330	1.8x	34%	14%	
*BCP VIII (Feb 2020 / Feb 2026)	25,432,016	14,722,928	13,633,546	1.3x	9%	573,328	3.0x	14,206,874	1.3x	n/m	18%	
BCP IX (TBD)	14,411,850	14,411,850	—	n/a	—	—	n/a	—	n/a	n/a	n/a	
Energy I (Aug 2011 / Feb 2015)	2,441,558	142,138	661,369	1.7x	48%	3,999,633	2.0x	4,661,002	1.9x	14%	12%	
Energy II (Feb 2015 / Feb 2020)	4,938,719	847,680	4,865,944	1.7x	52%	2,104,834	1.2x	6,970,778	1.5x	1%	8%	
*Energy III (Feb 2020 / Feb 2026)	4,338,099	2,114,159	2,918,920	1.5x	42%	533,929	2.8x	3,452,849	1.6x	66%	38%	
BCP Asia I (Dec 2017 / Sep 2021)	2,452,208	663,800	2,882,092	1.8x	46%	1,404,049	4.8x	4,286,141	2.2x	97%	34%	
*BCP Asia II (Sep 2021 / Sep 2027)	6,554,832	6,462,967	(3,277)	n/a	—	—	n/a	(3,277)	n/a	n/a	n/a	
Core Private Equity I (Jan 2017 / Mar 2021) (h)	4,764,469	1,093,991	7,927,971	2.1x	—	2,260,394	4.1x	10,188,365	2.3x	55%	24%	
*Core Private Equity II (Mar 2021 / Mar 2026) (h)	8,189,963	5,720,136	2,516,238	1.0x	—	9,592	n/a	2,525,830	1.0x	n/a	2%	
Total Corporate Private Equity	\$ 143,687,406	\$ 50,167,720	\$ 63,985,194	1.6x	25%	\$ 122,987,946	2.2x	\$ 186,973,140	1.9x	16%	15%	

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Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	%	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
(Dollars/Euros in Thousands, Except Where Noted)											
Private Equity (continued)											
Tactical Opportunities											
*Tactical Opportunities (Various)	\$ 22,515,577	\$ 6,939,956	\$ 11,653,479	1.2x	7%	\$ 20,504,793	1.9x	\$ 32,158,272	1.6x	18%	11%
*Tactical Opportunities Co-Investment and Other (Various)	16,282,765	7,371,547	5,015,093	1.8x	5%	8,265,944	1.6x	13,281,037	1.6x	18%	18%
Total Tactical Opportunities	\$ 38,798,342	\$ 14,311,503	\$ 16,668,572	1.3x	7%	\$ 28,770,737	1.8x	\$ 45,439,309	1.6x	18%	13%
Growth											
*BXG I (Jul 2020 / Jul 2025)	\$ 5,046,626	\$ 1,259,722	\$ 3,642,869	1.0x	5%	\$ 354,582	3.3x	\$ 3,997,451	1.1x	n/m	—
BXG II (TBD)	3,428,640	3,428,640	—	n/a	—	—	n/a	—	n/a	n/a	n/a
Total Growth	\$ 8,475,266	\$ 4,688,362	\$ 3,642,869	1.0x	5%	\$ 354,582	3.3x	\$ 3,997,451	1.1x	n/m	—
Strategic Partners (Secondaries)											
Strategic Partners I-V (Various) (i)	\$ 11,447,898	\$ 645,878	\$ 420,496	n/a	—	\$ 16,913,196	n/a	\$ 17,333,692	1.7x	n/a	13%
Strategic Partners VI (Apr 2014 / Apr 2016) (i)	4,362,750	1,491,955	1,088,452	n/a	—	4,012,194	n/a	5,100,646	1.7x	n/a	15%
Strategic Partners VII (May 2016 / Mar 2019) (i)	7,489,970	1,794,752	4,702,171	n/a	—	5,792,772	n/a	10,494,943	2.0x	n/a	20%
Strategic Partners Real Assets II (May 2017 / Jun 2020) (i)	1,749,807	533,829	1,099,578	n/a	—	975,172	n/a	2,074,750	1.5x	n/a	16%
Strategic Partners VIII (Mar 2019 / Oct 2021) (i)	10,763,600	4,866,535	9,062,102	n/a	—	5,186,528	n/a	14,248,630	1.9x	n/a	43%
*Strategic Partners Real Estate, SMA and Other (Various) (i)	8,771,763	3,003,592	3,462,601	n/a	—	3,147,301	n/a	6,609,902	1.7x	n/a	19%
*Strategic Partners Infra III (Jun 2020 / Jul 2024) (i)	3,250,100	1,708,501	1,113,984	n/a	—	124,956	n/a	1,238,940	1.4x	n/a	58%
*Strategic Partners IX (Oct 2021 / Jul 2026) (i)	17,196,913	12,285,298	3,309,826	n/a	—	113,017	n/a	3,422,843	1.4x	n/a	n/m
Total Strategic Partners (Secondaries)	\$ 65,032,801	\$ 26,330,340	\$ 24,259,210	n/a	—	\$ 36,265,136	n/a	\$ 60,524,346	1.7x	n/a	16%
Life Sciences											
Clarus IV (Jan 2018 / Jan 2020)	\$ 910,000	\$ 140,770	\$ 904,799	1.6x	1%	\$ 239,846	1.9x	\$ 1,144,645	1.7x	23%	15%
*BXL V (Jan 2020 / Jan 2025)	4,839,511	3,742,428	1,178,568	1.3x	3%	71,549	1.3x	1,250,117	1.3x	9%	2%

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Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)						
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total					
(Dollars/Euros in Thousands, Except Where Noted)																
Credit																
Mezzanine / Opportunistic I (Jul 2007 / Oct 2011)	\$	2,000,000	\$	97,114	\$	22,509	1.8x	—	\$	4,786,397	1.6x	\$	4,808,906	1.6x	n/a	17%
Mezzanine / Opportunistic II (Nov 2011 / Nov 2016)		4,120,000		998,027		249,574	0.3x	—		6,496,230	1.6x		6,745,804	1.4x	n/a	10%
Mezzanine / Opportunistic III (Sep 2016 / Jan 2021)		6,639,133		953,406		3,796,336	1.0x	—		5,573,791	1.6x		9,370,127	1.3x	n/a	10%
*Mezzanine / Opportunistic IV (Jan 2021 / Jan 2026)		5,016,771		3,476,787		1,622,867	1.0x	—		65,480	n/m		1,688,347	1.0x	n/a	10%
Stressed / Distressed I (Sep 2009 / May 2013)		3,253,143		76,000		—	n/a	—		5,777,098	1.3x		5,777,098	1.3x	n/a	9%
Stressed / Distressed II (Jun 2013 / Jun 2018)		5,125,000		547,430		364,069	0.5x	—		5,242,349	1.2x		5,606,418	1.1x	n/a	1%
*Stressed / Distressed III (Dec 2017 / Dec 2022)		7,356,380		2,646,972		2,576,770	0.9x	—		2,796,308	1.4x		5,373,078	1.1x	n/a	7%
Energy I (Nov 2015 / Nov 2018)		2,856,867		1,045,894		842,545	1.0x	—		2,580,579	1.7x		3,423,124	1.4x	n/a	10%
*Energy II (Feb 2019 / Feb 2024)		3,616,081		1,957,123		1,951,379	1.2x	—		1,048,553	1.5x		2,999,932	1.3x	n/a	26%
European Senior Debt I (Feb 2015 / Feb 2019)	€	1,964,689	€	352,855	€	918,765	0.8x	—	€	2,278,324	1.4x	€	3,197,089	1.2x	n/a	3%
*European Senior Debt II (Jun 2019 / Jun 2024)	€	4,088,344	€	1,185,458	€	4,214,580	1.0x	—	€	1,372,464	1.6x	€	5,587,044	1.1x	n/a	13%
Total Credit Drawdown Funds (j)	\$	46,889,033	\$	13,305,779	\$	16,454,930	0.9x	—	\$	38,548,150	1.5x	\$	55,003,080	1.2x	n/a	10%

Selected Perpetual Capital Strategies (k)

Fund (Inception Year) (a)	Investment Strategy	Total AUM	Total Net Return (l)
(Dollars in Thousands, Except Where Noted)			
Real Estate			
BPP - Blackstone Property Partners (2013) (m)	Core+ Real Estate	\$ 72,685,947	12%
BREIT - Blackstone Real Estate Income Trust (2017) (n)	Core+ Real Estate	70,314,335	13%
BXMT - Blackstone Mortgage Trust (2013) (o)	Real Estate Debt	6,541,046	7%
Private Equity			
BIP - Blackstone Infrastructure Partners (2019) (p)	Infrastructure	25,778,540	18%
Hedge Fund Solutions			
BSCH - Blackstone Strategic Capital Holdings (2014) (q)	GP Stakes	10,325,973	15%
Credit			
BXSL - Blackstone Secured Lending Fund (2018) (r)	U.S. Direct Lending	11,113,320	10%
BCRED - Blackstone Private Credit Fund (2021) (s)	U.S. Direct Lending	57,469,317	8%

The returns presented herein represent those of the applicable Blackstone Funds and not those of Blackstone.

n/m Not meaningful generally due to the limited time since initial investment.

n/a Not applicable.

SMA Separately managed account.

* Represents funds that are currently in their investment period.

(a) Excludes investment vehicles where Blackstone does not earn fees.

(b) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or callable capital and may include leverage, less invested capital. This amount is not reduced by outstanding commitments to investments.

(c) Multiple of Invested Capital ("MOIC") represents carrying value, before management fees, expenses and Performance Revenues, divided by invested capital.

(d) Unless otherwise indicated, Net Internal Rate of Return ("IRR") represents the annualized inception to September 30, 2022 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues. IRRs are calculated using actual timing of limited partner cash flows. Initial inception date of cash flows may differ from the Investment Period Beginning Date.

(e) The 8% Realized Net IRR and 8% Total Net IRR exclude investors that opted out of the Hilton investment opportunity. Overall BREP International II performance reflects a 7% Realized Net IRR and a 7% Total Net IRR.

(f) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment's realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.

(g) BREDS High-Yield represents the flagship real estate debt drawdown funds only.

(h) Blackstone Core Equity Partners is a core private equity strategy which invests with a more modest risk profile and longer hold period than traditional private equity.

(i) Realizations are treated as return of capital until fully recovered and therefore unrealized and realized MOICs are not applicable. Returns are calculated from results that are reported on a three month lag from Strategic Partners' fund financial statements and therefore do not include the impact of economic and market activities in the current quarter.

(j) Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the credit drawdown funds presented.

- (k) Represents the performance for select Perpetual Capital Strategies; strategies excluded consist primarily of (1) investment strategies that have been investing for less than one year, (2) most perpetual capital assets managed for insurance clients, and (3) investment vehicles where Blackstone does not earn fees.
- (l) Unless otherwise indicated, Total Net Return represents the annualized inception to September 30, 2022 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues. IRRs are calculated using actual timing of investor cash flows. Initial inception date of cash flows occurred during the Inception Year.
- (m) BPP includes certain vehicles managed as part of the BPP Platform but not classified as Perpetual Capital. As of September 30, 2022, these vehicles represented \$2.9 billion of Total Assets Under Management.
- (n) The BREIT Total Net Return reflects a per share blended return, assuming BREIT had a single share class, reinvestment of all dividends received during the period, and no upfront selling commission, net of all fees and expenses incurred by BREIT. These returns are not representative of the returns experienced by any particular investor or share class. Total Net Returns are presented on an annualized basis and are from January 1, 2017.
- (o) The BXMT return reflects annualized market return of a shareholder invested in BXMT since inception through September 30, 2022, assuming reinvestment of all dividends received during the period. Return incorporates the closing NYSE stock price as of September 30, 2022. Total Net Return is from May 22, 2013.
- (p) Including co-investment vehicles that do not pay fees, BIP Total Assets Under Management is \$31.1 billion.
- (q) BSCH represents the aggregate Total Assets Under Management and Total Net Return of BSCH I and BSCH II funds that invest as part of the GP Stakes strategy, which targets minority investments in the general partners of private equity and other private-market alternative asset management firms globally. Including co-investment vehicles that do not pay fees, BSCH Total Assets Under Management is \$11.2 billion.
- (r) The BXSL Total Assets Under Management and Total Net Return are presented as of June 30, 2022. BXSL Total Net Return reflects the change in NAV per share, plus distributions per share (assuming dividends and distributions are reinvested in accordance with BXSL's dividend reinvestment plan) divided by the beginning NAV per share. Total Net Returns are presented on an annualized basis and are from November 20, 2018.
- (s) The BCRED Total Net Return reflects a per share blended return, assuming BCRED had a single share class, reinvestment of all dividends received during the period, and no upfront selling commission, net of all fees and expenses incurred by BCRED. These returns are not representative of the returns experienced by any particular investor or share class. Total Net Returns are presented on an annualized basis and are from January 7, 2021. Total Assets Under Management reflects gross asset value plus amounts borrowed or available to be borrowed under certain credit facilities. BCRED net asset value as of September 30, 2022 was \$22.4 billion.

Segment Analysis

Discussed below is our Segment Distributable Earnings for each of our segments. This information is reflected in the manner utilized by our senior management to make operating decisions, assess performance and allocate resources. References to "our" sectors or investments may also refer to portfolio companies and investments of the underlying funds that we manage.

Real Estate

The following table presents the results of operations for our Real Estate segment:

	Three Months Ended September 30,		2022 vs. 2021		Nine Months Ended September 30,		2022 vs. 2021	
	2022	2021	\$	%	2022	2021	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 610,606	\$ 485,308	\$ 125,298	26%	\$ 1,802,543	\$ 1,366,158	\$ 436,385	32%
Transaction and Other Fees, Net	54,342	53,876	466	1%	141,801	117,975	23,826	20%
Management Fee Offsets	(1,842)	(446)	(1,396)	313%	(3,491)	(2,562)	(929)	36%
Total Management Fees, Net	663,106	538,738	124,368	23%	1,940,853	1,481,571	459,282	31%
Fee Related Performance Revenues	260,003	35,625	224,378	630%	1,017,027	224,793	792,234	352%
Fee Related Compensation	(239,572)	(137,313)	(102,259)	74%	(858,307)	(447,762)	(410,545)	92%
Other Operating Expenses	(74,701)	(61,398)	(13,303)	22%	(229,033)	(160,520)	(68,513)	43%
Fee Related Earnings	608,836	375,652	233,184	62%	1,870,540	1,098,082	772,458	70%
Realized Performance Revenues	142,794	495,727	(352,933)	-71%	2,943,430	935,418	2,008,012	215%
Realized Performance Compensation	(33,464)	(199,100)	165,636	-83%	(1,154,897)	(376,790)	(778,107)	207%
Realized Principal Investment Income	45,297	42,677	2,620	6%	128,388	171,626	(43,238)	-25%
Net Realizations	154,627	339,304	(184,677)	-54%	1,916,921	730,254	1,186,667	163%
Segment Distributable Earnings	\$ 763,463	\$ 714,956	\$ 48,507	7%	\$ 3,787,461	\$ 1,828,336	\$ 1,959,125	107%

n/m Not meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Segment Distributable Earnings were \$763.5 million for the three months ended September 30, 2022, an increase of \$48.5 million, compared to \$715.0 million for the three months ended September 30, 2021. The increase in Segment Distributable Earnings was attributable to an increase of \$233.2 million in Fee Related Earnings, partially offset by a decrease of \$184.7 million in Net Realizations.

Segment Distributable Earnings in our Real Estate segment in the third quarter of 2022 were higher compared to the third quarter of 2021. This was primarily driven by increased Fee Related Earnings due to the quarterly crystallization of BREIT performance revenues and growth in Fee-Earning Assets Under Management in Core+ real estate and BREDs, partially offset by a decrease in Net Realizations. Against a challenging market backdrop and some near-term industry headwinds, our institutional fundraising has remained positive, with particular strength in the largely completed fundraise for our recent global opportunistic real estate flagship strategy. Perpetual capital strategies, including certain private wealth strategies such as BREIT, represent an increasing percentage of Total Assets Under Management in our Real Estate segment. While in the third quarter we experienced net inflows, market volatility and investor capital constraints led to a decline in inflows and an increase in repurchase requests in our private wealth strategies, particularly from our Asia-based private wealth investors. A continuation or worsening of this challenging market environment would further adversely affect our net flows, which could potentially be negative to some extent in the near-term. We believe the long-term trends remain positive, however, with well-disclosed liquidity and structural protections as well as compelling performance. Our current performance has been assisted by interest rate hedges put in place related to debt liabilities, in anticipation of rising interest rates.

Despite significant market volatility globally, including as a result of the high rate of inflation and escalating interest rates, our real estate business is demonstrating fundamental strength. Our real estate strategies have generally oriented their portfolios in sectors and markets, such as logistics and rental housing, that are better insulated from inflationary pressures because of opportunities for stronger relative cash flow growth. Moreover, our real estate strategies have focused on assets with shorter duration leases, which provide more opportunity to capture growth in an inflationary environment. Such investments have largely been able to offset the pressure of rising inflation and interest rates. Nonetheless, portions of our real estate portfolio have exposure to more challenged sectors such as older, traditional office buildings and long-term leases which may be more exposed to rising inflation and interest rates. Elevated inflation is likely to contribute to more significant interest rate hikes and market volatility, which may lead to downward pressure on the value of our real estate portfolio. Capital market volatility and economic uncertainty led to lower realizations and capital deployment in the third quarter of 2022, both of which are likely to be muted until market conditions improve. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition” and “— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds’ investments, which would adversely affect our operating results and cash flows” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Fee Related Earnings

Fee Related Earnings were \$608.8 million for the three months ended September 30, 2022, an increase of \$233.2 million, or 62%, compared to \$375.7 million for the three months ended September 30, 2021. The increase in Fee Related Earnings was primarily attributable to increases of \$224.4 million in Fee Related Performance Revenues and \$124.4 million in Management Fees, Net, partially offset by increases of \$102.3 million in Fee Related Compensation and \$13.3 million in Other Operating Expenses.

Fee Related Performance Revenues were \$260.0 million for the three months ended September 30, 2022, an increase of \$224.4 million, compared to \$35.6 million for the three months ended September 30, 2021. The increase was primarily due to the crystallization of BREIT performance revenues, which, beginning in the three months ended March 31, 2022, crystallizes on a quarterly basis in lieu of annually.

Management Fees, Net were \$663.1 million for the three months ended September 30, 2022, an increase of \$124.4 million, compared to \$538.7 million for the three months ended September 30, 2021, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$125.3 million primarily due to Fee-Earning Assets Under Management growth in Core+ real estate.

Fee Related Compensation was \$239.6 million for the three months ended September 30, 2022, an increase of \$102.3 million, compared to \$137.3 million for the three months ended September 30, 2021. The increase was primarily due to an increase in Fee Related Performance Revenues and Management Fees, Net, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$74.7 million for the three months ended September 30, 2022, an increase of \$13.3 million, compared to \$61.4 million for the three months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy related expenses, and professional fees.

Net Realizations

Net Realizations were \$154.6 million for the three months ended September 30, 2022, a decrease of \$184.7 million, compared to \$339.3 million for the three months ended September 30, 2021. The decrease in Net Realizations was attributable to a decrease of \$352.9 million in Realized Performance Revenues, partially offset by an decrease of \$165.6 million in Realized Performance Compensation.

Realized Performance Revenues were \$142.8 million for the three months ended September 30, 2022, a decrease of \$352.9 million, compared to \$495.7 million for the three months ended September 30, 2021. The decrease was primarily due to lower Realized Performance Revenues in BREP and co-investment.

Realized Performance Compensation was \$33.5 million for the three months ended September 30, 2022, a decrease of \$165.6 million, compared to \$199.1 million for the three months ended September 30, 2021. The decrease was primarily due to the decrease in Realized Performance Revenues.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Segment Distributable Earnings were \$3.8 billion for the nine months ended September 30, 2022, an increase of \$2.0 billion, or 107%, compared to \$1.8 billion for the nine months ended September 30, 2021. The increase in Segment Distributable Earnings was attributable to increases of \$1.2 billion in Net Realizations and \$772.5 million in Fee Related Earnings.

Fee Related Earnings

Fee Related Earnings were \$1.9 billion for the nine months ended September 30, 2022, an increase of \$772.5 million, or 70%, compared to \$1.1 billion for the nine months ended September 30, 2021. The increase in Fee Related Earnings was attributable to increases of \$792.2 million in Fee Related Performance Revenues and \$459.3 million in Management Fees, Net, partially offset by increases of \$410.5 million in Fee Related Compensation and \$68.5 million in Other Operating Expenses.

Fee Related Performance Revenues were \$1.0 billion for the nine months ended September 30, 2022, an increase of \$792.2 million, compared to \$224.8 million for the nine months ended September 30, 2021. The increase was primarily due to the crystallization of BREIT performance revenues, which, beginning in the three months ended March 31, 2022, crystallizes on a quarterly basis in lieu of annually.

Management Fees, Net were \$1.9 billion for the nine months ended September 30, 2022, an increase of \$459.3 million, compared to \$1.5 billion for the nine months ended September 30, 2021, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$436.4 million primarily due to Fee-Earning Assets Under Management growth in Core+ real estate and BREDS.

The annualized Base Management Fee Rate decreased from 1.12% at September 30, 2021 to 0.97% at September 30, 2022. The decrease was primarily due to growth in BREDS insurance vehicles, which have a lower management fee rate and the commencement of BREP X, which is currently in its management fee holiday period.

Fee Related Compensation was \$858.3 million for the nine months ended September 30, 2022, an increase of \$410.5 million, compared to \$447.8 million for the nine months ended September 30, 2021. The increase was primarily due to an increase in Fee Related Performance Revenues and Management Fees, Net, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$229.0 million for the nine months ended September 30, 2022, an increase of \$68.5 million, compared to \$160.5 million for the nine months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Net Realizations

Net Realizations were \$1.9 billion for the nine months ended September 30, 2022, an increase of \$1.2 billion, or 163%, compared to \$730.3 million for the nine months ended September 30, 2021. The increase in Net Realizations was attributable to an increase of \$2.0 billion in Realized Performance Revenues, partially offset by an increase of \$778.1 million in Realized Performance Compensation and a decrease of \$43.2 million in Realized Principal Investment Income.

Realized Performance Revenues were \$2.9 billion for the nine months ended September 30, 2022, an increase of \$2.0 billion, compared to \$935.4 million for the nine months ended September 30, 2021. The increase was primarily due to higher Realized Performance Revenues in BREP.

Realized Performance Compensation was \$1.2 billion for the nine months ended September 30, 2022, an increase of \$778.1 million, compared to \$376.8 million for the nine months ended September 30, 2021. The increase was primarily due to the increase in Realized Performance Revenues.

Realized Principal Investment Income was \$128.4 million for the nine months ended September 30, 2022, a decrease of \$43.2 million, compared to \$171.6 million for the nine months ended September 30, 2021. The decrease was primarily due to the segment's allocation of the gain recognized in connection with the Pátria sale transaction during the three months ended March 31, 2021.

Fund Returns

Fund return information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the internal rates of return, except where noted, of our significant real estate funds:

Fund (a)	Three Months Ended September 30,				Nine Months Ended September 30,				September 30, 2022 Inception to Date			
	2022		2021		2022		2021		Realized		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BREP VII	-4%	-3%	26%	22%	8%	6%	39%	32%	30%	22%	21%	15%
BREP VIII	-	-	17%	14%	13%	10%	36%	29%	36%	28%	24%	18%
BREP IX	-	-	18%	14%	17%	13%	50%	38%	97%	67%	48%	34%
BREP Europe IV (b)	-4%	-4%	1%	1%	-2%	-3%	-	-	28%	20%	19%	13%
BREP Europe V (b)	-2%	-2%	18%	15%	5%	4%	29%	23%	52%	43%	19%	13%
BREP Europe VI (b)	-3%	-3%	25%	19%	10%	6%	52%	37%	103%	75%	37%	24%
BREP Asia I	-3%	-2%	4%	3%	-3%	-3%	27%	21%	27%	20%	19%	13%
BREP Asia II	-1%	-1%	6%	4%	-1%	-1%	23%	15%	63%	43%	15%	8%
BREP Co-Investment (c)	-	-	19%	18%	22%	21%	48%	44%	18%	16%	18%	16%
BPP (d)	2%	2%	6%	5%	14%	12%	13%	11%	n/a	n/a	14%	12%
BREIT (e)	n/a	2%	n/a	8%	n/a	9%	n/a	21%	n/a	n/a	n/a	13%
BREDS High-Yield (f)	2%	2%	3%	2%	2%	-	13%	9%	15%	10%	14%	9%
BXMT (g)	n/a	-13%	n/a	-3%	n/a	-19%	n/a	17%	n/a	n/a	n/a	7%

The returns presented herein represent those of the applicable Blackstone Funds and not those of Blackstone.

n/m Not meaningful generally due to the limited time since initial investment.

n/a Not applicable.

(a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Revenues.

(b) Euro-based internal rates of return.

- (c) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment's realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.
- (d) BPP represents the Core+ real estate funds which invest with a more modest risk profile and lower leverage.
- (e) Reflects a per share blended return for each respective period, assuming BREIT had a single share class, reinvestment of all dividends received during the period, and no upfront selling commission, net of all fees and expenses incurred by BREIT. These returns are not representative of the returns experienced by any particular investor or share class. Inception to date returns are presented on an annualized basis and are from January 1, 2017.
- (f) BREDS High-Yield represents the flagship real estate debt drawdown funds only. Inception to date returns are from July 1, 2009.
- (g) Reflects annualized return of a shareholder invested in BXMT as of the beginning of each period presented, assuming reinvestment of all dividends received during the period, and net of all fees and expenses incurred by BXMT. Return incorporates the closing NYSE stock price as of each period end. Inception to date returns are from May 22, 2013.

Funds With Closed Investment Periods

The Real Estate segment has twelve funds with closed investment periods as of September 30, 2022: BREP IX, BREP VIII, BREP VII, BREP VI, BREP V, BREP IV, BREP Europe V, BREP Europe IV, BREP Europe III, BREP Asia II, BREP Asia I and BREDS III. As of September 30, 2022, BREP VII, BREP VI, BREP V, BREP IV, BREP Europe IV and BREP Europe III were above their carried interest thresholds (i.e., the preferred return payable to its limited partners before the general partner is eligible to receive carried interest) and would have been above their carried interest thresholds even if all remaining investments were valued at zero. BREP IX, BREP VIII, BREP Europe V, BREP Asia II, BREP Asia I and BREDS III were above their carried interest thresholds. Funds are considered above their carried interest thresholds based on the aggregate fund position, although individual limited partners may be below their respective carried interest thresholds in certain funds.

Private Equity

The following table presents the results of operations for our Private Equity segment:

	Three Months Ended September 30,		2022 vs. 2021		Nine Months Ended September 30,		2022 vs. 2021	
	2022	2021	\$	%	2022	2021	\$	%
(Dollars in Thousands)								
Management and Advisory Fees, Net								
Base Management Fees	\$ 466,474	\$ 370,083	\$ 96,391	26%	\$ 1,321,405	\$ 1,112,349	\$ 209,056	19%
Transaction, Advisory and Other Fees, Net	24,313	50,241	(25,928)	-52%	64,522	125,220	(60,698)	-48%
Management Fee Offsets	(3,634)	10	(3,644)	n/m	(53,933)	(17,510)	(36,423)	208%
Total Management and Advisory Fees, Net	487,153	420,334	66,819	16%	1,331,994	1,220,059	111,935	9%
Fee Related Performance Revenues	-	-	-	n/a	(648)	-	(648)	n/m
Fee Related Compensation	(142,381)	(139,211)	(3,170)	2%	(446,053)	(416,575)	(29,478)	7%
Other Operating Expenses	(76,138)	(56,792)	(19,346)	34%	(227,115)	(168,888)	(58,227)	34%
Fee Related Earnings	268,634	224,331	44,303	20%	658,178	634,596	23,582	4%
Realized Performance Revenues	309,326	988,331	(679,005)	-69%	882,448	1,627,186	(744,738)	-46%
Realized Performance Compensation	(164,531)	(417,386)	252,855	-61%	(428,614)	(687,970)	259,356	-38%
Realized Principal Investment Income	38,015	77,570	(39,555)	-51%	112,357	220,769	(108,412)	-49%
Net Realizations	182,810	648,515	(465,705)	-72%	566,191	1,159,985	(593,794)	-51%
Segment Distributable Earnings	\$ 451,444	\$ 872,846	\$ (421,402)	-48%	\$ 1,224,369	\$ 1,794,581	\$ (570,212)	-32%

n/m Not meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Segment Distributable Earnings were \$451.4 million for the three months ended September 30, 2022, a decrease of \$421.4 million, compared to \$872.8 million for the three months ended September 30, 2021. The decrease in Segment Distributable Earnings was attributable to a decrease of \$465.7 million in Net Realizations, partially offset by an increase of \$44.3 million in Fee Related Earnings.

Segment Distributable Earnings in our Private Equity segment in the third quarter of 2022 were lower compared to the third quarter of 2021. This was primarily driven by a decrease in Net Realizations, partially offset by an increase in Fee Related Earnings. Heightened labor and wage inflation have continued to put profit margin pressure on certain of our private equity portfolio companies, including those in labor-intensive businesses. Heightened energy and materials costs have also continued to put profit margin pressure on our materials-intensive private equity portfolio companies. The impact of such pressures, however, on our overall private equity portfolio has been to some extent mitigated by its focus on investing in companies that are less impacted by rising input costs or that benefit from pricing power. In addition, higher than expected rates of inflation and the possibility that inflation could remain elevated for longer than generally anticipated, as well as continued significant interest rate increases, have contributed and are likely to continue to contribute to significant market volatility. This has disproportionately impacted the value of future cash flows of technology and growth companies, whose values fell materially in 2022. These companies may be subject to continued depressed, or even further declines in, values in a challenging market environment. Continued uncertainty and a difficult market environment led to lower realizations and capital deployment in the third quarter of 2022, both of which are likely to be muted until market conditions improve, which would negatively impact Segment Distributable Earnings in

our Private Equity segment. Moreover, challenging market conditions have pressured investors' ability to allocate to private equity strategies and contributed to an already competitive fundraising environment. Despite these near-term headwinds, our institutional fundraising has remained positive, and we have progressed meaningfully toward our overall flagship fundraise goal.

In energy, favorable market conditions contributed to a meaningful increase in the value of certain energy investments, as energy, oil and gas prices remained elevated in the third quarter of 2022. This short-term trend, in part due to decreased supply because of the ongoing war between Russia and Ukraine and heightened global demand, has had a positive impact on our energy portfolio. Beyond this short-term trend, however, increased scrutiny from regulators, investors and other market participants on the climate impact of oil and gas energy investments has weakened long-term market fundamentals for traditional energy. The persistence of these weakened market fundamentals could negatively impact the performance of certain investments in our energy and corporate private equity funds. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — An increase in interest rates and other changes in the financial markets could negatively impact the values of certain assets or investments and the ability of our funds and their portfolio companies to access the capital markets on attractive terms, which could adversely affect investment and realization opportunities, lead to lower-yielding investments and potentially decrease our net income," "— Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition" and "— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds' investments, which would adversely affect our operating results and cash flows" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Fee Related Earnings

Fee Related Earnings were \$268.6 million for the three months ended September 30, 2022, an increase of \$44.3 million, or 20%, compared to \$224.3 million for the three months ended September 30, 2021. The increase in Fee Related Earnings was attributable to an increase of \$66.8 million in Management and Advisory Fees, Net, partially offset by increases of \$19.3 million in Other Operating Expenses and \$3.2 million in Fee Related Compensation.

Management and Advisory Fees, Net were \$487.2 million for the three months ended September 30, 2022, an increase of \$66.8 million, compared to \$420.3 million for the three months ended September 30, 2021, primarily driven by an increase in Base Management Fees, partially offset by a decrease in Transaction and Advisory Fees, Net. Base Management Fees increased \$96.4 million primarily due to (a) the commencement of Strategic Partners IX's investment period during the three months ended December 31, 2021 and (b) Fee-Earning Assets Under Management Growth in BIP. Transaction and Advisory Fees, Net decreased \$25.9 million primarily due to deal activity in BXC.M.

Other Operating Expenses were \$76.1 million for the three months ended September 30, 2022, an increase of \$19.3 million, compared to \$56.8 million for the three months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Fee Related Compensation was \$142.4 million for the three months ended September 30, 2022, an increase of \$3.2 million, compared to \$139.2 million for the three months ended September 30, 2021. The increase was primarily due to an increase in Base Management Fees on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were \$182.8 million for the three months ended September 30, 2022, a decrease of \$465.7 million, compared to \$648.5 million for the three months ended September 30, 2021. The decrease in Net Realizations was attributable to decreases of \$679.0 million in Realized Performance Revenues and \$39.6 million in Realized Principal Investment Income, partially offset by a decrease of \$252.9 million in Realized Performance Compensation.

Realized Performance Revenues were \$309.3 million for the three months ended September 30, 2022, a decrease of \$679.0 million, compared to \$988.3 million for the three months ended September 30, 2021. The decrease was primarily due to lower Realized Performance Revenues in corporate private equity and Tactical Opportunities, partially offset by an increase of Realized Performance Revenues in Strategic Partners.

Realized Principal Investment Income was \$38.0 million for the three months ended September 30, 2022, a decrease of \$39.6 million, compared to \$77.6 million for the three months ended September 30, 2021. The decrease was primarily due to a decrease of Realized Principal Investment Income in corporate private equity.

Realized Performance Compensation was \$164.5 million for the three months ended September 30, 2022, a decrease of \$252.9 million, compared to \$417.4 million for the three months ended September 30, 2021. The decrease was primarily due to the decrease in Realized Performance Revenues.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Segment Distributable Earnings were \$1.2 billion for the nine months ended September 30, 2022, a decrease of \$570.2 million, compared to \$1.8 billion for the nine months ended September 30, 2021. The decrease in Segment Distributable Earnings was attributable to a decrease of \$593.8 million in Net Realizations, partially offset by an increase of \$23.6 million in Fee Related Earnings.

Fee Related Earnings

Fee Related Earnings were \$658.2 million for the nine months ended September 30, 2022, an increase of \$23.6 million, compared to \$634.6 million for the nine months ended September 30, 2021. The increase in Fee Related Earnings was attributable to an increase of \$111.9 million in Management and Advisory Fees, Net, partially offset by increases of \$58.2 million in Other Operating Expenses and \$29.5 million in Fee Related Compensation.

Management and Advisory Fees, Net were \$1.3 billion for the nine months ended September 30, 2022, an increase of \$111.9 million, compared to \$1.2 billion for the nine months ended September 30, 2021, primarily driven by an increase in Base Management Fees, partially offset by a decrease in Transaction, Advisory and Other Fees, Net and an increase in Management Fee Offsets. Base Management Fees increased \$209.1 million primarily due to (a) the commencement of Strategic Partners GP Solutions and Strategic Partners IX's investment periods during the three months ended June 30, 2021 and the three months ended December 31, 2021, respectively, and (b) Fee-Earning Assets Under Management Growth in BIP, partially offset by (c) the end of BXG's fee holiday during the three months ended March 31, 2021. Transaction, Advisory and Other Fees, Net decreased \$60.7 million primarily due to deal activity in BXC. Management Fee Offsets increased \$36.4 million primarily due to the launch of Strategic Partners IX during the three months ended December 31, 2021.

Other Operating Expenses were \$227.1 million for the nine months ended September 30, 2022, an increase of \$58.2 million, compared to \$168.9 million for the nine months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Fee Related Compensation was \$446.1 million for the nine months ended September 30, 2022, an increase of \$29.5 million, compared to \$416.6 million for the nine months ended September 30, 2021. The increase was primarily due to an increase in Base Management Fees on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were \$566.2 million for the nine months ended September 30, 2022, a decrease of \$593.8 million, compared to \$1.2 billion for the nine months ended September 30, 2021. The decrease in Net Realizations was attributable to decreases of \$108.4 million in Realized Principal Investment Income and \$744.7 million in Realized Performance Revenues, partially offset by a decrease of \$259.4 million in Realized Performance Compensation.

Realized Principal Investment Income was \$112.4 million for the nine months ended September 30, 2022, a decrease of \$108.4 million, compared to \$220.8 million for the nine months ended September 30, 2021. The decrease was primarily due to the segment's allocation of the gain recognized in connection with the Pátia sale transaction during the three months ended March 31, 2021.

Realized Performance Revenues were \$882.4 million for the nine months ended September 30, 2022, a decrease of \$744.7 million, compared to \$1.6 billion for the nine months ended September 30, 2021. The decrease was primarily due to lower Realized Performance Revenues in corporate private equity and Tactical Opportunities, partially offset by higher Realized Performance Revenues in Strategic Partners.

Realized Performance Compensation was \$428.6 million for the nine months ended September 30, 2022, a decrease of \$259.4 million, compared to \$688.0 million for the nine months ended September 30, 2021. The decrease was primarily due to a decrease in Realized Performance Revenues.

Fund Returns

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the internal rates of return of our significant private equity funds:

Fund (a)	Three Months Ended September 30,				Nine Months Ended September 30,				September 30, 2022 Inception to Date			
	2022		2021		2022		2021		Realized		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BCP V	2%	-1%	27%	11%	26%	15%	228%	96%	10%	8%	10%	8%
BCP VI	7%	6%	-2%	-1%	3%	3%	14%	12%	20%	16%	17%	12%
BCP VII	-4%	-4%	7%	6%	-13%	-12%	38%	31%	45%	34%	20%	14%
BCP VIII	-	-1%	n/a	n/a	-1%	-3%	n/a	n/a	n/m	n/m	34%	18%
BEP I	9%	8%	7%	5%	45%	36%	67%	52%	18%	14%	15%	12%
BEP II	2%	2%	7%	7%	28%	27%	50%	48%	6%	1%	11%	8%
BEP III	9%	6%	14%	11%	15%	10%	79%	53%	195%	66%	63%	38%
BCP Asia I	-8%	-7%	53%	47%	-39%	-36%	186%	156%	137%	97%	49%	34%
BCEP I (b)	1%	1%	7%	7%	6%	5%	38%	35%	61%	55%	27%	24%
BCEP II (b)	-	-1%	n/a	n/a	4%	1%	n/a	n/a	n/a	n/a	8%	2%
Tactical Opportunities	-3%	-3%	1%	1%	-2%	-2%	29%	22%	22%	18%	16%	11%
Tactical Opportunities Co-Investment and Other	-2%	1%	6%	6%	-1%	2%	28%	24%	19%	18%	21%	18%
BXG I	-1%	-2%	-5%	-5%	-14%	-14%	71%	65%	n/m	n/m	7%	-
Strategic Partners VI (c)	-6%	-7%	18%	17%	-2%	-3%	49%	45%	n/a	n/a	19%	15%
Strategic Partners VII (c)	-6%	-7%	24%	21%	-1%	-2%	65%	58%	n/a	n/a	25%	20%
Strategic Partners Real Assets II (c)	-1%	-1%	10%	9%	14%	12%	18%	15%	n/a	n/a	20%	16%
Strategic Partners VIII (c)	-2%	-2%	31%	27%	6%	5%	96%	80%	n/a	n/a	54%	43%
Strategic Partners Real Estate, SMA and Other (c)	4%	2%	13%	13%	20%	16%	28%	28%	n/a	n/a	22%	19%
Infra III (c)	3%	2%	n/m	n/m	41%	29%	n/m	n/m	n/a	n/a	97%	58%
BIP	8%	6%	-	-	18%	14%	35%	28%	n/a	n/a	24%	18%
Clarus IV	3%	3%	6%	4%	6%	4%	24%	18%	30%	23%	24%	15%
BXLS V	4%	2%	12%	8%	6%	-1%	30%	9%	18%	9%	17%	2%

The returns presented herein represent those of the applicable Blackstone Funds and not those of Blackstone.

n/m Not meaningful generally due to the limited time since initial investment.

n/a Not applicable.

SMA Separately managed account.

(a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Revenues.

(b) BCEP is a core private equity strategy which invests with a more modest risk profile and longer hold period than traditional private equity.

(c) Realizations are treated as return of capital until fully recovered and therefore inception to date realized returns are not applicable. Returns are calculated from results that are reported on a three month lag from Strategic Partners' fund financial statements and therefore do not include the impact of economic and market activities in the current quarter.

Funds With Closed Investment Periods

The corporate private equity funds within the Private Equity segment have nine funds with closed investment periods: BCP IV, BCP V, BCP VI, BCP VII, BCOM, BEP I, BEP II, BCEP I and BCP Asia I. As of September 30, 2022, BCP IV was above its carried interest threshold (i.e., the preferred return payable to its limited partners before the general partner is eligible to receive carried interest) and would still be above its carried interest threshold even if all remaining investments were valued at zero. BCP V is comprised of two fund classes, the BCP V “main fund” and BCP V-AC fund. Within these fund classes, the general partner is subject to equalization such that (a) the general partner accrues carried interest when the respective carried interest for either fund class is positive and (b) the general partner realizes carried interest so long as clawback obligations, if any, for either of the respective fund classes are fully satisfied. BCP V, BCP VI, BCP VII, BCOM, BEP I, BCEP I and BCP Asia I were above their respective carried interest thresholds. Funds are considered above their carried interest thresholds based on the aggregate fund position, although individual limited partners may be below their respective carried interest thresholds in certain funds. We are entitled to retain previously realized carried interest up to 20% of BCOM’s net gains. As a result, Performance Revenues are recognized from BCOM on current period gains and losses. BEP II was below its carried interest threshold.

Hedge Fund Solutions

The following table presents the results of operations for our Hedge Fund Solutions segment:

	Three Months Ended September 30,		2022 vs. 2021		Nine Months Ended September 30,		2022 vs. 2021	
	2022	2021	\$	%	2022	2021	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 138,818	\$ 154,884	\$ (16,066)	-10%	\$ 428,941	\$ 460,661	\$ (31,720)	-7%
Transaction and Other Fees, Net	581	2,535	(1,954)	-77%	5,500	8,439	(2,939)	-35%
Management Fee Offsets	(57)	(255)	198	-78%	(166)	(516)	350	-68%
Total Management Fees, Net	139,342	157,164	(17,822)	-11%	434,275	468,584	(34,309)	-7%
Fee Related Compensation	(40,895)	(35,092)	(5,803)	17%	(145,993)	(112,580)	(33,413)	30%
Other Operating Expenses	(26,599)	(25,476)	(1,123)	4%	(75,849)	(66,521)	(9,328)	14%
Fee Related Earnings	71,848	96,596	(24,748)	-26%	212,433	289,483	(77,050)	-27%
Realized Performance Revenues	4,430	7,271	(2,841)	-39%	40,540	55,900	(15,360)	-27%
Realized Performance Compensation	(3,237)	(1,443)	(1,794)	124%	(14,320)	(13,977)	(343)	2%
Realized Principal Investment Income	9,460	14,943	(5,483)	-37%	22,831	52,618	(29,787)	-57%
Net Realizations	10,653	20,771	(10,118)	-49%	49,051	94,541	(45,490)	-48%
Segment Distributable Earnings	\$ 82,501	\$ 117,367	\$ (34,866)	-30%	\$ 261,484	\$ 384,024	\$ (122,540)	-32%

n/m Not meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Segment Distributable Earnings were \$82.5 million for the three months ended September 30, 2022, a decrease of \$34.9 million, compared to \$117.4 million for the three months ended September 30, 2021. The decrease in Segment Distributable Earnings was attributable to decreases of \$24.7 million in Fee Related Earnings and \$10.1 million in Net Realizations.

Segment Distributable Earnings in our Hedge Fund Solutions segment in the third quarter of 2022 were lower compared to the third quarter of 2021. This decrease was primarily driven by decreases in Fee Related Earnings and Net Realizations. Strategies across our Hedge Fund Solutions segment navigated a period of significant market volatility caused by high inflation and escalating interest rates to generally outperform the broader market. Despite such a challenging environment adversely impacting the performance of some of the underlying managers in our Hedge Fund Solutions segment, the segment demonstrated significantly less volatility than the broader markets in the third quarter of 2022 and an ability to provide downside protection in a difficult global market environment. Segment Distributable Earnings in the Hedge Fund Solutions segment would likely be negatively impacted by a significant or sustained weak market environment or decline in asset prices, including as a result of concerns over macroeconomic and geopolitical factors such as the war between Russia and Ukraine, or by withdrawal of assets by investors as a result of liquidity needs, performance or other reasons.

To the extent the meaningful equity market volatility experienced in 2022 subsides and markets experience a prolonged period of low volatility, investors may seek to reallocate capital away from traditional hedge fund strategies. Our Hedge Fund Solutions segment operates multiple business lines, manages strategies that are both long and short asset classes and generates a majority of its revenue through management fees. In that regard, the segment's revenues depend in part on our ability to successfully grow such existing diverse business lines and strategies and to identify and scale new ones to meet evolving investor appetites. In recent years we have shifted the mix of our product offerings to include more products whose performance-based fees represent a more significant proportion of the fees earned from such products than has historically been the case. In addition, although fundraising in our Hedge Fund Solutions segment may be negatively impacted by market turbulence, which may result in a delay in management fees, continued performance relative to the broader markets could contribute to increased inflows in the segment. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition" and "— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds' investments, which would adversely affect our operating results and cash flows" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Fee Related Earnings

Fee Related Earnings were \$71.8 million for the three months ended September 30, 2022, a decrease of \$24.7 million, compared to \$96.6 million for the three months ended September 30, 2021. The decrease in Fee Related Earnings was primarily attributable to a decrease of \$17.8 million in Management Fees, Net and an increase of \$5.8 million in Fee Related Compensation.

Management Fees, Net were \$139.3 million for the three months ended September 30, 2022, a decrease of \$17.8 million, compared to \$157.2 million for the three months ended September 30, 2021, primarily due to a decrease in Base Management Fees. Base Management Fees decreased \$16.1 million primarily driven by a decrease in Fee-Earning Assets Under Management in customized solutions and commingled products.

Fee Related Compensation was \$40.9 million for the three months ended September 30, 2022, an increase of \$5.8 million, compared to \$35.1 million for the three months ended September 30, 2021. The increase was primarily due to changes in compensation accruals.

Net Realizations

Net Realizations were \$10.7 million for the three months ended September 30, 2022, a decrease of \$10.1 million, compared to \$20.8 million for the three months ended September 30, 2021. The decrease in Net Realizations was primarily attributable to decreases of \$5.5 million in Realized Principal Investment Income (Loss) and \$2.8 million in Realized Performance Revenues, partially offset by an increase of \$1.8 million in Realized Performance Compensation.

Realized Performance Revenues were \$4.4 million for the three months ended September 30, 2022, a decrease of \$2.8 million, compared to \$7.3 million for the three months ended September 30, 2021. The decrease was primarily due to lower Realized Performance Revenues in our customized solutions and commingled products.

Realized Principal Investment Income (Loss) was \$9.5 million for the three months ended September 30, 2022, a decrease of \$5.5 million, compared to \$14.9 million for the three months ended September 30, 2021. The decrease was primarily due to lower Realized Principal Investment Income in liquid and specialized solutions.

Realized Performance Compensation was \$3.2 million for the three months ended September 30, 2022, an increase of \$1.8 million, compared to \$1.4 million for the three months ended September 30, 2021. The increase was primarily due to changes in compensation accruals.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Segment Distributable Earnings were \$261.5 million for the nine months ended September 30, 2022, a decrease of \$122.5 million, compared to \$384.0 million for the nine months ended September 30, 2021. The decrease in Segment Distributable Earnings was attributable to decreases of \$77.1 million in Fee Related Earnings and \$45.5 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$212.4 million for the nine months ended September 30, 2022, a decrease of \$77.1 million, compared to \$289.5 million for the nine months ended September 30, 2021. The decrease in Fee Related Earnings was primarily attributable to a decrease of \$34.3 million in Management Fees, Net and an increase of \$33.4 million in Fee Related Compensation.

Management Fees, Net were \$434.3 million for the nine months ended September 30, 2022, a decrease of \$34.3 million, compared to \$468.6 million for the nine months ended September 30, 2021, primarily due to a decrease in Base Management Fees. Base Management Fees decreased \$31.7 million primarily driven by a decrease in Fee-Earning Assets Under Management in customized solutions and commingled products, partially offset by an increase in Fee-Earning Assets Under Management in liquid and specialized solutions.

Fee Related Compensation was \$146.0 million for the nine months ended September 30, 2022, an increase of \$33.4 million, compared to \$112.6 million for the nine months ended September 30, 2021. The increase was primarily due to changes in compensation accruals.

Net Realizations

Net Realizations were \$49.1 million for the nine months ended September 30, 2022, a decrease of \$45.5 million, compared to \$94.5 million for the nine months ended September 30, 2021. The decrease in Net Realizations was attributable to decreases of \$29.8 million in Realized Principal Investment Income and \$15.4 million in Realized Performance Revenues.

Realized Principal Investment Income (Loss) was \$22.8 million for the nine months ended September 30, 2022, a decrease of \$29.8 million, compared to \$52.6 million for the nine months ended September 30, 2021. The decrease was primarily driven by liquid and specialized solutions.

Realized Performance Revenues were \$40.5 million for the nine months ended September 30, 2022, a decrease of \$15.4 million, compared to \$55.9 million for the nine months ended September 30, 2021. The decrease was primarily due to lower Realized Performance Revenues in customized solutions and commingled products, partially offset by increased Realized Performance Revenues in liquid and specialized solutions.

Composite Returns

Composite returns information is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The composite returns information reflected in this discussion and analysis is not indicative of the financial performance of Blackstone and is also not necessarily indicative of the future results of any particular fund or composite. An investment in Blackstone is not an investment in any of our funds or composites. There can be no assurance that any of our funds or composites or our other existing and future funds or composites will achieve similar returns.

The following table presents the return information of the BAAM Principal Solutions Composite:

Composite	Three Months Ended September 30,				Nine Months Ended September 30,				Average Annual Returns (a)							
	2022		2021		2022		2021		Periods Ended September 30, 2022							
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	One Year		Three Year		Five Year		Historical	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BAAM Principal Solutions Composite (b)	1%	1%	1%	1%	3%	2%	7%	7%	4%	3%	6%	5%	6%	5%	7%	6%

The returns presented herein represent those of the applicable Blackstone Funds and not those of Blackstone.

- (a) Composite returns present a summarized asset-weighted return measure to evaluate the overall performance of the applicable class of Blackstone Funds.
- (b) BAAM's Principal Solutions ("BPS") Composite covers the period from January 2000 to present, although BAAM's inception date is September 1990. The BPS Composite includes only BAAM-managed commingled and customized multi-manager funds and accounts and does not include BAAM's individual investor solutions (liquid alternatives), strategic capital (seeding and GP minority stakes), strategic opportunities (co-invests), and advisory (non-discretionary) platforms, except for investments by BPS funds directly into those platforms. BAAM-managed funds in liquidation and, in the case of net returns, non-fee-paying assets are also excluded. The funds/accounts that comprise the BPS Composite are not managed within a single fund or account and are managed with different mandates. There is no guarantee that BAAM would have made the same mix of investments in a stand-alone fund/account. The BPS Composite is not an investible product and, as such, the performance of the BPS Composite does not represent the performance of an actual fund or account. The historical return is from January 1, 2000.

Operating Metrics

The following table presents information regarding our Invested Performance Eligible Assets Under Management:

	Invested Performance Eligible Assets Under Management		Estimated % Above High Water Mark/ Benchmark (a)	
	As of September 30,		As of September 30,	
	2022	2021	2022	2021
	(Dollars in Thousands)			
Hedge Fund Solutions Managed Funds (b)	\$ 48,764,525	\$ 45,560,404	77%	91%

- (a) Estimated % Above High Water Mark/Benchmark represents the percentage of Invested Performance Eligible Assets Under Management that as of the dates presented would earn performance fees when the applicable Hedge Fund Solutions managed fund has positive investment performance relative to a benchmark, where applicable. Incremental positive performance in the applicable Blackstone Funds may cause additional assets to reach their respective High Water Mark or clear a benchmark return, thereby resulting in an increase in Estimated % Above High Water Mark/Benchmark.
- (b) For the Hedge Fund Solutions managed funds, at September 30, 2022, the incremental appreciation needed for the 23% of Invested Performance Eligible Assets Under Management below their respective High Water Marks/Benchmarks to reach their respective High Water Marks/Benchmarks was \$846.6 million, an increase of \$504.2 million, compared to \$342.4 million at September 30, 2021. Of the Invested Performance Eligible Assets Under Management below their respective High Water Marks/Benchmarks as of September 30, 2022, 61% were within 5% of reaching their respective High Water Mark.

Credit & Insurance

The following table presents the results of operations for our Credit & Insurance segment:

	Three Months Ended September 30,		2022 vs. 2021		Nine Months Ended September 30,		2022 vs. 2021	
	2022	2021	\$	%	2022	2021	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 312,663	\$ 197,591	\$ 115,072	58%	\$ 911,697	\$ 526,039	\$ 385,658	73%
Transaction and Other Fees, Net	10,629	8,132	2,497	31%	27,143	19,915	7,228	36%
Management Fee Offsets	(1,323)	(1,884)	561	-30%	(4,107)	(5,146)	1,039	-20%
Total Management Fees, Net	321,969	203,839	118,130	58%	934,733	540,808	393,925	73%
Fee Related Performance Revenues	112,128	37,688	74,440	198%	260,410	66,577	193,833	291%
Fee Related Compensation	(135,420)	(107,865)	(27,555)	26%	(399,799)	(263,059)	(136,740)	52%
Other Operating Expenses	(68,696)	(51,276)	(17,420)	34%	(189,745)	(142,615)	(47,130)	33%
Fee Related Earnings	229,981	82,386	147,595	179%	605,599	201,711	403,888	200%
Realized Performance Revenues	12,459	6,148	6,311	103%	122,175	73,234	48,941	67%
Realized Performance Compensation	(4,992)	(1,145)	(3,847)	336%	(54,487)	(29,532)	(24,955)	85%
Realized Principal Investment Income	46,993	15,820	31,173	197%	76,793	67,285	9,508	14%
Net Realizations	54,460	20,823	33,637	162%	144,481	110,987	33,494	30%
Segment Distributable Earnings	\$ 284,441	\$ 103,209	\$ 181,232	176%	\$ 750,080	\$ 312,698	\$ 437,382	140%

n/m Not meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Segment Distributable Earnings were \$284.4 million for the three months ended September 30, 2022, an increase of \$181.2 million, or 176%, compared to \$103.2 million for the three months ended September 30, 2021. The increase in Segment Distributable Earnings was attributable to increases of \$147.6 million in Fee Related Earnings and \$33.6 million in Net Realizations.

Segment Distributable Earnings in our Credit & Insurance segment in the third quarter of 2022 were higher compared to the third quarter of 2021, driven by an increase in Fee Related Earnings and an increase in Net Realizations. While public spreads further widened amid market volatility and heightened uncertainty, rising interest rates and solid underlying company performance favorably impacted returns in our private credit strategies. Perpetual capital strategies, including certain private wealth strategies such as BCRED, represent an increasing percentage of our Total Assets Under Management in our Credit & Insurance segment. While in the third quarter we experienced net inflows, market volatility and investor capital constraints led to a decline in inflows and an increase in repurchase requests in our private wealth strategies. A continuation or worsening of this challenging market environment would further adversely affect our net flows, which could potentially be negative to some extent in the near term. We believe the long-term trends, however, remain positive.

In the U.S., rising interest rates and the resulting higher cost of capital has the potential to negatively impact the free cash flow and credit quality of certain borrowers. In addition, rising costs resulting from heightened energy prices and input costs are contributing to margin pressures at certain of our Credit & Insurance segment investments. Such investments would continue to be negatively impacted by a sustained high rate of inflation if they are unable to mitigate margin pressures, especially if concurrent with an increase in their debt service costs. If

higher than expected rates of inflation and expected significant interest rate increases in 2022 occur concurrently with a period of economic weakness or a slowdown in growth, portfolio performance in our Credit & Insurance segment may be negatively impacted. Although rising interest rates have the potential to negatively impact the financial performance of certain borrowers, the performance of our credit funds have generally benefitted from rising interest rates as a substantial majority of the portfolio is floating rate. In addition, continued market dislocation may create attractive deployment opportunities, particularly for our private credit strategies as borrowers seek alternative lending sources. Nonetheless, significant market dislocation could limit the liquidity of certain assets traded in the credit markets, and this would impact our funds' ability to sell such assets at attractive prices or in a timely manner.

In energy, oil and gas prices remained elevated in the third quarter of 2022, in part due to decreased supply as a result of the ongoing war between Russia and Ukraine and heightened global demand. This short-term trend has had a positive impact on our energy portfolio. Beyond this short-term trend, however, increased scrutiny from regulators, investors and other market participants on the climate impact of oil and gas energy investments has weakened long-term market fundamentals for traditional energy. The persistence of these weakened market fundamentals could negatively impact the performance of certain investments in our credit funds, although our funds actively managed exposure to upstream energy through exits of certain investments in 2021. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition" and "— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds' investments, which would adversely affect our operating results and cash flows." in our Annual Report on Form 10-K for the year ended December 31, 2021.

Fee Related Earnings

Fee Related Earnings were \$230.0 million for the three months ended September 30, 2022, an increase of \$147.6 million, or 179%, compared to \$82.4 million for the three months ended September 30, 2021. The increase in Fee Related Earnings was primarily attributable to increases of \$118.1 million in Management Fees, Net and \$74.4 million in Fee Related Performance Revenues, partially offset by increases of \$27.6 million in Fee Related Compensation and \$17.4 million in Other Operating Expenses.

Management Fees, Net were \$322.0 million for the three months ended September 30, 2022, an increase of \$118.1 million, compared to \$203.8 million for the three months ended September 30, 2021, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$115.1 million primarily due to an increase in inflows in BCRED and BIS.

Fee Related Performance Revenues were \$112.1 million for the three months ended September 30, 2022, an increase of \$74.4 million, compared to \$37.7 million for the three months ended September 30, 2021. The increase was primarily due to performance and growth in BCRED, including the expiration of BCRED's fee holiday during the three months ended September 30, 2021.

Fee Related Compensation was \$135.4 million for the three months ended September 30, 2022, an increase of \$27.6 million, compared to \$107.9 million for the three months ended September 30, 2021. The increase was primarily due to increases in Management Fees, Net and Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$68.7 million for the three months ended September 30, 2022, an increase of \$17.4 million, compared to \$51.3 million for the three months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Net Realizations

Net Realizations were \$54.5 million for the three months ended September 30, 2022, an increase of \$33.6 million, or 162%, compared to \$20.8 million for the three months ended September 30, 2021. The increase in Net Realizations was primarily attributable to increases of \$31.2 million in Realized Principal Investment Income and \$6.3 million in Realized Performance Revenues, partially offset by an increase of \$3.8 million in Realized Performance Compensation.

Realized Principal Investment Income was \$47.0 million for the three months ended September 30, 2022, an increase of \$31.2 million, compared to \$15.8 million for the three months ended September 30, 2021. The increase was primarily due to growth in BCRED.

Realized Performance Revenues were \$12.5 million for the three months ended September 30, 2022, an increase of \$6.3 million, compared to \$6.1 million for the three months ended September 30, 2021. The increase was primarily due to increases in our mezzanine opportunistic funds, energy strategies and direct lending separately managed accounts.

Realized Performance Compensation was \$5.0 million for the three months ended September 30, 2022, an increase of \$3.8 million, compared to \$1.1 million for the three months ended September 30, 2021. The increase was primarily due to the increase in Realized Performance Revenues.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Segment Distributable Earnings were \$750.1 million for the nine months ended September 30, 2022, an increase of \$437.4 million, or 140%, compared to \$312.7 million for the nine months ended September 30, 2021. The increase in Segment Distributable Earnings was primarily attributable to increases of \$403.9 million in Fee Related Earnings and \$33.5 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$605.6 million for the nine months ended September 30, 2022, an increase of \$403.9 million, or 200%, compared to \$201.7 million for the nine months ended September 30, 2021. The increase in Fee Related Earnings was primarily attributable to increases of \$393.9 million in Management Fees, Net and \$193.8 million in Fee Related Performance Revenues, partially offset by increases of \$136.7 million in Fee Related Compensation and \$47.1 million in Other Operating Expenses.

Management Fees, Net were \$934.7 million for the nine months ended September 30, 2022, an increase of \$393.9 million, compared to \$540.8 million for the nine months ended September 30, 2021, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$385.7 million primarily due to an increase in inflows in BCRED and BIS.

The annualized Base Management Fee Rate increased from 0.56% at September 30, 2021 to 0.62% at September 30, 2022. The increase was primarily due to BCRED management fee holiday ending.

Fee Related Performance Revenues were \$260.4 million for the nine months ended September 30, 2022, an increase of \$193.8 million, compared to \$66.6 million for the nine months ended September 30, 2021. The increase was primarily due to performance and growth in BCRED, including the expiration of BCRED's fee holiday during the three months ended September 30, 2021.

Fee Related Compensation was \$399.8 million for the nine months ended September 30, 2022, an increase of \$136.7 million, compared to \$263.1 million for the nine months ended September 30, 2021. The increase was primarily due to increases in Management Fees, Net and Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$189.7 million for the nine months ended September 30, 2022, an increase of \$47.1 million, compared to \$142.6 million for the nine months ended September 30, 2021. The increase was primarily due to travel and entertainment, occupancy and technology related expenses, and professional fees.

Net Realizations

Net Realizations were \$144.5 million for the nine months ended September 30, 2022, an increase of \$33.5 million, or 30%, compared to \$111.0 million for the nine months ended September 30, 2021. The increase in Net Realizations was attributable to an increase of \$48.9 million in Realized Performance Revenues and an increase of \$9.5 million in Realized Principal Investment Income, partially offset by an increase of \$25.0 million in Realized Performance Compensation.

Realized Performance Revenues were \$122.2 million for the nine months ended September 30, 2022, an increase of \$48.9 million, compared to \$73.2 million for the nine months ended September 30, 2021. The increase was primarily due to higher realized carry interest in our energy strategies and our direct lending separately managed accounts.

Realized Principal Investment Income was \$76.8 million for the nine months ended September 30, 2022, an increase of \$9.5 million, compared to \$67.3 million for the nine months ended September 30, 2021. The increase was primarily due to the segment's allocation of the gain recognized in connection with the Pátria sale transaction during the three months ended March 31, 2021.

Realized Performance Compensation was \$54.5 million for the nine months ended September 30, 2022, an increase of \$25.0 million, compared to \$29.5 million for the nine months ended September 30, 2021. The increase was primarily due to the increase in Realized Performance Revenues.

Composite Returns

Composite returns information is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The composite returns information reflected in this discussion and analysis is not indicative of the financial performance of Blackstone and is also not necessarily indicative of the future results of any particular fund or composite. An investment in Blackstone is not an investment in any of our funds or composites. There can be no assurance that any of our funds or composites or our other existing and future funds or composites will achieve similar returns.

The following table presents the return information for the Private Credit and Liquid Credit composites:

	Three Months Ended September 30,				Nine Months Ended September 30,				September 30, 2022	
	2022		2021		2022		2021		Inception to Date	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Composite (a)										
Private Credit (b)(c)	3%	2%	5%	3%	5%	2%	17%	13%	11%	7%
Liquid Credit (b)	1%	1%	1%	1%	-5%	-6%	4%	4%	5%	4%

The returns presented herein represent those of the applicable Blackstone Funds and not those of Blackstone.

- (a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Allocations, net of tax advances.
- (b) Private Credit returns include mezzanine lending funds and middle market direct lending funds (including BXSL and BCRED), stressed/distressed strategies (including stressed/distressed funds and credit alpha strategies) and energy strategies. Liquid Credit returns include CLOs, closed-ended funds, open-ended funds and separately managed accounts. Only fee-earning funds exceeding \$100 million of fair value at the beginning of each respective quarter-end are included. Funds in liquidation, funds investing primarily in investment grade corporate credit and asset-based finance are excluded. Blackstone Funds that were contributed to BXC as part of Blackstone's acquisition of BXC in March 2008 and the pre-acquisition date performance for funds and vehicles acquired by BXC subsequent to March 2008, are also excluded. Private Credit and Liquid Credit's inception to date returns are from December 31, 2005.

- (c) Effective June 30, 2022, for euro-denominated funds included in the Private Credit composite return, cash flows are translated using a historical rate instead of the daily spot rate to more closely reflect the actual performance of foreign-denominated funds in the composite returns.

Operating Metrics

The following table presents information regarding our Invested Performance Eligible Assets Under Management:

	Invested Performance Eligible Assets Under Management		Estimated % Above High Water Mark/ Hurdle (a)	
	As of September 30,		As of September 30,	
	2022	2021	2022	2021
	(Dollars in Thousands)			
Credit & Insurance (b)	\$ 85,164,349	\$ 49,934,469	93%	87%

- (a) Estimated % Above High Water Mark/Hurdle represents the percentage of Invested Performance Eligible Assets Under Management that as of the dates presented would earn performance fees when the applicable Credit & Insurance managed fund has positive investment performance relative to a hurdle, where applicable. Incremental positive performance in the applicable Blackstone Funds may cause additional assets to reach their respective High Water Mark or clear a hurdle return, thereby resulting in an increase in Estimated % Above High Water Mark/Hurdle.
- (b) For the Credit & Insurance managed funds, at September 30, 2022, the incremental appreciation needed for the 7% of Invested Performance Eligible Assets Under Management below their respective High Water Marks/Hurdles to reach their respective High Water Marks/Hurdles was \$2.1 billion, a decrease of \$(224.2) million, compared to \$2.4 billion at September 30, 2021. Of the Invested Performance Eligible Assets Under Management below their respective High Water Marks/Hurdles as of September 30, 2022, 40% were within 5% of reaching their respective High Water Mark.

Non-GAAP Financial Measures

These non-GAAP financial measures are presented without the consolidation of any Blackstone Funds that are consolidated into the Condensed Consolidated Financial Statements. Consequently, all non-GAAP financial measures exclude the assets, liabilities and operating results related to the Blackstone Funds. See “— Key Financial Measures and Indicators” for our definitions of Distributable Earnings, Segment Distributable Earnings, Fee Related Earnings and Adjusted EBITDA.

The following table is a reconciliation of Net Income (Loss) Attributable to Blackstone Inc. to Distributable Earnings, Total Segment Distributable Earnings, Fee Related Earnings and Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in Thousands)			
Net Income Attributable to Blackstone Inc.	\$ 2,296	\$ 1,401,895	\$ 1,189,777	\$ 4,458,919
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	37,724	1,315,641	1,061,516	3,667,618
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	(62,093)	486,907	(62,425)	1,305,273
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	25,773	1,550	56,700	2,816
Net Income	3,700	3,205,993	2,245,568	9,434,626
Provision for Taxes	94,231	458,904	614,026	746,707
Net Income Before Provision for Taxes	97,931	3,664,897	2,859,594	10,181,333
Transaction-Related Charges (a)	9,247	59,193	59,721	122,614
Amortization of Intangibles (b)	13,238	17,044	47,326	51,212
Impact of Consolidation (c)	36,320	(488,457)	5,725	(1,308,089)
Unrealized Performance Revenues (d)	771,637	(2,724,366)	2,946,255	(7,886,033)
Unrealized Performance Allocations Compensation (e)	(359,590)	1,193,853	(1,273,849)	3,394,041
Unrealized Principal Investment (Income) Loss (f)	996,105	2,343	1,172,635	(526,249)
Other Revenues (g)	(198,546)	(64,109)	(427,069)	(152,252)
Equity-Based Compensation (h)	190,197	129,254	587,386	394,948
Administrative Fee Adjustment (i)	2,460	2,488	7,421	7,747
Taxes and Related Payables (j)	(184,130)	(156,867)	(686,571)	(381,762)
Distributable Earnings	1,374,869	1,635,273	5,298,574	3,897,510
Taxes and Related Payables (j)	184,130	156,867	686,571	381,762
Net Interest and Dividend Loss (k)	22,850	16,238	38,249	40,367
Total Segment Distributable Earnings	1,581,849	1,808,378	6,023,394	4,319,639
Realized Performance Revenues (l)	(469,009)	(1,497,477)	(3,988,593)	(2,691,738)
Realized Performance Compensation (m)	206,224	619,074	1,652,318	1,108,269
Realized Principal Investment Income (n)	(139,765)	(151,010)	(340,369)	(512,298)
Fee Related Earnings	\$ 1,179,299	\$ 778,965	\$ 3,346,750	\$ 2,223,872
Adjusted EBITDA Reconciliation				
Distributable Earnings	\$ 1,374,869	\$ 1,635,273	\$ 5,298,574	\$ 3,897,510
Interest Expense (o)	80,312	51,773	216,339	140,245
Taxes and Related Payables (j)	184,130	156,867	686,571	381,762
Depreciation and Amortization (p)	14,958	12,771	44,918	37,645
Adjusted EBITDA	\$ 1,654,269	\$ 1,856,684	\$ 6,246,402	\$ 4,457,162

- (a) This adjustment removes Transaction-Related Charges, which are excluded from Blackstone's segment presentation. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures, and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the Tax Receivable Agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.

- (b) This adjustment removes the amortization of transaction-related intangibles, which are excluded from Blackstone's segment presentation.
- (c) This adjustment reverses the effect of consolidating Blackstone Funds, which are excluded from Blackstone's segment presentation. This adjustment includes the elimination of Blackstone's interest in these funds and the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- (d) This adjustment removes Unrealized Performance Allocations.
- (e) This adjustment removes Unrealized Performance Allocations Compensation.
- (f) This adjustment removes Unrealized Principal Investment Income (Loss) on a segment basis. The Segment Adjustment represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
(Dollars in Thousands)				
GAAP Unrealized Principal Investment Income (Loss)	\$ (1,069,697)	\$ 183,754	\$ (1,496,226)	\$ 1,151,904
Segment Adjustment	73,592	(186,097)	323,591	(625,655)
Unrealized Principal Investment Income (Loss)	<u>\$ (996,105)</u>	<u>\$ (2,343)</u>	<u>\$ (1,172,635)</u>	<u>\$ 526,249</u>

- (g) This adjustment removes Other Revenues on a segment basis. The Segment Adjustment represents the removal of certain Transaction-Related Charges.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
(Dollars in Thousands)				
GAAP Other Revenue	\$ 199,382	\$ 64,187	\$ 427,839	\$ 152,387
Segment Adjustment	(836)	(78)	(770)	(135)
Other Revenues	<u>\$ 198,546</u>	<u>\$ 64,109</u>	<u>\$ 427,069</u>	<u>\$ 152,252</u>

- (h) This adjustment removes Equity-Based Compensation on a segment basis.
- (i) This adjustment adds an amount equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.

- (j) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) for Taxes and adjusted to exclude the tax impact of any divestitures. For interim periods, taxes are calculated using the preferred annualized effective tax rate approach. Related Payables represent tax-related payables including the amount payable under the Tax Receivable Agreement. See “— Key Financial Measures and Indicators — Distributable Earnings” for the full definition of Taxes and Related Payables.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in Thousands)			
Taxes	\$ 163,602	\$ 140,548	\$ 613,201	\$ 337,966
Related Payables	20,528	16,319	73,370	43,796
Taxes and Related Payables	<u>\$ 184,130</u>	<u>\$ 156,867</u>	<u>\$ 686,571</u>	<u>\$ 381,762</u>

- (k) This adjustment removes Interest and Dividend Revenue less Interest Expense on a segment basis. The Segment Adjustment represents (1) the add back of Interest and Dividend Revenue earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of interest expense associated with the Tax Receivable Agreement.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in Thousands)			
GAAP Interest and Dividend Revenue	\$ 52,420	\$ 35,048	\$ 168,980	\$ 97,477
Segment Adjustment	5,042	487	9,110	2,401
Interest and Dividend Revenue	<u>57,462</u>	<u>35,535</u>	<u>178,090</u>	<u>99,878</u>
GAAP Interest Expense	80,507	52,413	216,896	141,718
Segment Adjustment	<u>(195)</u>	<u>(640)</u>	<u>(557)</u>	<u>(1,473)</u>
Interest Expense	<u>80,312</u>	<u>51,773</u>	<u>216,339</u>	<u>140,245</u>
Net Interest and Dividend Loss	<u>\$ (22,850)</u>	<u>\$ (16,238)</u>	<u>\$ (38,249)</u>	<u>\$ (40,367)</u>

- (l) This adjustment removes the total segment amount of Realized Performance Revenues.
(m) This adjustment removes the total segment amount of Realized Performance Compensation.
(n) This adjustment removes the total segment amount of Realized Principal Investment Income.
(o) This adjustment adds back Interest Expense on a segment basis, excluding interest expense related to the Tax Receivable Agreement.
(p) This adjustment adds back Depreciation and Amortization on a segment basis.

The following tables are a reconciliation of Total GAAP Investments to Net Accrued Performance Revenues. Total GAAP Investments and Net Accrued Performance Revenues consist of the following:

	September 30,	
	2022	2021
	(Dollars in Thousands)	
Investments of Consolidated Blackstone Funds	\$ 3,828,497	\$ 2,104,705
Equity Method Investments		
Partnership Investments	5,566,645	5,303,334
Accrued Performance Allocations	12,938,888	15,063,648
Corporate Treasury Investments	799,016	1,520,426
Other Investments	3,123,102	1,112,082
Total GAAP Investments	<u>\$ 26,256,148</u>	<u>\$ 25,104,195</u>
Accrued Performance Allocations - GAAP	\$ 12,938,888	\$ 15,063,648
Impact of Consolidation (a)	2,412	1
Due from Affiliates - GAAP (b)	154,587	59,669
Less: Net Realized Performance Revenues (c)	(342,922)	(416,336)
Less: Accrued Performance Compensation - GAAP (d)	(5,693,325)	(6,395,903)
Net Accrued Performance Revenues	<u>\$ 7,059,640</u>	<u>\$ 8,311,079</u>

- (a) This adjustment adds back investments in consolidated Blackstone Funds which have been eliminated in consolidation.
- (b) Represents GAAP accrued performance revenue recorded within Due from Affiliates.
- (c) Represents Performance Revenues realized but not yet distributed as of the reporting date and are included in Distributable Earnings in the period they are realized.
- (d) Represents GAAP accrued performance compensation associated with Accrued Performance Allocations and is recorded within Accrued Compensation and Benefits and Due to Affiliates.

Liquidity and Capital Resources

General

Blackstone's business model derives revenue primarily from third party assets under management. Blackstone is not a capital or balance sheet intensive business and targets operating expense levels such that total management and advisory fees exceed total operating expenses each period. As a result, we require limited capital resources to support the working capital or operating needs of our businesses. We draw primarily on the long-term committed capital of our limited partner investors to fund the investment requirements of the Blackstone Funds and use our own realizations and cash flows to invest in growth initiatives, make commitments to our own funds, where our minimum general partner commitments are generally less than 5% of the limited partner commitments of a fund, and pay dividends to shareholders.

Fluctuations in our statement of financial condition result primarily from activities of the Blackstone Funds that are consolidated as well as business transactions, such as the issuance of senior notes described below. The majority economic ownership interests of the Blackstone Funds that are consolidated are reflected as Redeemable Non-Controlling Interests in Consolidated Entities and Non-Controlling Interests in Consolidated Entities in the Condensed Consolidated Financial Statements. The consolidation of these Blackstone Funds has no net effect on Blackstone's Net Income or Equity. Additionally, fluctuations in our statement of financial condition also include appreciation or depreciation in Blackstone investments in the Blackstone Funds, additional investments and redemptions of such interests in the Blackstone Funds and the collection of receivables related to management and advisory fees.

Total Assets were \$40.3 billion as of September 30, 2022, a decrease of \$937.1 million, from December 31, 2021. The decrease in Total Assets was principally due to a decrease of \$2.2 billion in total assets attributable to consolidated operating partnerships, partially offset by an increase of \$1.8 billion in total assets attributable to consolidated Blackstone funds. The decrease in total assets attributable to consolidated operating partnerships was primarily due to a decrease of \$3.7 billion in Investments, partially offset by an increase of \$1.4 billion in Cash and Cash Equivalents. The decrease in Investments was primarily due to distributions received in real estate and private equity investments. The increase in Cash and Cash Equivalents was primarily due to the issuance of \$1.5 billion of notes on January 10, 2022 and €500 million of notes on June 1, 2022. The increase in total assets attributable to consolidated Blackstone funds was primarily due to an increase of \$1.8 billion in Investments. The increase in Investments was primarily due to the consolidation of five Blackstone funds. The other net variances of the assets attributable to the consolidated operating partnerships and consolidated Blackstone funds were relatively unchanged.

Total Liabilities were \$20.5 billion as of September 30, 2022, an increase of \$1.0 billion, from December 31, 2021. The increase in Total Liabilities was principally due to an increase of \$1.0 billion in total liabilities attributable to consolidated operating partnerships. The increase in total liabilities attributable to the consolidated operating partnerships was primarily due to an increase of \$1.5 billion in Loans Payable, partially offset by a decrease of \$1.2 billion in Accrued Compensation and Benefits. The increase in Loans Payable was primarily due to the issuance of \$1.5 billion of notes on January 10, 2022 and €500 million of notes on June 1, 2022. The decrease in Accrued Compensation and Benefits was primarily due to a decrease in performance compensation. The other net variances of the liabilities attributable to the consolidated operating partnerships were relatively unchanged.

Sources and Uses of Liquidity

We have multiple sources of liquidity to meet our capital needs, including annual cash flows, accumulated earnings in our businesses, the proceeds from our issuances of senior notes, liquid investments we hold on our balance sheet and access to our \$4.1 billion committed revolving credit facility. As of September 30, 2022, Blackstone had \$3.5 billion in Cash and Cash Equivalents, \$799.0 million invested in Corporate Treasury Investments and \$3.1 billion in Other Investments (which included \$2.8 billion of liquid investments), against \$9.4 billion in borrowings from our bond issuances, and no borrowings outstanding under our revolving credit facility.

On November 3, 2022, Blackstone issued \$600 million aggregate principal amount of 5.900% senior notes due November 3, 2027 and \$900 million aggregate principal amount of 6.200% senior notes due April 22, 2033. Blackstone intends to use the net proceeds from the sale of the notes for general corporate purposes. For additional information see Note 12. “Borrowings” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing and “— Notable Transactions.”

In addition to the cash we received from our notes offerings and availability under our revolving credit facility, we expect to receive (a) cash generated from operating activities, (b) Performance Allocations and Incentive Fee realizations, and (c) realizations on the fund investments that we make. The amounts received from these three sources in particular may vary substantially from year to year and quarter to quarter depending on the frequency and size of realization events or net returns experienced by our investment funds. Our available capital could be adversely affected if there are prolonged periods of few substantial realizations from our investment funds accompanied by substantial capital calls for new investments from those investment funds. Therefore, Blackstone’s commitments to our funds are taken into consideration when managing our overall liquidity and cash position.

We expect that our primary liquidity needs will be cash to (a) provide capital to facilitate the growth of our existing businesses, which principally includes funding our general partner and co-investment commitments to our funds, (b) provide capital for business expansion, (c) pay operating expenses, including cash compensation to our employees and other obligations as they arise, (d) fund modest capital expenditures, (e) repay borrowings and related interest costs, (f) pay income taxes, (g) repurchase shares of our common stock and Blackstone Holdings Partnership Units pursuant to our repurchase program and (h) pay dividends to our shareholders and distributions to the holders of Blackstone Holdings Partnership Units. For a tabular presentation of Blackstone's contractual obligations and the expected timing of such see "— Contractual Obligations."

Capital Commitments

Our own capital commitments to our funds, the funds we invest in and our investment strategies as of September 30, 2022 consisted of the following:

Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
(Dollars in Thousands)				
Real Estate				
BREP VI	\$ 750,000	\$ 36,809	\$ 150,000	\$ 12,270
BREP VII	300,000	33,394	100,000	11,131
BREP VIII	300,000	43,060	100,000	14,353
BREP IX	300,000	74,696	100,000	24,899
BREP X	300,000	297,565	100,000	99,188
BREP Europe III	100,000	11,989	35,000	3,996
BREP Europe IV	130,000	24,074	43,333	8,025
BREP Europe V	150,000	26,592	43,333	7,682
BREP Europe VI	130,000	81,097	43,333	27,032
BREP Asia I	50,000	9,950	16,667	3,317
BREP Asia II	70,707	15,966	23,569	5,322
BREP Asia III	79,663	72,204	26,124	24,068
BREDS III	50,000	13,499	16,667	4,500
BREDS IV	50,000	23,167	—	—
BPP	312,725	40,805	—	—
Other (b)	24,090	6,528	—	—
Total Real Estate (c)	3,097,185	811,395	798,026	245,783

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Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
(Dollars in Thousands)				
Private Equity				
BCP V	\$ 629,356	\$ 23,701	\$ —	\$ —
BCP VI	719,718	82,829	250,000	28,771
BCP VII	500,000	42,980	225,000	19,341
BCP VIII	500,000	297,404	225,000	133,832
BCP IX	500,000	500,000	225,000	225,000
BEP I	50,000	4,728	—	—
BEP II	80,000	14,633	26,667	4,878
BEP III	80,000	43,269	26,667	14,423
BEP IV	17,545	17,545	5,848	5,848
BCEP I	120,000	27,202	18,992	4,305
BCEP II	160,000	112,276	32,640	22,904
BCP Asia I	40,000	10,428	13,333	3,476
BCP Asia II	100,000	100,000	33,333	33,333
Tactical Opportunities	485,872	222,776	153,967	74,259
Strategic Partners	1,165,991	753,349	161,508	97,832
BIP	281,967	79,204	—	—
BXLS	142,057	102,947	37,353	31,927
BXG	135,001	76,987	44,832	25,651
Other (b)	290,208	29,646	—	—
Total Private Equity (c)	5,997,715	2,541,904	1,480,140	725,780
Hedge Fund Solutions				
Strategic Alliance I	50,000	2,033	—	—
Strategic Alliance II	50,000	1,482	—	—
Strategic Alliance III	22,000	9,639	—	—
Strategic Alliance IV	15,000	15,000	—	—
Strategic Holdings I	154,610	27,634	—	—
Strategic Holdings II	50,000	27,125	—	—
Horizon	100,000	27,765	—	—
Dislocation	10,000	8,930	—	—
Other (b)	17,209	7,914	—	—
Total Hedge Fund Solutions	468,819	127,522	—	—

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Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
(Dollars in Thousands)				
Credit & Insurance				
Mezzanine / Opportunistic II	\$ 120,000	\$ 29,197	\$ 110,101	\$ 26,788
Mezzanine / Opportunistic III	130,783	38,898	31,776	9,451
Mezzanine / Opportunistic IV	122,000	99,994	33,757	27,668
European Senior Debt I	63,000	16,508	56,882	14,905
European Senior Debt II	91,858	48,079	25,410	13,308
Stressed / Distressed I	50,000	4,869	27,666	2,694
Stressed / Distressed II	125,000	51,695	119,878	49,576
Stressed / Distressed III	151,000	110,424	32,762	23,959
Energy I	80,000	37,630	75,445	35,487
Energy II	150,000	118,111	26,615	20,956
Credit Alpha Fund	52,102	19,752	50,670	19,209
Credit Alpha Fund II	25,500	12,550	6,289	3,095
Other (b)	267,733	182,090	19,964	3,948
Total Credit & Insurance	1,428,976	769,797	617,215	251,044
Other				
Treasury (d)	1,227,017	740,163	—	—
	<u>\$ 12,219,712</u>	<u>\$ 4,990,781</u>	<u>\$ 2,895,381</u>	<u>\$ 1,222,607</u>

- (a) For some of the general partner commitments shown in the table above, we require our senior managing directors and certain other professionals to fund a portion of the commitment even though the ultimate obligation to fund the aggregate commitment is ours pursuant to the governing agreements of the respective funds. The amounts of the aggregate applicable general partner original and remaining commitment are shown in the table above. In addition, certain senior managing directors and other professionals may be required to fund a de minimis amount of the commitment in certain carry funds. We expect our commitments to be drawn down over time and to be funded by available cash and cash generated from operations and realizations. Taking into account prevailing market conditions and both the liquidity and cash or liquid investment balances, we believe that the sources of liquidity described above will be more than sufficient to fund our working capital requirements.
- (b) Represents capital commitments to a number of other funds in each respective segment.
- (c) Real Estate and Private Equity include co-investments, as applicable.
- (d) Represents loan origination commitments, revolver commitments and capital market commitments.

For a tabular presentation of the timing of Blackstone's remaining capital commitments to our funds, the funds we invest in and our investment strategies see "— Contractual Obligations."

Borrowings

As of September 30, 2022, Blackstone Holdings Finance Co. L.L.C. (the “Issuer”), an indirect subsidiary of Blackstone, had issued and outstanding the following senior notes (collectively the “Notes”):

Senior Notes (a)	Aggregate Principal Amount (Dollars/Euros in Thousands)
4.750%, Due 2/15/2023	\$ 400,000
2.000%, Due 5/19/2025	€ 300,000
1.000%, Due 10/5/2026	€ 600,000
3.150%, Due 10/2/2027	\$ 300,000
1.625%, Due 8/5/2028	\$ 650,000
1.500%, Due 4/10/2029	€ 600,000
2.500%, Due 1/10/2030	\$ 500,000
1.600%, Due 3/30/2031	\$ 500,000
2.000%, Due 1/30/2032	\$ 800,000
2.550%, Due 3/30/2032	\$ 500,000
3.500%, Due 6/1/2034	€ 500,000
6.250%, Due 8/15/2042	\$ 250,000
5.000%, Due 6/15/2044	\$ 500,000
4.450%, Due 7/15/2045	\$ 350,000
4.000%, Due 10/2/2047	\$ 300,000
3.500%, Due 9/10/2049	\$ 400,000
2.800%, Due 9/30/2050	\$ 400,000
2.850%, Due 8/5/2051	\$ 550,000
3.200%, Due 1/30/2052	\$ 1,000,000
	<u>\$ 9,360,400</u>

- (a) The Notes are unsecured and unsubordinated obligations of the Issuer and are fully and unconditionally guaranteed, jointly and severally, by Blackstone Inc. and each of the Blackstone Holdings Partnerships. The Notes contain customary covenants and financial restrictions that, among other things, limit the Issuer and the guarantors’ ability, subject to certain exceptions, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The Notes also contain customary events of default. All or a portion of the Notes may be redeemed at our option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the Notes. If a change of control repurchase event occurs, the Notes are subject to repurchase at the repurchase price as set forth in the Notes.

Blackstone, through the Issuer, has a \$4.1 billion unsecured revolving credit facility (the “Credit Facility”) with Citibank, N.A., as administrative agent with a maturity date of June 3, 2027. Borrowings may also be made in U.K. sterling, euros, Swiss francs, Japanese yen or Canadian dollars, in each case subject to certain sub-limits. The Credit Facility contains customary representations, covenants and events of default. Financial covenants consist of a maximum net leverage ratio and a requirement to keep a minimum amount of Fee-Earning Assets Under Management, each tested quarterly.

For a tabular presentation of the payment timing of principal and interest due on Blackstone's issued notes and revolving credit facility see "— Contractual Obligations."

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of September 30, 2022 on a consolidated basis and on a basis deconsolidating the Blackstone Funds:

Contractual Obligations	October 1, 2022 to December 31, 2022	2023-2024	2025-2026	Thereafter	Total
	(Dollars in Thousands)				
Operating Lease Obligations (a)	\$ 32,589	\$ 289,062	\$ 298,188	\$ 771,694	\$ 1,391,533
Purchase Obligations	64,419	84,162	12,169	—	160,750
Blackstone Issued Notes and Revolving Credit Facility (b)	—	400,000	882,180	8,078,220	9,360,400
Interest on Blackstone Issued Notes and Revolving Credit Facility (c)	45,714	510,684	492,785	3,466,243	4,515,426
Blackstone Funds Debt Obligations Payable	—	—	30,627	—	30,627
Interest on Blackstone Funds Debt Obligations Payable	282	2,259	604	—	3,145
Blackstone Funds Capital Commitments to Investee Funds (d)	198,250	—	—	—	198,250
Due to Certain Non-Controlling Interest Holders in Connection with Tax Receivable Agreements (e)	—	156,550	218,086	1,226,522	1,601,158
Unrecognized Tax Benefits, Including Interest and Penalties (f)	—	—	—	—	—
Blackstone Operating Entities Capital Commitments to Blackstone Funds and Other (g)	4,990,781	—	—	—	4,990,781
Consolidated Contractual Obligations	5,332,035	1,442,717	1,934,639	13,542,679	22,252,070
Blackstone Funds Debt Obligations Payable	—	—	(30,627)	—	(30,627)
Interest on Blackstone Funds Debt Obligations Payable	(282)	(2,259)	(604)	—	(3,145)
Blackstone Funds Capital Commitments to Investee Funds (d)	(198,250)	—	—	—	(198,250)
Blackstone Operating Entities Contractual Obligations	\$ 5,133,503	\$ 1,440,458	\$ 1,903,408	\$ 13,542,679	\$ 22,020,048

- (a) We lease our primary office space and certain office equipment under agreements that expire through 2043. Occupancy lease agreements, in addition to contractual rent payments, generally include additional payments for certain costs incurred by the landlord, such as building expenses, and utilities. To the extent these are fixed or determinable they are included in the table above. The table above includes operating leases that are recognized as Operating Lease Liabilities, short-term leases that are not recorded as Operating Lease Liabilities and leases that have been signed but not yet commenced which are not recorded as Operating Lease Liabilities. The amounts in this table are presented net of contractual sublease commitments and tenant improvement allowances.
- (b) Represents the principal amount due on the senior notes we issued assuming no pre-payments are made and the notes are held until their final maturity. As of September 30, 2022, we had no outstanding borrowings under our revolver.
- (c) Represents interest to be paid over the maturity of our senior notes which has been calculated assuming no pre-payments are made and debt is held until its final maturity date. These amounts include commitment fees for unutilized borrowings under our revolver.

- (d) These obligations represent commitments of the consolidated Blackstone Funds to make capital contributions to investee funds and portfolio companies. These amounts are generally due on demand and are therefore presented in the less than one year category.
- (e) Represents obligations by Blackstone's corporate subsidiary to make payments under the Tax Receivable Agreements to certain non-controlling interest holders for the tax savings realized from the taxable purchases of their interests in connection with the reorganization at the time of Blackstone's initial public offering ("IPO") in 2007 and subsequent purchases. The obligation represents the amount of the payments currently expected to be made, which are dependent on the tax savings actually realized as determined annually without discounting for the timing of the payments. As required by GAAP, the amount of the obligation included in the Condensed Consolidated Financial Statements and shown in Note 16. "Related Party Transactions" (see "Part I. Item 1. Financial Statements") differs to reflect the net present value of the payments due to certain non-controlling interest holders.
- (f) As of September 30, 2022, there were no Unrecognized Tax Benefits, including Interest and Penalties. In addition, Blackstone is not able to make a reasonably reliable estimate of the timing of payments in individual years in connection with gross unrecognized benefits of \$104.1 million and interest of \$32.8 million, therefore, such amounts are not included in the above contractual obligations table.
- (g) These obligations represent commitments by us to provide general partner capital funding to the Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments. These amounts are generally due on demand and are therefore presented in the less than one year category; however, a substantial amount of the capital commitments are expected to be called over the next three years. We expect to continue to make these general partner capital commitments as we raise additional amounts for our investment funds over time.

Guarantees

Blackstone and certain of its consolidated funds provide financial guarantees. The amounts and nature of these guarantees are described in Note 17. "Commitments and Contingencies — Contingencies — Guarantees" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing.

Indemnifications

In many of its service contracts, Blackstone agrees to indemnify the third party service provider under certain circumstances. The terms of the indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and has not been included in the above contractual obligations table or recorded in our Condensed Consolidated Financial Statements as of September 30, 2022.

Clawback Obligations

Performance Allocations are subject to clawback to the extent that the Performance Allocations received to date with respect to a fund exceeds the amount due to Blackstone based on cumulative results of that fund. The amounts and nature of Blackstone's clawback obligations are described in Note 17. "Commitments and Contingencies— Contingencies — Contingent Obligations (Clawback)" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing.

Share Repurchase Program

On December 7, 2021, Blackstone's board of directors authorized the repurchase of up to \$2.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the three and nine months ended September 30, 2022, Blackstone repurchased 2.0 million and 3.9 million shares of common stock at a total cost of \$196.6 million and \$392.0 million, respectively. As of September 30, 2022, the amount remaining available for repurchases under the program was \$1.1 billion.

Dividends

Our intention is to pay to holders of common stock a quarterly dividend representing approximately 85% of Blackstone Inc.'s share of Distributable Earnings, subject to adjustment by amounts determined by our board of directors to be necessary or appropriate to provide for the conduct of our business, to make appropriate investments in our business and funds, to comply with applicable law, any of our debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and dividends to shareholders for any ensuing quarter. The dividend amount could also be adjusted upward in any one quarter.

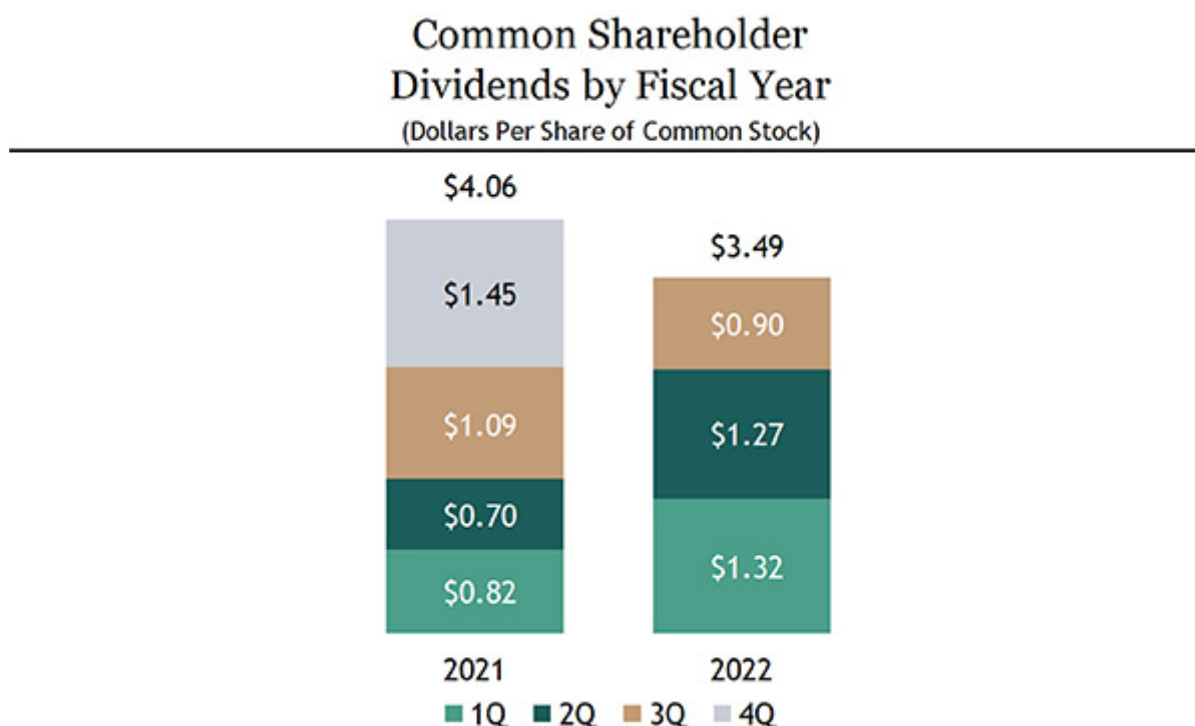
For Blackstone's definition of Distributable Earnings, see "— Key Financial Measures and Indicators."

All of the foregoing is subject to the qualification that the declaration and payment of any dividends are at the sole discretion of our board of directors and our board of directors may change our dividend policy at any time, including, without limitation, to reduce such quarterly dividends or even to eliminate such dividends entirely.

Because the publicly traded entity and/or its wholly owned subsidiaries must pay taxes and make payments under the tax receivable agreements, the amounts ultimately paid as dividends by Blackstone to common shareholders in respect of each fiscal year are generally expected to be less, on a per share or per unit basis, than the amounts distributed by the Blackstone Holdings Partnerships to the Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships in respect of their Blackstone Holdings Partnership Units. Following Blackstone's conversion from a limited partnership to a corporation, we expect to pay more corporate income taxes than we would have as a limited partnership, which will increase this difference between the per share dividend and per unit distribution amounts.

Dividends are treated as qualified dividends to the extent of Blackstone's current and accumulated earnings and profits, with any excess dividends treated as a return of capital to the extent of the shareholder's basis.

The following graph shows fiscal quarterly and annual per common shareholder dividends for 2022 and 2021. Dividends are declared and paid in the quarter subsequent to the quarter in which they are earned.



With respect to the third quarter of fiscal year 2022, we paid to shareholders of our common stock a dividend of \$0.90 per share, aggregating to \$3.49 per share of common stock in respect of the nine months ended September 30, 2022. With respect to fiscal year 2021, we paid shareholders aggregate dividends of \$4.06 per share.

Leverage

We may under certain circumstances use leverage opportunistically and over time to create the most efficient capital structure for Blackstone and our shareholders. In addition to the borrowings from our note issuances and our revolving credit facility, we may use reverse repurchase agreements, repurchase agreements and securities sold, not yet purchased. Reverse repurchase agreements are entered into primarily to take advantage of opportunistic yields otherwise absent in the overnight markets and also to use the collateral received to cover securities sold, not yet purchased. Repurchase agreements are entered into primarily to opportunistically yield higher spreads on purchased securities. The balances held in these financial instruments fluctuate based on Blackstone's liquidity needs, market conditions and investment risk profiles.

The following table presents information regarding these financial instruments in our Condensed Consolidated Statements of Financial Condition:

	Repurchase Agreements	Securities Sold, Not Yet Purchased
	(Dollars in Millions)	
Balance, September 30, 2022	\$ 313.1	\$ 26.8
Balance, December 31, 2021	\$ 58.0	\$ 27.8
Nine Months Ended September 30, 2022		
Average Daily Balance	\$ 163.9	\$ 27.2
Maximum Daily Balance	\$ 419.5	\$ 27.8

Critical Accounting Policies

We prepare our Condensed Consolidated Financial Statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our Condensed Consolidated Financial Statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective. Actual results may be affected negatively based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. For a description of our accounting policies, see Note 2. “Summary of Significant Accounting Policies” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing.

Principles of Consolidation

For a description of our accounting policy on consolidation, see Note 2. “Summary of Significant Accounting Policies — Consolidation” and Note 9. “Variable Interest Entities” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing for detailed information on Blackstone’s involvement with VIEs. The following discussion is intended to provide supplemental information about how the application of consolidation principles impact our financial results, and management’s process for implementing those principles including areas of significant judgment.

The determination that Blackstone holds a controlling financial interest in a Blackstone Fund or investment vehicle significantly changes the presentation of our condensed consolidated financial statements. In our Condensed Consolidated Statements of Financial Position included in this filing, we present 100% of the assets and liabilities of consolidated VIEs along with a non-controlling interest which represents the portion of the consolidated vehicle’s interests held by third parties. However, assets of our consolidated VIEs can only be used to settle obligations of the consolidated VIE and are not available for general use by Blackstone. Further, the liabilities of our consolidated VIEs do not have recourse to the general credit of Blackstone. In the Condensed Consolidated Statements of Operations, we eliminate any management fees, Incentive Fees, or Performance Allocations received or accrued from consolidated VIEs as they are considered intercompany transactions. We recognize 100% of the consolidated VIE’s investment income (loss) and allocate the portion of that income (loss) attributable to third party ownership to non-controlling interests in arriving at Net Income Attributable to Blackstone Inc.

The assessment of whether we consolidate a Blackstone Fund or investment vehicle we manage requires the application of significant judgment. These judgments are applied both at the time we become involved with the VIE and on an ongoing basis and include, but are not limited to:

- Determining whether our management fees, Incentive Fees or Performance Allocations represent variable interests – We make judgments as to whether the fees we earn are commensurate with the level of effort required for those fees and at market rates. In making this judgment, we consider, among other things, the extent of third party investment in the entity and the terms of any other interests we hold in the VIE.
- Determining whether kick-out rights are substantive – We make judgments as to whether the third party investors in a partnership entity have the ability to remove the general partner, the investment manager or its equivalent, or to dissolve (liquidate) the partnership entity, through a simple majority vote. This includes an evaluation of whether barriers to exercise these rights exist.
- Concluding whether Blackstone has an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE – As there is no explicit threshold in GAAP to define “potentially significant,” management must apply judgment and evaluate both quantitative and qualitative factors to conclude whether this threshold is met.

Revenue Recognition

For a description of our accounting policy on revenue recognition, see Note 2. “Summary of Significant Accounting Policies — Revenue Recognition” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements.” For an additional description of the nature of our revenue arrangements, including how management fees, Incentive Fees, and Performance Allocations are generated, please refer to “Part I. Item 1. Business — Fee Structure/Incentive Arrangements” in our Annual Report on Form 10-K for the year ended December 31, 2021. The following discussion is intended to provide supplemental information about how the application of revenue recognition principles impact our financial results, and management’s process for implementing those principles including areas of significant judgment.

Management and Advisory Fees, Net — Blackstone earns base management fees from its customers at a fixed percentage of a calculation base which is typically assets under management, net asset value, gross asset value, total assets, committed capital or invested capital. The range of management fee rates and the calculation base from which they are earned, generally, are as follows:

On private equity, real estate, and certain of our hedge fund solutions and credit-focused funds:

- 0.25% to 1.75% of committed capital or invested capital during the investment period,
- 0.25% to 1.50% of invested capital, committed capital or investment fair value subsequent to the investment period for private equity and real estate funds, and
- 1.00% to 1.50% of invested capital or net asset value subsequent to the investment period for certain of our hedge fund solutions and credit-focused funds.

On real estate and credit-focused funds structured like hedge funds:

- 0.50% to 1.00% of net asset value.

On credit separately managed accounts:

- 0.20% to 1.35% of net asset value or total assets.

On real estate separately managed accounts:

- 0.65% to 2.00% of invested capital, net operating income or net asset value.

On Insurance separately managed accounts and investment vehicles:

- 0.25% to 1.00% of net asset value.

On funds of hedge funds, certain hedge funds and separately managed accounts invested in hedge funds:

- 0.20% to 1.50% of net asset value.

On CLO vehicles:

- 0.20% to 0.50% of the aggregate par amount of collateral assets, including principal cash.

On credit-focused registered and non-registered investment companies:

- 0.25% to 1.25% of total assets or net asset value.

The investment adviser of BXMT receives annual management fees based on 1.50% of BXMT's net proceeds received from equity offerings and accumulated "distributable earnings" (which is generally equal to its GAAP net income excluding certain non-cash and other items), subject to certain adjustments. The investment advisers of BREIT and BEPIF receive a management fee of 1.25% per annum of net asset value, payable monthly.

Management fee calculations based on committed capital or invested capital are mechanical in nature and therefore do not require the use of significant estimates or judgments. Management fee calculations based on net asset value, total assets, or investment fair value depend on the fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used as well as economic conditions. See "— Fair Value" below for further discussion of the judgment required for determining the fair value of the underlying investments.

Investment Income (Loss) — Performance Allocations are made to the general partner based on cumulative fund performance to date, subject to a preferred return to limited partners. Blackstone has concluded that investments made alongside its limited partners in a partnership which entitle Blackstone to a Performance Allocation represent equity method investments that are not in the scope of the GAAP guidance on accounting for revenues from contracts with customers. Blackstone accounts for these arrangements under the equity method of accounting. Under the equity method, Blackstone's share of earnings (losses) from equity method investments is determined using a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, at the end of each reporting period Blackstone calculates the accrued Performance Allocations that would be due to Blackstone for each fund pursuant to the fund agreements as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. Performance Allocations are subject to clawback to the extent that the Performance Allocation received to date exceeds the amount due to Blackstone based on cumulative results.

The change in the fair value of the investments held by certain Blackstone Funds is a significant input into the accrued Performance Allocation calculation and accrual for potential repayment of previously received Performance Allocations. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds. See "— Fair Value" below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments.

Fair Value

Blackstone uses fair value throughout the reporting process. For a description of our accounting policies related to valuation, see Note 2. "Summary of Significant Accounting Policies — Fair Value of Financial Instruments" and "Summary of Significant Accounting Policies — Investments, at Fair Value" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing. The following discussion is intended to provide supplemental information about how the application of fair value principles impact our financial results, and management's process for implementing those principles including areas of significant judgment.

The fair value of the investments held by Blackstone Funds is the primary input to the calculation of certain of our management fees, Incentive Fees, Performance Allocations and the related Compensation we recognize. Generally, Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accountants Accounting and Auditing Guide, *Investment Companies*, and in accordance with the GAAP guidance on investment companies and reflect their investments, including majority owned and controlled investments (the “Portfolio Companies”), at fair value. In the absence of observable market prices, we utilize valuation methodologies applied on a consistent basis and assumptions that we believe market participants would use to determine the fair value of the investments. For investments where little market activity exists management’s determination of fair value is based on the best information available in the circumstances, which may incorporate management’s own assumptions and involves a significant degree of judgment, and the consideration of a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks.

Blackstone has also elected the fair value option for certain instruments it owns directly, including loans and receivables and investments in private debt securities and other proprietary investments. Blackstone is required to measure certain financial instruments at fair value, including debt instruments, equity securities and freestanding derivatives.

Fair Value of Investments or Instruments that are Publicly Traded

Securities that are publicly traded and for which a quoted market exists will be 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 on the valuation date. When a quoted price in an active market exists, no block discounts or control premiums are permitted regardless of the size of the public security held. In some cases, securities will include legal restrictions limiting their purchase and sale for a period of time, such as may be required under SEC Rule 144. A discount to publicly traded price may be appropriate in those cases; the amount of the discount, if taken, shall be determined based on the time period that must pass before the restricted security becomes unrestricted or otherwise available for sale.

Fair Value of Investments or Instruments that are not Publicly Traded

Investments for which market prices are not observable include private investments in the equity or debt of operating companies or real estate properties. Our primary methodology for determining the fair values of such investments is generally the income approach which provides an indication of fair value based on the present value of cash flows that a business, security, or property is expected to generate in the future. The most widely used methodology under the income approach is the discounted cash flow method which includes significant assumptions about the underlying investment’s projected net earnings or cash flows, discount rate, capitalization rate and exit multiple. Our secondary methodology, generally used to corroborate the results of the income approach, is typically the market approach. The most widely used methodology under the market approach relies upon valuations for comparable public companies, transactions, or assets, and includes making judgments about which companies, transactions, or assets are comparable. Depending on the facts and circumstances associated with the investment, different primary and secondary methodologies may be used including option value, contingent claims or scenario analysis, yield analysis, projected cash flow through maturity or expiration, probability weighted methods or recent round of financing.

In certain cases debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments.

Management Process on Fair Value

Due to the importance of fair value throughout the condensed consolidated financial statements and the significant judgment required to be applied in arriving at those fair values, we have developed a process around valuation that incorporates several levels of approval and review from both internal and external sources. Investments held by Blackstone Funds and investment vehicles are valued on at least a quarterly basis by our internal valuation or asset management teams, which are independent from our investment teams.

For investments valued utilizing the income method, and where Blackstone has information rights, we generally have a direct line of communication with each of the portfolio company finance teams and collect financial data used to support projections used in a discounted cash flow analysis. The respective business unit's valuation team then analyzes the data received and updates the valuation models reflecting any changes in the underlying cash flow projections, weighted-average cost of capital, exit multiple, and any other valuation input relevant economic conditions.

The results of all valuations of investments held by Blackstone Fund and investment vehicles are reviewed and approved by the relevant business unit's valuation sub-committee, which is comprised of key personnel from the business unit, typically the chief investment officer, chief operating officer, chief financial officer, chief compliance officer (or their respective equivalents where applicable) and other senior managing directors in the business. To further corroborate results, each business unit also generally obtains either a positive assurance opinion or a range of value from an independent valuation party, at least annually for internally prepared valuations for investments that have been held by Blackstone Funds and investment vehicles for greater than a year and quarterly for certain investments. Our firmwide valuation committee, chaired by our Chief Financial Officer and comprised of senior members of our businesses and representatives from corporate functions, including legal and finance, reviews the valuation process for investments held by us and our investment vehicles, including the application of appropriate valuation standards on a consistent basis. Each quarter, the valuation process is also reviewed by the audit committee of our board of directors, which is comprised of our non-employee directors.

Income Tax

For a description of our accounting policy on taxes and additional information on taxes see Note 2. "Summary of Significant Accounting Policies" and Note 13. "Income Taxes" in the "Notes to Condensed Consolidated Financial Statements" in "Part I Item 1.

Our provision for income taxes is composed of current and deferred taxes. Current income taxes approximate taxes to be paid or refunded for the current period. Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the applicable enacted tax rates and laws that will be in effect when such differences are expected to reverse. Blackstone's conversion from a limited partnership to a corporation resulted in a step-up in the tax basis of certain assets that will be recovered as those assets are sold or the basis is amortized.

Additionally, significant judgment is required in estimating the provision for (benefit from) income taxes, current and deferred tax balances (including valuation allowance), accrued interest or penalties and uncertain tax positions. In evaluating these judgments, we consider, among other items, projections of taxable income (including the character of such income), beginning with historic results and incorporating assumptions of the amount of future pretax operating income. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that Blackstone uses to manage its business.

Revisions in estimates and/or actual costs of a tax assessment may ultimately be materially different from the recorded accruals and unrecognized tax benefits, if any.

Recent Accounting Developments

Information regarding recent accounting developments and their impact on Blackstone, if any, can be found in Note 2. “Summary of Significant Accounting Policies” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing.

Interbank Offered Rates Transition

Certain jurisdictions are currently reforming or phasing out their benchmark interest rates, most notably the London Interbank Offered Rates (“LIBOR”) across multiple currencies. Many such reforms and phase outs became effective at the end of calendar year 2021 with select U.S. dollar LIBOR tenors persisting through June 2023. Blackstone has taken steps to prepare for and mitigate the impact of changing base rates and continues to evaluate the impact of prospective changes on existing transactions and contractual arrangements and manage transition efforts. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — Interest rates on our and our portfolio companies’ outstanding financial instruments might be subject to change based on regulatory developments, which could adversely affect our revenue, expenses and the value of those financial instruments.” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our predominant exposure to market risk is related to our role as general partner or investment adviser to the Blackstone Funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, performance revenues and investment income. There were no material changes in our market risks as of September 30, 2022 as compared to March 31, 2022 and December 31, 2021. For additional information, refer to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 and our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during our most recent quarter, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We may from time to time be involved in litigation and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. See “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021. We are not currently subject to any pending legal (including judicial, regulatory, administrative or arbitration) proceedings that we expect to have a material impact on our condensed consolidated financial statements. However, given the inherent unpredictability of these types of proceedings and the potentially large and/or indeterminate amounts that could be sought, an adverse outcome in certain matters could have a material effect on Blackstone’s financial results in any particular period. See “Part I. Item 1. Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 17. Commitments and Contingencies — Contingencies — Litigation.”

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 and in our subsequently filed periodic reports as such factors may be updated from time to time, all of which are accessible on the Securities and Exchange Commission’s website at www.sec.gov.

See “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Business Environment” in this report for a discussion of the conditions in the financial markets and economic conditions affecting our businesses. This discussion updates, and should be read together with, the risk factor entitled “Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition.” in our Annual Report on Form 10-K for the year ended December 31, 2021.

The risks described in our Annual Report on Form 10-K and in our subsequently filed periodic reports are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information regarding repurchases of shares of our common stock during the three months ended September 30, 2022:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (Dollars in Thousands) (a)
Jul. 1 - Jul. 31, 2022	136,362	\$ 99.51	136,362	\$ 1,291,105
Aug. 1 - Aug. 31, 2022	1,045,448	\$ 102.84	1,045,448	\$ 1,183,588
Sep. 1 - Sep. 30, 2022	818,190	\$ 92.35	818,190	\$ 1,108,032
	<u>2,000,000</u>		<u>2,000,000</u>	

(a) On December 7, 2021, Blackstone's board of directors authorized the repurchase of up to \$2.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual numbers repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. See "Part I. Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 14. Earnings Per Share and Stockholders' Equity – Share Repurchase Program" and "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Share Repurchase Program" for further information regarding this repurchase program.

As permitted by our policies and procedures governing transactions in our securities by our directors, executive officers and other employees, from time to time some of these persons may establish plans or arrangements complying with Rule 10b5-1 under the Exchange Act, and similar plans and arrangements relating to our common stock and Blackstone Holdings Partnership Units.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description
4.1	<u>Twenty-Third Supplemental Indenture dated as of November 3, 2022 among Blackstone Holdings Finance Co. L.L.C., Blackstone Inc., Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on November 3, 2022).</u>
4.2	<u>Form of 5.900% Senior Note due 2027 (included in Exhibit 4.1 hereto).</u>
4.3	<u>Twenty-Fourth Supplemental Indenture dated as of November 3, 2022 among Blackstone Holdings Finance Co. L.L.C., Blackstone Inc., Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the SEC on November 3, 2022).</u>
4.4	<u>Form of 6.200% Senior Note due 2033 (included in Exhibit 4.3 hereto).</u>
31.1*	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</u>
31.2*	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</u>
32.1*	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
32.2*	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 4, 2022

Blackstone Inc.

/s/ Michael S. Chae

Name: Michael S. Chae

Title: Chief Financial Officer
(Principal Financial Officer and
Authorized Signatory)

Chief Executive Officer Certification

I, Stephen A. Schwarzman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Blackstone Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 4, 2022

/s/ Stephen A. Schwarzman

Stephen A. Schwarzman
Chief Executive Officer

Chief Financial Officer Certification

I, Michael S. Chae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Blackstone Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 4, 2022

/s/ Michael S. Chae

Michael S. Chae
Chief Financial Officer

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Blackstone Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen A. Schwarzman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2022

/s/ Stephen A. Schwarzman

Stephen A. Schwarzman
Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Blackstone Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael S. Chae, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2022

/s/ Michael S. Chae

Michael S. Chae
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.