

Item 1. – Cover Page

**BX REIT Advisors L.L.C.**

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(212) 583-5000

[www.blackstone.com](http://www.blackstone.com)

as of March 31, 2017

Form ADV, Part 2A; the “Brochure” provides information about the qualifications and business practices of BX REIT Advisors L.L.C., a Delaware limited liability company (“BX REIT Advisors”).

If you have any questions about the contents of this Brochure, please contact Judy Turchin, Chief Compliance Officer for BX REIT Advisors, at (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about BX REIT Advisors is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Firm” and type in the name “BX REIT Advisors L.L.C.”). The search results will provide you with both Parts 1 and 2A of BX REIT Advisors’ Form ADV.

BX REIT Advisors is registered with the SEC as an investment adviser. BX REIT Advisors’ registration as an investment adviser does not imply any level of skill or training. The oral and written communications BX REIT Advisors provides to you, including this Brochure, serve as information for you to use to evaluate BX REIT Advisors and should be considered in your decision whether to invest in BREIT (as defined herein), the only vehicle currently advised by BX REIT Advisors.

## Item 2. – **Material Changes**

BX REIT Advisors was previously registered with the SEC in reliance on the Form ADV of Blackstone Property Advisors L.P. (“BPA”). There has not been a material change to the Brochure since BPA’s last annual update on March 30, 2017.

However, please carefully read **Items 5, 8 and 10**, which describe certain fees and expenses, potential risk of loss and potential conflicts of interest, respectively.

BX REIT Advisors, at any time, may update this Brochure and offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC’s website as indicated on the cover of this Brochure, or you may contact BX REIT Advisors’ Chief Compliance Officer, Judy Turchin, at (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

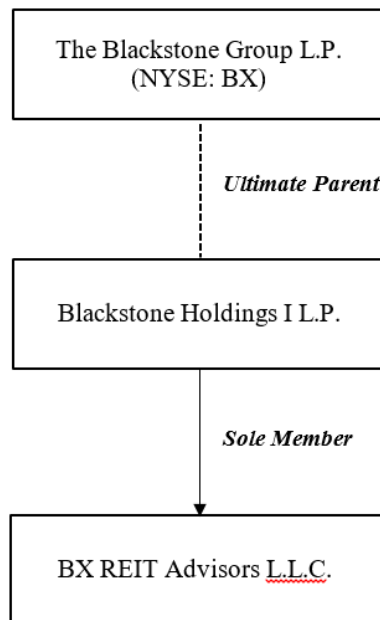
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#### Item 4. – **Advisory Business**

BX REIT Advisors L.L.C., a Delaware limited liability company (“BX REIT Advisors”), advises Blackstone Real Estate Income Trust, Inc., a non-traded “real estate investment trust” registered with the SEC (“BREIT Parent”) and BREIT Parent’s subsidiary, BREIT Operating Partnership L.P. (the “BREIT Operating Partnership” and, collectively with BREIT Parent, “BREIT”). BREIT Parent is a corporation formed to invest primarily in stabilized income-oriented commercial real estate in the United States. BX REIT Advisors commenced investment operations in January 2017.

The ultimate parent of BX REIT Advisors is The Blackstone Group L.P., which is a publicly held limited partnership listed on the New York Stock Exchange that trades under the ticker symbol “BX.” Please see the structure chart below. The Blackstone Group L.P. (together with its affiliates, “Blackstone”) is a leading global alternative investment manager with investment vehicles focused on the private equity, real estate, hedge fund solutions, non-investment grade credit, secondary private equity funds of funds and other multi-asset class strategies. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.



As of January 31, 2017, BX REIT Advisors L.L.C. had regulatory assets under management of approximately \$279 million on a discretionary basis. Please note that this figure is an unaudited estimate.

**Description of Advisory Services:**

BX REIT Advisors serves as investment advisor to BREIT pursuant to the terms of the advisory agreement (the "Advisory Agreement") between BX REIT Advisors, BREIT Parent and BREIT Operating Partnership. As investment advisor to BREIT, BX REIT Advisors is responsible for sourcing, evaluating and monitoring investment opportunities and making decisions related to the acquisition, management, financing and disposition of BREIT's assets, in accordance with BREIT's investment objectives, guidelines, policies and limitations, subject to oversight by BREIT Parent's board of directors.

BX REIT Advisors tailors its advisory services to the particular needs of BREIT. The specific needs of the individual investors in BREIT are not the basis for investment decisions by BX REIT Advisors. Investment advice is provided directly to BREIT by BX REIT Advisors and not individually to the respective investors of BREIT.

## Item 5. – Fees and Compensation

### **Management Fees and Performance Fees**

Pursuant to the Advisory Agreement, BREIT will pay BX REIT Advisors for its services in the form of a management fee (the “Management Fee”) of 1.25% of BREIT’s net asset value per annum payable monthly in arrears. In calculating the Management Fee, the net asset value will be calculated before giving effect to accruals for the Management Fee, performance participation allocation, stockholder servicing fees or distributions payable on BREIT’s shares. The Management Fee may be paid, at the election of BX REIT Advisors, in cash, Class I shares of BREIT Parent or Class I units of BREIT Operating Partnership. If BX REIT Advisors elects to receive any portion of its Management Fee in Class I shares of BREIT Parent or Class I units of BREIT Operating Partnership, BX REIT Advisors may sell such Class I shares or Class I units to BREIT at a later date. BX REIT Advisors has agreed to waive its Management Fee through June 30, 2017.

As set forth in **Item 6** below, BREIT Special Limited Partner L.L.C. (the “BREIT Special Limited Partner”), a wholly owned subsidiary of Blackstone, will be entitled to receive performance-based compensation in respect of the total return of BREIT’s investment portfolio above a certain hurdle amount.

### **Other Fees Payable to BX REIT Advisors and its Affiliates**

Affiliates of BX REIT Advisors receive (i) fees for services relating to BREIT’s investments or its operations, which may include property management, leasing services and oversight, corporate support services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market analyses, and coordinating closing procedures), construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance (including but not limited to budget preparation and preparation and maintenance of corporate models), treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting-related services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, property, title and/or other types of insurance, management consulting and other similar operational matters (collectively, “Investment-Related Services”) and (ii) fees at market rates for any other services for BREIT or persons representing any investment by BREIT.

BREIT currently retains a third party administrator for which BREIT bears the cost. However, to the extent BREIT no longer retains a third party administrator or certain administrative services are outside the scope of services offered by such third party administrator and such administration services are provided by BX REIT Advisors or its affiliates, BREIT may bear the expenses, costs, charges and fees charged or specifically attributed or allocated by, or otherwise incurred by, BX REIT Advisors or its affiliates to provide such administrative services to BREIT (including an allocation of personnel compensation otherwise payable by Blackstone); provided, however, that any such expenses, fees, charges or related costs will not be greater than what would be paid to an unaffiliated third party for substantially similar services. Such allocations require judgments as to methodology that Blackstone will make in good faith. Such methodologies can include (i) requiring personnel to periodically record or allocate their historical time with respect to BREIT, (ii) Blackstone approximating the proportion of certain personnel's time spent on BREIT, (iii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and market rate for such services or (iv) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Any such methodology (including the choice thereof) involves estimation, subjectivity and potentially conflicts and may not result in perfect attribution and allocation of expenses. These expenses will be borne by BREIT and will not result in any offset to the Management Fee.

BX REIT Advisors and its personnel also receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of BREIT, which will not offset the Management Fee or otherwise be shared with BREIT. For example, airline travel or hotel stays incurred as BREIT expenses may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to BX REIT Advisors and/or such personnel (and not BREIT and/or portfolio entities) even though the cost of the underlying service is borne by BREIT and/or portfolio entities. BX REIT Advisors, its personnel, and other related persons in certain instances also receive discounts on products and services provided by portfolio entities of BREIT and/or customers or suppliers of such portfolio entities of BREIT.

In addition, BX REIT Advisors engages and retains on behalf of BREIT and/or its portfolio entities affiliated service providers to provide Investment-Related Services or other services. As a result, Blackstone, through its interest in such affiliated service providers (including those listed in **Item 10**), receives (or will receive) fees and compensation resulting from BREIT and its investments, and there will be no related offset to the Management Fee. As a result, while Blackstone believes that any such affiliated service providers, when engaged, generally provide (or will provide) services at competitive market rates, there is an inherent conflict of interest that may incentivize Blackstone to engage its affiliated service provider over a third party. Please

also see **Item 10 – Other Financial Industry Activities and Affiliations – General Information about Conflicts of Interest – Service Providers** for more information.

Blackstone receives a portion of the administrative fee that CoreTrust, an independent group purchasing organization used by large corporations and private equity firms to obtain volume discounts on products and services, collects from vendors as well as an annual consulting fee from CoreTrust as consideration for Blackstone's work in facilitating its portfolio entities' participation in CoreTrust and in enhancing CoreTrust's program. These referral fees do not offset Management Fees payable by BREIT and are not otherwise to be shared with BREIT.

In addition, BX REIT Advisors engages and retains on behalf of BREIT and/or its portfolio entities, strategic advisors, senior advisors, consultants and other similar professionals who are not employees or affiliates of Blackstone and who will, from time to time, receive payments from, or performance-based compensation with respect to, portfolio entities (as well as from Blackstone or BREIT), and such amounts will not offset the Management Fees payable by BREIT. Such payments and/or performance-based compensation, as applicable, will be paid at rates determined by Blackstone and/or BX REIT Advisors, in its sole discretion.

BREIT may be required to make contingent funding commitments or guarantees to its portfolio entities or other vehicles or entities in or alongside which BREIT invests and to provide other credit support arrangements in connection therewith. Such credit support may take the form of a guarantee, a letter of credit or other forms of promise to provide funding. Such credit support may result in fees, expenses and interest costs to BREIT, subject to certain limitations set forth in the organizational documents of BREIT.

In addition to the Management Fee and the BREIT Special Limited Partner's performance-based compensation (see **Item 6** below), BX REIT Advisors and its affiliates may receive fees for Investment-Related Services or additional services. Any fees paid to BX REIT Advisors or its affiliates for any such services will not reduce the Management Fee. Any such arrangements will be on arm's-length terms and at competitive market rates.

BX REIT Advisors and its affiliates may from time to time receive fees from portfolio entities or other issuers for the arranging, underwriting, syndication or refinancing of investments or other additional fees, including fees for Investment-Related Services, including with respect to other vehicles advised by affiliates of Blackstone and related portfolio entities, and while such fees may give rise to conflicts of interest, BREIT will not receive the benefit of any such fees.

Blackstone Advisory Partners L.P. ("BAP"), an affiliate of Blackstone, will also receive selling commissions, dealer manager fees and stockholder servicing fees from investors in BREIT. BAP may reallocate some or all of these fees to other broker-dealers.



**Expenses**

The following is a list of expenses that are typically borne by BREIT (and indirectly by the investors of BREIT). This list is not intended to be exhaustive; prospective and existing investors in BREIT are advised to review the Advisory Agreement and BREIT's prospectus (the "BREIT Offering Materials"), for a more extensive description of the expenses associated with an investment in BREIT.

- Organization and offering expenses, namely any and all costs and expenses incurred by BREIT and to be paid from BREIT's assets in connection with the formation of BREIT and the qualification and registration of an offering, and the marketing and distribution of BREIT's shares, including, without limitation, total underwriting and brokerage discounts and commissions, costs related to investor and broker-dealer sales meetings, fees and expenses of the underwriters' attorneys, expenses for printing, engraving, mailing, salaries of employees while engaged in sales activity, charges of transfer agents, registrars, trustees, escrow holders, depositaries, experts, expenses of qualification of the sale of BREIT's shares under federal and state laws, including taxes and fees and accountants' and attorneys' fees.
- Acquisition expenses, namely all expenses, exclusive of acquisition fees, incurred by BREIT, BX REIT Advisors or any affiliate of either in connection with the selection, evaluation, structuring, acquisition, origination, financing and development of any assets, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses and title insurance premiums and the costs of performing due diligence.
- Fees, costs and expenses in connection with the issuance and transaction costs incident to the trading, settling, disposition and financing of the investments of BREIT and its Subsidiaries (whether or not consummated), including brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, clearing and settlement charges, forfeited deposits, and other investment costs fees and expenses actually incurred in connection with the pursuit, making, holding, settling, monitoring or disposing of actual or potential investments.
- The actual cost of goods and services used by BREIT and obtained from persons not affiliated with BX REIT Advisors, including fees paid to administrators, consultants, attorneys, technology providers and other services providers, and brokerage fees paid in connection with the purchase and sale of investments.
- All fees, costs and expenses of legal, tax, accounting, consulting, auditing (including internal audit), finance, administrative, investment banking, capital market, transfer

agency, escrow agency, custody, prime brokerage, asset management, property management, data or technology services and other non-investment advisory services rendered to BREIT by BX REIT Advisors or its affiliates.

- Expenses of managing and operating BREIT's real properties, whether payable to an affiliate of BX REIT Advisors or a non-affiliated person.
- The compensation and expenses of BREIT's directors (excluding those directors who are directors, officers or employees of BX REIT Advisors) and the cost of liability insurance to indemnify BREIT's directors and officers.
- Interest and fees and expenses arising out of borrowings made by BREIT, including, but not limited to, costs associated with the establishment and maintenance of any of BREIT's credit facilities, other financing arrangements, or other indebtedness of BREIT (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of BREIT's securities offerings.
- Expenses connected with communications to holders of BREIT's securities or securities of the Subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the SEC, the costs payable by BREIT to any transfer agent and registrar, expenses in connection with the listing and/or trading of BREIT's securities on any exchange, the fees payable by BREIT to any such exchange in connection with its listing, costs of preparing, printing and mailing BREIT's annual report to the Stockholders and proxy materials with respect to any meeting of BREIT's stockholders and any other reports or related statements.
- BREIT's allocable share of costs associated with technology-related expenses, including without limitation, any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors or affiliates of BX REIT Advisors, technology service providers and related software/hardware utilized in connection with BREIT's investment and operational activities.
- BREIT's allocable share of expenses incurred by managers, officers, personnel and agents of BX REIT Advisors for travel on BREIT's behalf and other out-of-pocket expenses incurred by them in connection with the purchase, financing, refinancing, sale or other disposition of an investment.
- Expenses relating to compliance-related matters and regulatory filings relating to BREIT's activities (including, without limitation, expenses relating to the preparation and filing of Form PF, Form ADV, reports to be filed with the U.S. Commodity Futures Trading Commission, reports, disclosures, and/or other regulatory filings of BX REIT

Advisors and its affiliates relating to BREIT's activities (including BREIT's pro rata share of the costs of BX REIT Advisors and its affiliates of regulatory expenses that relate to BREIT and Other Blackstone Vehicles)).

- The costs of any litigation involving BREIT or their assets and the amount of any judgments or settlements paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of BREIT.
- All taxes and license fees.
- All insurance costs incurred in connection with the operation of BREIT's business except for the costs attributable to the insurance that BX REIT Advisors elects to carry for itself and its personnel.
- Expenses of managing, improving, developing, operating and selling investments, whether payable to an affiliate of BX REIT Advisors or a non-affiliated person.
- Expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by BREIT's board to or on account of holders of BREIT's securities, including, without limitation, in connection with any distribution reinvestment plan.
- Any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against BREIT, or against any director or officer of BREIT or in his or her capacity as such for which BREIT is required to indemnify such director or officer by any court or governmental agency.
- Expenses incurred in connection with the formation, organization and continuation of any corporation, partnership, joint venture or other entity through which BREIT's investments are made or in which any such entity invests.

Investors in BREIT indirectly bear the costs of fees and expenses of BREIT. From time to time, BX REIT Advisors will be required to decide whether costs and expenses are to be borne by BREIT, on the one hand, or BX REIT Advisors, on the other, and/or whether certain costs and expenses should be allocated between or among BREIT, on the one hand, and the Other Blackstone Vehicles (as defined below), on the other. Certain expenses may be suitable for only BREIT or participating Other Blackstone Vehicles, and borne only by such investment vehicle, or, as is more often the case, expenses may be allocated pro rata among BREIT and participating Other Blackstone Vehicles even if the expenses relate only to particular vehicle(s) and/or investor(s) therein, such allocation may be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by BX REIT Advisors in its sole discretion. BX REIT Advisors will make such judgments in its fair and reasonable sole discretion, notwithstanding its interest in the outcome, and may make corrective allocations

should it determine that such corrections are necessary or advisable. BREIT will pay fees and expenses as described in the BREIT Offering Materials. In certain cases, BX REIT Advisors or the board of directors of BREIT may make judgments in their fair and reasonable discretion and may make corrective allocations should it determine that such corrections are necessary or advisable. There can be no assurance that a different manner of allocation would not result in BREIT bearing less (or more) expenses.

“Other Blackstone Vehicles” means investment funds, REITs, vehicles, accounts, products and/or other similar arrangements sponsored, advised, and/or managed by Blackstone or its affiliates, whether currently in existence or subsequently established (in each case, including any related successor funds, alternative vehicles, supplemental capital vehicles, surge funds, overflow funds, co-investment vehicles and other entities formed in connection with Blackstone or its affiliates side-by-side or additional general partner investments with respect thereto).

**Item 6. – Performance-Based Fees and Side-By-Side Management**

In addition to the Management Fees and other fees described in **Item 5** that are received by BX REIT Advisors, so long as the Advisory Agreement has not been terminated (including by means of non-renewal), the BREIT Special Limited Partner will receive a performance-based allocation from the BREIT Operating Partnership equal to 12.5% of BREIT's total return (which for any period shall equal the sum of (i) all distributions accrued or paid (without duplication) on the BREIT Operating Partnership units outstanding at the end of the period since the beginning of the then-current calendar year *plus* (ii) the change in aggregate net asset value of such units since the beginning of the then-current calendar year, before giving effect to (x) changes resulting solely from the proceeds of issuances of BREIT Operating Partnership units, (y) any allocation/accrual to the performance participation interest and (z) applicable stockholder servicing fee expenses), subject to (A) a hurdle amount of 5% annualized internal rate of return on the net asset value of the BREIT Operating Partnership units, and (B) a "high water mark" so that the recoupment of past annual total return losses will offset the positive annual total return for purposes of the calculation of the BREIT Special Limited Partner's performance participation. The BREIT Special Limited Partner's allocation also uses a full catch-up, such that 100% of profits exceeding the hurdle amount and after giving effect to the high water mark are allocated to the BREIT Special Limited Partner until the BREIT Special Limited Partner has been allocated 12.5% of BREIT's total return.

BREIT expects to pay regular monthly distributions. All distributions will be made at the discretion of BREIT's board of directors, taking into consideration factors such as BREIT's earnings, cash flow, capital needs, general financial condition and the requirements of Maryland law. Investors in BREIT may elect to have all or a designated portion of such distributions reinvested into BREIT through BREIT's distribution reinvestment plan.

The fact that BX REIT Advisors' affiliates are in part compensated based on the performance of BREIT creates an incentive for BX REIT Advisors to recommend investments on behalf of clients that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. However, the "high water mark" provision in the partnership agreement of the BREIT Operating Partnership should tend to reduce the incentive to make riskier or more speculative investments or otherwise time the sale of investments in a manner motivated by the personal interests of Blackstone personnel.

## Item 7. – **Types of Clients**

BX REIT Advisors manages BREIT. The investors in BREIT may consist of some or all of the following:

- Banks and other financial institutions;
- Insurance companies;
- Investment companies;
- Public and private retirement and pension plans;
- Public and private profit sharing plans;
- Trusts and estates;
- Charitable organizations and foundations, including endowment funds thereof;
- State and municipal government agencies;
- Sovereign wealth funds;
- Private investment funds;
- Corporations;
- Business entities other than those listed above;
- Certain individuals (including individuals' retirement accounts); and
- Family offices.

All investors are subject to applicable suitability requirements. BX REIT Advisors requires that each investor in BREIT have either (i) a net worth of at least \$250,000; or (ii) a gross annual income of at least \$70,000 and a net worth of at least \$70,000, in each case excluding the value of the home, home furnishings and automobiles from the calculation of net worth. Certain states and brokers have established suitability standards in addition to the minimum income and net worth standards described above. Shares in BREIT will be sold to investors in these states only if they meet the additional suitability standards set forth in the BREIT Offering Materials. Shares in BREIT will be sold to clients of certain brokers only if they meet the additional suitability standards required by such brokers.

The minimum initial investment in BREIT is \$1,000,000 for Class I shares (unless waived by BAP, BREIT's dealer manager) and \$2,500 for all other share classes. The minimum account balance is \$500.

## Item 8. – **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Analysis**

BX REIT Advisors identifies and evaluates the investments in which BREIT invests. Its analysis is based on certain criteria, which include, but are not limited to, risk/return profile, capital structure, liquidity and investment performance.

### **Investment Strategies**

BX REIT Advisors offers advice to BREIT to invest in primarily stabilized income-oriented commercial real estate in the United States, and to a lesser extent in real estate-related securities to provide a source of liquidity for BREIT's share repurchase plan, cash management and other purposes. These investments generally involve some degree of leverage.

BX REIT Advisors' investment analysis methods include fundamental, technical and cyclical research. BX REIT Advisors' investment team is responsible for evaluating real estate, securities and other products for investment for BREIT. BX REIT Advisors' investment professionals, with the advice and assistance of legal counsel when deemed appropriate, also review portfolios for adherence to the applicable investment guidelines of BREIT.

Comprehensive due diligence is conducted on each property that BX REIT Advisors proposes to purchase on BREIT's behalf, including these four primary types:

- A preliminary review of each opportunity is conducted to screen the attractiveness of each investment followed by an initial projection based on macro- and micro-economic analyses. Projection assumptions are generally developed from analysis of historical operating performance, discussions with local real estate contacts, and review of published sources.
- A review of relevant books and records (such as comparing rent roll to leases for office buildings), confirms cash flow information provided by the seller, and conducts similar types of analysis, in most instances using outside consultants.
- Physical due diligence primarily involves an analysis of environmental and engineering matters through third-party consultants. Conclusions from environmental/engineering reports are incorporated into the financial projection analysis. Additionally, each potential investment and comparable properties are investigated to assess relative market position, functionality and obsolescence.

- BX REIT Advisors works closely with outside legal counsel to review, diligence and negotiate all applicable legal and property-specific documents pertaining to an investment (e.g., loan documents, leases, management agreements, purchase contracts, etc.).

Blackstone's real estate group ("Blackstone Real Estate Group" or "Real Estate Group") has one centralized investment committee (the "Investment Committee") that meets weekly to review and discuss investments around the world. The Investment Committee's discussions are led by the Real Estate Group's Global Head and its Chief Investment Officer. The Investment Committee also includes all Senior Managing Directors in the Real Estate Group, as well as senior executives of Blackstone, including Blackstone's Chairman and Chief Executive Officer and President and Chief Operating Officer. Blackstone manages its investments through proactive day-to-day asset management, as well as regular global asset reviews and quarterly valuation meetings. Significant investment opportunities of BREIT are generally approved by the Investment Committee. Smaller property acquisitions are reviewed by a subset of the Investment Committee. The Investment Committee utilizes a consensus-based approach to decision making among the members.

### **Risk of Loss**

An investment in BREIT entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of an investment therein and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks:

1. BREIT has a limited operating history and there is no assurance that BREIT will be able to successfully achieve BREIT's investment objectives.
2. BREIT has only made limited investments to date and BREIT's stockholders do not have the opportunity to evaluate BREIT's future investments before BREIT makes them, which makes an investment in BREIT's common stock more speculative.
3. BX REIT Advisors manages BREIT's portfolio pursuant to very broad investment guidelines and generally is not required to seek the approval of BREIT's board of directors for each investment, financing or asset allocation decision made by it, which may result in BREIT making riskier investments and which could adversely affect BREIT's results of operations and financial condition.
4. There is no public trading market for shares of BREIT's common stock; therefore, stockholders' ability to dispose of BREIT's shares will likely be limited to repurchase by BREIT. If a stockholder sells shares to BREIT, such stockholder may receive less than the price paid.



5. Repurchases through BREIT's share repurchase plan are limited. BREIT may choose to repurchase fewer shares than have been requested to be repurchased, in BREIT's discretion at any time, and the amount of shares BREIT may repurchase is subject to caps. Further, BREIT's board of directors may modify, suspend or terminate BREIT's share repurchase plan if it deems such action to be in BREIT's best interest and the best interest of its stockholders.
6. Economic events that may cause BREIT's stockholders to request that BREIT repurchases their shares may materially adversely affect BREIT's cash flow and its results of operations and financial condition.
7. The amount and source of distributions BREIT may make to BREIT's stockholders is uncertain, and BREIT may be unable to generate sufficient cash flows from BREIT's operations to make distributions to its stockholders at any time in the future.
8. BREIT may pay distributions from sources other than BREIT's cash flow from operations, including, without limitation, the sale of assets, borrowings or offering proceeds, and BREIT has no limits on the amounts BREIT may pay from such sources.
9. Purchases and repurchases of BREIT's common shares are not made based on the current net asset value ("NAV") per share of BREIT's common stock.
10. Purchases and repurchases of BREIT's common shares are not made based on the current NAV per share of BREIT's common stock.
11. BREIT's NAV per share amounts may change materially if the appraised values of BREIT's properties materially change from prior appraisals or the actual operating results for a particular month differ from what BREIT originally budgeted for that month.
12. It may be difficult to reflect, fully and accurately, material events that may impact BREIT's monthly NAV.
13. BREIT faces risks associated with the deployment of BREIT's capital.
14. BREIT's results of operations may be damaged if BREIT is required to register as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act").
15. Operational risks, including the risk of cyberattacks, may disrupt BREIT's businesses, result in losses or limit its growth.

16. BREIT's operating results will be affected by economic and regulatory changes that impact the real estate market in general.
17. BREIT's success is dependent on general market and economic conditions.
18. BREIT may have difficulty selling BREIT's properties, which may limit BREIT's flexibility and ability to pay distributions.
19. BREIT's portfolio may be concentrated in a limited number of industries, geographies or investments.
20. BREIT faces risks associated with property acquisitions.
21. Competition in acquiring properties may reduce BREIT's profitability and BREIT's results of operations.
22. Acquiring or attempting to acquire multiple properties in a single transaction may adversely affect BREIT's operations.
23. In BREIT's due diligence review of potential investments, BREIT may rely on third-party consultants and advisors and representations made by sellers of potential portfolio properties, and BREIT may not identify all relevant facts that may be necessary or helpful in evaluating potential investments.
24. BREIT relies on property managers to operate BREIT's properties and leasing agents to lease vacancies in BREIT's properties.
25. BREIT depends on tenants for BREIT's revenue, and therefore BREIT's revenue is dependent on the success and economic viability of BREIT's tenants. BREIT's reliance on single or significant tenants in certain buildings may decrease BREIT's ability to lease vacated space.
26. BREIT may be adversely affected by trends in the multifamily, retail, office, hotel, and industrial real estate industries.
27. Investments in real estate-related debt securities are subject to risks including various creditor risks and early redemption features which may materially adversely affect BREIT's results of operations and financial condition.
28. BREIT's debt investments face prepayment risk and interest rate fluctuations that may adversely affect BREIT's results of operations and financial condition.

29. Debt-oriented real estate investments face a number of general market-related risks that can affect the creditworthiness of issuers, and modifications to certain loan structures and market terms make it more difficult to monitor and evaluate investments.
30. BREIT generally invests in high-yield securities which are generally subject to more risk than higher rated securities.
31. Some of BREIT's securities investments may become distressed, which securities would have a high risk of default and may be illiquid.
32. Certain risks associated with CMBS may adversely affect BREIT's results of operations and financial condition.
33. BREIT will face risks related to its investments in collateralized debt obligations.
34. BREIT may invest in subordinated debt, which is subject to greater credit risk than senior debt.
35. BREIT may invest in real estate-related equity, which is subordinate to any indebtedness, but involves different rights.
36. BREIT may invest in equity of other REITs that invest in real estate debt as one of their core businesses and other real estate-related companies, which subjects BREIT to certain risks including those risks associated with an investment in BREIT's own common stock.
37. BREIT may invest in derivatives, which involve numerous risks.
38. Political changes may affect the real estate-related securities markets.
39. BREIT will incur mortgage indebtedness and other borrowings, which may increase BREIT's business risks, could hinder BREIT's ability to make distributions and could decrease the value of its stock.
40. Volatility in the financial markets and challenging economic conditions could adversely affect BREIT's ability to secure debt financing on attractive terms and BREIT's ability to service any future indebtedness that BREIT may incur.
41. BREIT depends on BX REIT Advisors to select its investments and otherwise conduct its business, and any material adverse change in BX REIT Advisors' financial condition or BREIT's relationship with BX REIT Advisors could have a material adverse effect on BREIT's business and ability to achieve its investment objectives.

42. Conflicts of interest (See **Item 10 – Other Financial Industry Activities and Affiliations – Risks Related to Conflicts of Interest**).
43. If BREIT does not qualify as a REIT, BREIT will be subject to tax as a regular corporation and could face a substantial tax liability.
44. If the fiduciary of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, fails to meet the fiduciary and other standards under ERISA, the Code or common law as a result of an investment in BREIT's stock, the fiduciary could be subject to civil penalties.

**Prospective investors are advised to review the BREIT Offering Materials for a more extensive description of the applicable investment strategies and the risks of investing in BREIT.**

Stock markets, bond markets and real estate markets fluctuate substantially over time. As relatively recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets which BX REIT Advisors manages that is out of its control. BX REIT Advisors cannot guarantee any level of performance or that investors in BREIT will not experience a substantial or complete loss of its account assets. There is no assurance that BREIT will be able to generate returns or that the returns will be commensurate with the risks inherent in its investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of BX REIT Advisors. The expenses of BREIT may exceed its income, and an investor in BREIT could lose the entire amount of its investment. Therefore, an investor should only invest in BREIT if the investor can withstand a total loss of its investment. The past investment performance of BREIT cannot be taken to guarantee future results of BREIT or any investment in BREIT.

## Item 9. – **Disciplinary Information**

BX REIT Advisors does not have any legal, financial or other “disciplinary” events to report. As a registered investment adviser, BX REIT Advisors is obligated to disclose any legal disciplinary event that would be material to a client when evaluating the adviser’s advisory business or integrity of its management.

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, BX REIT Advisors does not believe that any current legal proceeding or claim to which Blackstone is a party would individually or in the aggregate materially affect BX REIT Advisors’ and/or BREIT’s results of operations, financial position or cash flows.

Certain regulatory, litigation and other similar matters are disclosed in (i) Blackstone’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the website of the SEC ([www.sec.gov](http://www.sec.gov)) or Blackstone (<http://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx>), (ii) materials made available through Blackstone’s online portal related to BREIT and/or certain of its affiliates and (iii) BREIT’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the website of the SEC ([www.sec.gov](http://www.sec.gov)) or BXMT ([www.bxreit.com](http://www.bxreit.com)).

## Item 10. – Other Financial Industry Activities and Affiliations

### **Other Financial Industry Activities**

From time to time, various potential and actual conflicts of interest will arise as a result of the overall investment activities of BX REIT Advisors and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Blackstone and Blackstone personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed herein. Investors in BREIT should consult the BREIT Offering Materials for a more complete list of applicable conflicts. Any references to Blackstone and BX REIT Advisors in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that BX REIT Advisors determines in its good faith judgment constitutes an actual conflict of interest, BX REIT Advisors will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions BX REIT Advisors will be relieved of any liability for such conflict to the fullest extent permitted by law and will be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions include, by way of example and without limitation, (i) disclosing the conflict to the investors (including, without limitation, in SEC filings or other communications); (ii) implementing certain policies and procedures reasonably designed to ameliorate such conflict of interest; (iii) presenting a conflict of interest to the board of directors of BREIT; (iv) disposing of the investment or security giving rise to the conflict of interest; (v) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (vi) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the board of directors regarding the conflict of interest and either obtaining a waiver, consent or approval from the board of directors of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the board of directors with respect to such conflict of interest. There can be no assurance that Blackstone will identify or resolve all conflicts of interest in a manner that is favorable to BREIT. By acquiring an interest in BREIT, each investor will be deemed to have acknowledged the existence or resolution of any such actual, apparent or potential conflicts of interest. Certain transactions between BREIT and affiliates of Blackstone require the approval of the independent directors of BREIT, as described in greater detail in the BREIT Offering Materials.

### **General Information about Conflicts of Interest**

***Broad and Wide-Ranging Activities.*** BX REIT Advisors, Blackstone and their affiliates engage in a broad spectrum of activities, including a broad range of activities relating to investments in the real estate industry, and have invested or committed billions of dollars in capital through various investment funds, managed accounts and other vehicles affiliated with Blackstone. In the ordinary course of their business activities, BX REIT Advisors, Blackstone and their affiliates may engage in activities where the interests of certain divisions of Blackstone and its affiliates, including BX REIT Advisors, or the interests of their clients may conflict with the interests of BREIT's stockholders. Certain of these divisions and entities affiliated with BX REIT Advisors have or may have investment objectives or guidelines similar to BREIT's investment guidelines and therefore may compete with BREIT. In particular, Blackstone Real Estate invests in a broad range of real properties and real estate-related debt investments via numerous different investment funds, managed accounts and other vehicles.

***Blackstone's Policies and Procedures.*** Specified policies and procedures implemented by Blackstone and its affiliates, including BX REIT Advisors, to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the advantages across Blackstone's and its affiliates' various businesses that Blackstone expects to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that may reduce the benefits that Blackstone expects to utilize for purposes of identifying and managing its investments. For example, Blackstone may come into possession of material non-public information with respect to companies that are Blackstone's and its affiliates' advisory clients in which BX REIT Advisors may be considering making an investment. As a consequence, that information, which could be of benefit to BX REIT Advisors, might become restricted to those other businesses and otherwise be unavailable to BX REIT Advisors, and could also restrict BX REIT Advisors' activities. Additionally, the terms of confidentiality or other agreements with or related to companies in which any investment vehicle of Blackstone has or has considered making an investment or which is otherwise an advisory client of Blackstone and its affiliates may restrict or otherwise limit the ability of Blackstone or its affiliates, including BX REIT Advisors, to engage in businesses or activities competitive with such companies.

***Allocation of Investment Opportunities.*** Certain inherent conflicts of interest arise from the fact that Blackstone and its affiliates, including BX REIT Advisors, will provide investment management and other services both to BREIT and to any other person or entity, whether or not the investment objectives or guidelines of any such other person or entity are similar to BREIT's, including, without limitation, the sponsoring, closing and/or managing of Other Blackstone

Vehicles. In particular, there will be overlap of real property and real estate-related securities investment opportunities with certain Other Blackstone Vehicles that are actively investing and similar overlap with future Other Blackstone Vehicles. This overlap will from time to time create conflicts of interest. Additionally, in certain circumstances investment opportunities suitable for BREIT will not be presented to BREIT and there will be one or more investment opportunities where BREIT's participation is restricted.

With respect to Other Blackstone Vehicles with investment objectives or guidelines that overlap with BREIT's but that do not have priority over BREIT (including an Other Blackstone Vehicle that invests in "core+" real estate and real estate-related assets in the United States and Canada (which are generally substantially stabilized assets generating relatively stable cash flow), with a focus on office, multifamily, industrial and retail assets in major U.S. markets (together with future accounts with similar investment strategies, the "Private Core+ Accounts")), investment opportunities will be allocated among BREIT and one or more Other Blackstone Vehicles in accordance with Blackstone's prevailing policies and procedures on a basis that BX REIT Advisors and its affiliates believe to be fair and reasonable in their sole discretion, which is generally pro rata based on relative available capital, subject to the following considerations: (i) any applicable investment objectives of BREIT and such Other Blackstone Vehicles (which, for BREIT, includes BREIT's primary objective of providing current income in the form of regular, stable cash distributions to achieve an attractive distribution yield), (ii) any investment limitations, parameters or contractual provisions of BREIT's and such Other Blackstone Vehicles (e.g., joint venture investments between BREIT and an Other Blackstone Vehicle must be on the same terms and satisfy the restrictions of all participants, such as lowest leverage targeted by any participant), (iii) the sector, geography/location, expected return profile, expected distribution rates, anticipated cash flows, expected stability or volatility of cash flows, leverage profile, risk profile, and other features of the applicable investment opportunity and its impact on portfolio concentration and diversification, (iv) avoiding allocation that could result in de minimis or odd lot investments and (v) legal, tax, accounting, regulatory and other considerations deemed relevant by BX REIT Advisors and its affiliates (including, without limitation, maintaining BREIT's qualification as a REIT and BREIT's status as a non-investment company exempt from the Investment Company Act). BREIT's board of directors (including BREIT's independent directors) has the duty to ensure that the allocation methodology described above is applied fairly to BREIT.

Currently a Private Core+ Account invests in "core+" real estate and real estate-related assets in the United States and Canada (which are generally substantially stabilized assets generating relatively stable cash flow), with a focus on office, multifamily, industrial and retail assets in major U.S. markets. To the extent an investment satisfies the investment objectives of BREIT and the Private Core+ Accounts on the same terms, including at the lower leverage targeted by the Private Core+ Accounts, such investment will be allocated in accordance with Blackstone's



prevailing policies and procedures described above (including maintaining BREIT's status as a non-investment company exempt from the Investment Company Act).

Furthermore, certain of the Other Blackstone Vehicles that invest in "opportunistic" real estate and real estate-related assets globally (which often are undermanaged assets and with higher potential for equity appreciation) have priority over BREIT with respect to such investment opportunities (together with future accounts with similar investment strategies, the "Select Opportunistic Blackstone Accounts"). This priority will result in fewer investment opportunities being made available to BREIT. No Other Blackstone Vehicles other than Select Opportunistic Blackstone Accounts have priority over BREIT with respect to real estate investment opportunities.

As of December 31, 2016, Other Blackstone Vehicles with investment objectives or guidelines that overlap with BREIT's but that do not have priority over BREIT (including the Private Core+ Accounts) that are in their investing stage had approximately \$3 billion of unused capital commitments and Select Opportunistic Blackstone Accounts (which are Other Blackstone Vehicles that receive priority over BREIT and whose investment strategies are generally less similar to BREIT's but can overlap to some extent) in their investing stage had approximately \$10.6 billion of unused capital commitments.

While BX REIT Advisors will seek to manage potential conflicts of interest in a fair and reasonable manner (subject to the priority rights of the Select Opportunistic Blackstone Accounts described above) as required pursuant to BREIT's charter and the Advisory Agreement, the portfolio strategies employed by BX REIT Advisors, Blackstone or their affiliates in managing the Other Blackstone Vehicles could conflict with the strategies employed by BX REIT Advisors in managing BREIT's business and may adversely affect the marketability, exit strategy, prices and availability of the properties, securities and instruments in which BREIT invests. BX REIT Advisors, Blackstone or their affiliates may also give advice to the Other Blackstone Vehicles that may differ from advice given to BREIT even though their investment objectives or guidelines may be the same or similar to BREIT's.

***Corporate Opportunities.*** BREIT's board of directors has adopted a resolution that provides, subject to certain exceptions, that none of Blackstone or its affiliates, BREIT's directors or any person BREIT's directors control will be required to refrain directly or indirectly from engaging in any business opportunities, including any business opportunities in the same or similar business activities or lines of business in which BREIT or any of its affiliates may from time to time be engaged or propose to engage, or from competing with BREIT, and that BREIT renounces any interest or expectancy in, or in being offered an opportunity to participate in, any such business opportunities, unless offered to a person in his or her capacity as one of BREIT's directors or officers and intended exclusively for BREIT or any of BREIT's subsidiaries.

***Investments in Different Levels or Classes of an Issuer's Securities.*** From time to time, to the extent permitted by BREIT's charter, BREIT and the Other Blackstone Vehicles may make investments at different levels of an issuer's or borrower's capital structure or otherwise in different classes of the same issuer's securities. BREIT may make investments that are senior or junior to, or have rights and interests different from or adverse to, the investments made by the Other Blackstone Vehicles. Such investments may conflict with the interests of such Other Blackstone Vehicles in related investments, and the potential for any such conflicts of interests may be heightened in the event of a default or restructuring of any such investments. While Blackstone will seek to resolve any such conflicts in a fair and equitable manner in accordance with its prevailing policies and procedures with respect to conflicts resolution among the Other Blackstone Vehicles, such transactions are not required to be presented to BREIT's board of directors for approval (unless otherwise required by BREIT's charter or investment guidelines), and there can be no assurance that any conflicts will be resolved in BREIT's favor.

***Pursuit of Differing Strategies.*** At times, the investment professionals employed by BX REIT Advisors or its affiliates and other investment vehicles affiliated with BX REIT Advisors and/or Blackstone may determine that an investment opportunity may be appropriate for only some of the accounts, clients, entities, funds and/or investment vehicles for which he or she exercises investment responsibility, or may decide that certain of the accounts, clients, entities, funds and/or investment vehicles should take differing positions with respect to a particular security. In these cases, the investment professionals may place separate transactions for one or more accounts, clients, entities, funds and/or investment vehicles which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other accounts, clients, entities, funds and/or investment vehicles. For example, an investment professional may determine that it would be in the interest of another account to sell a security that BREIT holds long, potentially resulting in a decrease in the market value of the security held by BREIT.

***Variation in Financial and Other Benefits.*** A conflict of interest arises where the financial or other benefits available to BX REIT Advisors or its affiliates differ among the accounts, clients, entities, funds and/or investment vehicles that it manages. If the amount or structure of the Management Fee, the BREIT Special Limited Partner's performance participation interest and/or BX REIT Advisors' or its affiliates' compensation differs among accounts, clients, entities, funds and/or investment vehicles (such as where certain funds or accounts pay higher base Management Fees, incentive fees, performance-based Management Fees or other fees), BX REIT Advisors might be motivated to help certain accounts, clients, entities, funds and/or investment vehicles over others. Similarly, the desire to maintain assets under management or to enhance BX REIT Advisors' performance record or to derive other rewards, financial or otherwise, could influence BX REIT Advisors or its affiliates in affording preferential treatment to those accounts, clients, entities, funds and/or investment vehicles that could most significantly benefit BX REIT

Advisors or its affiliates. BX REIT Advisors may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such accounts, clients, entities, funds and/or investment vehicles. Additionally, BX REIT Advisors or its affiliates might be motivated to favor accounts, clients, entities, funds and/or investment vehicles in which it has an ownership interest or in which Blackstone and/or its affiliates have ownership interests. Conversely, if an investment professional at BX REIT Advisors or its affiliates does not personally hold an investment in the fund but holds investments in other Blackstone affiliated vehicles, such investment professional's conflicts of interest with respect to BREIT may be more acute.

***Investment Banking, Underwriting and Other Relationships.*** Blackstone will be under no obligation to decline any engagements or investments in order to make an investment opportunity available to BREIT. In connection with its investment banking and other businesses, Blackstone may come into possession of information that limits its ability to engage in potential transactions. BREIT's activities may be constrained as a result of the inability of Blackstone personnel to use such information. For example, employees of Blackstone not serving as employees of BX REIT Advisors or its affiliates may be prohibited by law or contract from sharing information with members of Blackstone Real Estate. BREIT may be forced to sell or hold existing investments as a result of investment banking relationships or other relationships that Blackstone may have or transactions or investments Blackstone and its affiliates may make or have made. Additionally, there may be circumstances in which one or more individuals associated with Blackstone will be precluded from providing services to BX REIT Advisors because of certain confidential information available to those individuals or to other parts of Blackstone. In addition, in connection with selling investments by way of a public offering, a Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities on that basis. Blackstone may retain any commissions, remuneration, or other profits and receive compensation from such underwriting activities, which have the potential to create conflicts of interest. Blackstone may also participate in underwriting syndicates from time to time with respect to BREIT or portfolio companies of Other Blackstone Vehicles, or may otherwise be involved in the private placement of debt or equity securities issued by BREIT or such portfolio companies, or otherwise in arranging financings with respect thereto. Subject to applicable law, Blackstone may receive underwriting fees, placement commissions, or other compensation with respect to such activities, which will not be shared with BREIT or BREIT's stockholders. Where Blackstone serves as underwriter with respect to a portfolio company's securities, BREIT or the applicable Other Blackstone Vehicle holding such securities may be subject to a "lock-up" period following the offering under applicable regulations during which time BREIT's ability to sell any securities that BREIT continues to hold is restricted. This may prejudice BREIT's ability to dispose of such securities at an opportune time.

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on BREIT's behalf, BX REIT Advisors may consider those relationships (subject to its obligations under BREIT's charter and the Advisory Agreement), which may result in certain transactions that BX REIT Advisors will not undertake on BREIT's behalf in view of such relationships.

***Service Providers.*** Certain of BREIT's service providers (including lenders, brokers, attorneys, investment banking firms and property managers) may be sources of investment opportunities, counterparties therein or advisors with respect thereto. This may influence BX REIT Advisors in deciding whether to select such a service provider. In addition, in instances where multiple Blackstone businesses may be exploring a potential individual investment, certain of these service providers may choose to be engaged by other Blackstone affiliates rather than BREIT.

***Material, Non-Public Information.*** BREIT, directly or through Blackstone, BX REIT Advisors or certain of their respective affiliates may come into possession of material non-public information with respect to an issuer in which BREIT has invested or may invest. Should this occur, BX REIT Advisors may be restricted from buying or selling securities, derivatives or loans of the issuer on BREIT's behalf until such time as the information becomes public or is no longer deemed material. Disclosure of such information to the personnel responsible for management of BREIT's business may be on a need-to-know basis only, and BREIT may not be free to act upon any such information. Therefore, BREIT and/or BX REIT Advisors may not have access to material non-public information in the possession of Blackstone which might be relevant to an investment decision to be made by BX REIT Advisors on BREIT's behalf, and BX REIT Advisors may initiate a transaction or purchase or sell an investment which, if such information had been known to it, may not have been undertaken. Due to these restrictions, BX REIT Advisors may not be able to initiate a transaction on BREIT's behalf that it otherwise might have initiated and may not be able to purchase or sell an investment that it otherwise might have purchased or sold, which could negatively affect BREIT's operations.

***Possible Future Activities.*** BX REIT Advisors and its affiliates may expand the range of services that they provide over time. Except as and to the extent expressly provided in the Advisory Agreement, BX REIT Advisors and its affiliates will not be restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. BX REIT Advisors, Blackstone and their affiliates continue to develop relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by BREIT. These clients may themselves represent appropriate investment opportunities for BREIT or may compete with BREIT for investment opportunities.

***Transactions with Other Blackstone Vehicles and Other Affiliates.*** From time to time, BREIT may enter into purchase and sale transactions and joint ventures with Other Blackstone Vehicles. Such transactions will be conducted in accordance with, and subject to, BREIT's charter (including the requirement that such transaction be approved by a majority of BREIT's independent directors as being fair and reasonable and on terms no less favorable than those available from unaffiliated third parties), the terms and conditions of the Advisory Agreement, and BREIT's code of business conduct and ethics and applicable laws and regulations. These requirements will also apply to transactions with Blackstone, any of BREIT's directors or any affiliates thereof.

***Other Affiliate Transactions.*** In connection with investments in which BREIT participates alongside Other Blackstone Vehicles, BREIT may from time to time share certain rights with such Other Blackstone Vehicles relating to such investments for legal, tax, regulatory or other similar reasons, including, in certain instances, certain control-related rights with respect to jointly held investments. When making any decisions related to such investments, there may be conflicting interests. There can be no assurance that the return on BREIT's investment will be equivalent to or better than the returns obtained by Blackstone or its other affiliates.

#### **Risks Related to Conflicts of Interest**

***Various potential and actual conflicts of interest will arise, and these conflicts may not be identified or resolved in a manner favorable to BREIT.***

Various potential and actual conflicts of interest will arise as a result of BREIT's overall investment activities and the overall investment activities of Blackstone, BAP, BX REIT Advisors and their affiliates. The following risk factors enumerate certain but not all potential conflicts of interest that should be carefully evaluated before making an investment in BREIT. Blackstone and Blackstone personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed below. If any matter arises that BREIT and its affiliates (including BX REIT Advisors) determine in BREIT's good faith judgment constitutes an actual conflict of interest, BREIT and its affiliates (including BX REIT Advisors) may take such action as BREIT determines in good faith may be necessary or appropriate to ameliorate the conflict. Transactions between BREIT and Blackstone or its affiliates will require approval by BREIT's board of directors, including a majority of BREIT's independent directors. There can be no assurance that BREIT's board of directors or Blackstone will identify or resolve all conflicts of interest in a manner that is favorable to BREIT.

***BX REIT Advisors faces a conflict of interest because the fees it receives for services performed are based in part on BREIT's NAV, which BX REIT Advisors is ultimately responsible for determining.***

BX REIT Advisors is paid a Management Fee for its services based on BREIT's NAV, which is calculated by State Street Bank and Trust Company, a third-party firm that provides BREIT with certain administrative and accounting services, based on valuations provided by BX REIT Advisors. In addition, the distributions to be received by the BREIT Special Limited Partner with respect to its performance participation interest in the BREIT Operating Partnership will be based in part upon the BREIT Operating Partnership's net assets (which is a component of BREIT's NAV). The calculation of BREIT's NAV includes certain subjective judgments with respect to estimating, for example, the value of BREIT's portfolio and BREIT's accrued expenses, net portfolio income and liabilities, and therefore, BREIT's NAV may not correspond to realizable value upon a sale of those assets. BX REIT Advisors may benefit by BREIT retaining ownership of BREIT's assets at times when BREIT's stockholders may be better served by the sale or disposition of BREIT's assets in order to avoid a reduction in BREIT's NAV. If BREIT's NAV is calculated in a way that is not reflective of BREIT's actual NAV, then the purchase price of shares of BREIT's common stock or the price paid for the repurchase of shares of common stock on a given date may not accurately reflect the value of BREIT's portfolio, and shares may be worth less than the purchase price or more than the repurchase price.

***BX REIT Advisors' Management Fee and the BREIT Special Limited Partner's performance participation interest may not create proper incentives or may induce BX REIT Advisors and its affiliates to make certain investments, including speculative investments, that increase the risk of BREIT's real estate portfolio.***

BREIT pays BX REIT Advisors a Management Fee regardless of the performance of BREIT's portfolio. BX REIT Advisors' entitlement to a Management Fee, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for BREIT's portfolio. BREIT may be required to pay BX REIT Advisors a Management Fee in a particular period despite experiencing a net loss or a decline in the value of BREIT's portfolio during that period.

The existence of the BREIT Special Limited Partner's 12.5% performance participation interest in BREIT's BREIT Operating Partnership, which is based on BREIT's total distributions plus the change in NAV per share, may create an incentive for BX REIT Advisors to make riskier or more speculative investments on BREIT's behalf than it would otherwise make in the absence of such performance-based compensation. In addition, the change in NAV per share will be based on the value of BREIT's investments on the applicable measurement dates and not on realized

gains or losses. As a result, the performance participation interest may receive distributions based on unrealized gains in certain assets at the time of such distributions and such gains may not be realized when those assets are eventually disposed of.

Because the Management Fee and performance participation are based on BREIT's NAV, BX REIT Advisors may also be motivated to accelerate acquisitions in order to increase NAV or, similarly, delay or curtail repurchases to maintain a higher NAV, which would, in each case, increase amounts payable to BX REIT Advisors and the BREIT Special Limited Partner.

***Blackstone personnel work on other projects and conflicts may arise in the allocation of personnel between BREIT and other projects.***

BX REIT Advisors and its affiliates devote such time as they deem necessary to conduct BREIT's business affairs in an appropriate manner. However, a core group of real estate professionals devote substantially all of their business time not only to BREIT's activities but also to the activities of several other Blackstone investment vehicles and any successor funds thereto (and their respective investments) and their related entities (which may include separate accounts, dedicated managed accounts and/or investment funds formed for specific geographical areas or investments). Consequently, conflicts are expected to arise in the allocation of personnel, and BREIT may not receive the level of support and assistance that BREIT otherwise might receive if BREIT were internally managed. BX REIT Advisors and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities.

***Blackstone has implemented policies and procedures to address conflicts of interest across its various businesses, and these policies and procedures may reduce the synergies that BREIT expects to draw on or otherwise reduce the opportunities available to BREIT.***

Blackstone and its affiliates are involved in a number of other businesses and activities, which may result in conflicts of interest or other obligations that are disadvantageous to BREIT. Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will from time to time reduce the synergies across Blackstone's various businesses that BREIT expects to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management businesses, including a capital markets group, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and subject to more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that reduce the positive synergies that BREIT expects to

utilize for purposes of finding attractive investments. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which its private equity business may be considering making an investment or companies that are clients of Blackstone. As a consequence, that information, which could be of benefit to BREIT, might become restricted to those respective businesses and otherwise be unavailable to BREIT. In addition, to the extent that Blackstone Real Estate is in possession of material non-public information or is otherwise restricted from trading in certain securities, BREIT and BX REIT Advisors, as part of Blackstone Real Estate, generally also will be deemed to be in possession of such information or otherwise restricted. This could reduce the investment opportunities available to BREIT, prevent BREIT from exiting an investment or otherwise limit BREIT's investment flexibility. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Blackstone fund has or has considered making an investment or which is otherwise a client of Blackstone will from time to time restrict or otherwise limit BREIT's ability to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone may enter into one or more strategic relationships, in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for BREIT, may require BREIT to share such opportunities or otherwise limit the amount of an opportunity BREIT can otherwise take.

Blackstone and its affiliates engage in a broad spectrum of activities, including a broad range of activities relating to investments in the real estate industry, and have invested or committed billions of dollars in capital through various investment funds, managed accounts and other vehicles affiliated with Blackstone. In the ordinary course of their business activities, Blackstone and their affiliates may engage in activities where the interests of certain divisions of Blackstone and its affiliates, including BX REIT Advisors, or the interests of their clients may conflict with the interests of BREIT's stockholders. Certain of these divisions and entities affiliated with BX REIT Advisors have or may have an investment strategy similar to BREIT's and therefore may engage in competing activities with BREIT. In particular, various Blackstone Real Estate opportunistic and substantially stabilized real estate funds and other investment vehicles seek to invest in a broad range of real estate investments.

As part of its regular business, Blackstone provides a broad range of services. In addition, Blackstone and its affiliates may provide services in the future beyond those currently provided. BREIT's stockholders will not receive a benefit from the services provided to other investment vehicles or share in any of the fees generated by the provision of such services. Blackstone may have relationships with, render services to or engage in transactions with government agencies and/or issuers or owners of securities that are, or are eligible to be, BREIT's investment opportunities. As a result, employees of Blackstone may possess information relating to such issuers that is not known to BREIT's employees or BX REIT Advisors' employees responsible for making investment decisions or for monitoring BREIT's investments and performing the



other obligations under the Advisory Agreement. Those employees of Blackstone will not be obligated to share any such information with BREIT or BX REIT Advisors and may be prohibited by law or contract from doing so.

In the regular course of its investment banking business, Blackstone represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets that are suitable for investment by BREIT. In such a case, Blackstone's client would typically require Blackstone to act exclusively on its behalf, thereby precluding BREIT from acquiring such assets. Blackstone will be under no obligation to decline any such engagements in order to make the investment opportunity available to BREIT. In connection with its investment banking, capital markets, real estate advisory and other businesses, Blackstone may determine that there are conflicts of interest or come into possession of information that limits its ability to engage in potential real estate-related transactions. BREIT's activities may be constrained as a result of these conflicts of interests and Blackstone personnel's inability to use such information. For example, employees of Blackstone may be prohibited by law or contract from sharing information with Blackstone Real Estate. BREIT may be forced to sell or hold existing investments as a result of investment banking relationships or other relationships that Blackstone may have or transactions or investments Blackstone and its affiliates may make or have made. Additionally, there may be circumstances in which one or more individuals associated with Blackstone will be precluded from providing services related to BREIT's activities because of certain confidential information available to those individuals or to other parts of Blackstone.

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on BREIT's behalf, BX REIT Advisors will consider those relationships, which may result in certain transactions that BX REIT Advisors will not undertake on BREIT's behalf in view of such relationships. BREIT may also co-invest with clients of Blackstone in particular properties, and the relationship with such clients could influence the decisions made by BX REIT Advisors with respect to such investments. Blackstone is under no obligation to decline any engagements or investments in order to make an investment opportunity available to BREIT. BREIT may be forced to sell or hold existing investments as a result of investment banking relationships or other relationships that Blackstone may have or transactions or investments Blackstone and its affiliates may make or have made. BREIT may also co-invest with such clients of Blackstone in particular properties and the relationship with such clients could influence the decisions made by BX REIT Advisors with respect to such investments. Furthermore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to BREIT. See "—Certain Other Blackstone Vehicles have similar or overlapping investment objectives and guidelines, and BREIT will not be allocated certain opportunities and may be allocated only opportunities with lower relative returns" below.

Blackstone may from time to time participate in underwriting or lending syndicates with respect to BREIT or BREIT's subsidiaries and/or Other Blackstone Vehicles, or may otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by BREIT, or BREIT's subsidiaries. Such underwritings may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. A Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from BREIT or BREIT's subsidiaries. Blackstone may also, on BREIT's behalf or on behalf of other parties to a transaction involving BREIT, effect transactions, including transactions in the secondary markets where it may nonetheless have a potential conflict of interest regarding BREIT and the other parties to those transactions to the extent it receives commissions or other compensation from BREIT and such other parties. Subject to applicable law, Blackstone may receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing (including loan servicing) fees, advisory fees, lending arrangement, consulting, monitoring, commitment, syndication, origination, organizational, financing and divestment fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone or an Other Blackstone Vehicle or vehicle is purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with BREIT or BREIT's stockholders. Blackstone may nonetheless have a potential conflict of interest regarding BREIT and the other parties to those transactions to the extent it receives commissions, discounts, fees or such other compensation from such other parties. BREIT's independent directors will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for BREIT, or as dealer, broker or advisor, on the other side of a transaction with BREIT only where such directors believe in good faith that such transactions are appropriate for BREIT, and BREIT's stockholders, by executing a Subscription Agreement for BREIT's shares, consent to all such transactions, along with the other transactions involving conflicts of interest described herein, to the fullest extent permitted by law. Sales of securities for BREIT's account (particularly marketable securities) may be bunched or aggregated with orders for other accounts of Blackstone, including Other Blackstone Vehicles. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged, which may be disadvantageous to BREIT. Where Blackstone serves as underwriter with respect to securities held by BREIT or any of BREIT's subsidiaries, BREIT may be subject to a "lock-up" period following the offering under applicable regulations during which time BREIT's ability to sell any securities that BREIT continues to hold is restricted. This may prejudice BREIT's ability to dispose of such securities at an opportune time.

On October 1, 2015, Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners Inc. ("PJT"), an independent financial advisory

firm founded by Paul J. Taubman. While the new combined business operates independently from Blackstone and is not an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving BREIT on the one hand and PJT on the other. Specifically, given that PJT will not be an affiliate of Blackstone, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by PJT's new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of Blackstone. It is expected that there will be substantial overlapping ownership between Blackstone and PJT for a considerable period of time going forward. Therefore, conflicts of interest in doing transactions involving PJT will still arise. The pre-existing relationship between Blackstone and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, and certain co-investment and other continuing arrangements, may influence BX REIT Advisors in deciding to select or recommend PJT to perform such services for BREIT (the cost of which will generally be borne directly or indirectly by BREIT). Nonetheless, BX REIT Advisors and its affiliates will be free to cause BREIT to transact with PJT generally without restriction under BREIT's charter notwithstanding such overlapping interests in, and relationships with, PJT. See also "—BX REIT Advisors may face conflicts of interests in choosing BREIT's service providers and certain service providers may provide services to BAP, BX REIT Advisors or Blackstone on more favorable terms than those payable by BREIT" below.

Other present and future activities of Blackstone and its affiliates (including BX REIT Advisors and BAP) may also give rise to additional conflicts of interest relating to BREIT and its investment activities. In the event that any such conflict of interest arises, BREIT will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of BREIT's interests.

***Blackstone engages various advisors and operating partners who may co-invest alongside BREIT, and there can be no assurance that such advisors and operating partners will continue to serve in such roles.***

Blackstone engages and retains strategic advisors, consultants, senior advisors, executive advisors and other similar professionals who are not employees or affiliates of Blackstone and who may, from time to time, receive payments from, or allocations with respect to, portfolio entities (as well as from Blackstone or BREIT). In such circumstances, such payments from, or allocations with respect to, BREIT and/or BREIT's underlying assets will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Blackstone, be deemed paid to or received by Blackstone. These strategic advisors, senior advisors, consultants, executive advisors and/or other professionals may have the right or may be offered the ability to co-invest alongside BREIT, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio entity, which may

have the effect of reducing the amount invested by BREIT in any property. Additionally, and notwithstanding the foregoing, these senior advisors, consultants and/or other professionals as well as current and former chief executive officers of Blackstone portfolio entities, may be (or have the preferred right to be) investors in various Blackstone portfolio entities and/or Other Blackstone Vehicles. The nature of the relationship with each of the strategic advisors, consultants, executive advisors and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide BAP and/or BX REIT Advisors with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of various entities or contribute to the origination of new investment opportunities. In certain instances Blackstone may have formal arrangements with these senior advisors, executive advisors, consultants, management teams for operating portfolio companies and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may be compensated (including pursuant to retainers and expense reimbursement) from Blackstone, BREIT and/or portfolio properties or otherwise uncompensated unless and until an engagement with a portfolio property develops. In certain cases, they have certain attributes of Blackstone “employees” (e.g., they may have dedicated offices at Blackstone, have a Blackstone email address, participate in general meetings and events for Blackstone personnel, work on Blackstone matters as their primary or sole business activity) even though they are not considered Blackstone employees, affiliates or personnel for purposes of the dealer manager agreement with BAP, Advisory Agreement or the BREIT Operating Partnership’s partnership agreement. There can be no assurance that any of the senior advisors, consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, BREIT and/or any portfolio properties.

***BREIT may purchase assets from or sell assets to BX REIT Advisors and its affiliates, and such transactions may cause conflicts of interest.***

BREIT may purchase assets from or sell assets to BX REIT Advisors and its affiliates or their clients. These purchases and sales may cause conflicts of interest, including with respect to the consideration offered and the obligations of such affiliates. The purchases and sales referred to in this paragraph will be subject to the approval of a majority of directors (including a majority of BREIT’s independent directors) not otherwise interested in the transaction.

***Certain Other Blackstone Vehicles have similar or overlapping investment objectives and guidelines, and BREIT will not be allocated certain opportunities and may be allocated only opportunities with lower relative returns.***

Through Other Blackstone Vehicles, Blackstone currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States and globally. There will be overlap of real property and real estate-related securities investment opportunities with certain Other Blackstone Vehicles that are actively investing and similar overlap with future Other Blackstone Vehicles. See “—Blackstone may raise and/or manage Other Blackstone Vehicles which could result in the reallocation of Blackstone personnel and the direction of potential investments to such Other Blackstone Vehicles” below. This overlap will from time to time create conflicts of interest. Additionally, in certain circumstances investment opportunities suitable for BREIT will not be presented to BREIT and there will be one or more investment opportunities where BREIT’s participation is restricted.

With respect to Other Blackstone Vehicles with investment objectives or guidelines that overlap with BREIT’s but that do not have priority over BREIT (including the Private Core+ Accounts), investment opportunities will be allocated among BREIT and one or more Other Blackstone Vehicles in accordance with Blackstone’s prevailing policies and procedures on a basis that BX REIT Advisors and its affiliates believe to be fair and reasonable in their sole discretion, which is generally pro rata based on relative available capital, subject to the following considerations: (i) any applicable investment objectives of BREIT and such Other Blackstone Vehicles (which, for BREIT, includes BREIT’s primary objective of providing current income in the form of regular, stable cash distributions to achieve an attractive distribution yield), (ii) any investment limitations, parameters or contractual provisions of BREIT and such Other Blackstone Vehicles (e.g., joint venture investments between BREIT and an Other Blackstone Vehicle must be on the same terms and satisfy the restrictions of all participants, such as lowest leverage targeted by any participant), (iii) the sector, geography/location, expected return profile, expected distribution rates, anticipated cash flows, expected stability or volatility of cash flows, leverage profile, risk profile, and other features of the applicable investment opportunity and its impact on portfolio concentration and diversification, (iv) avoiding allocation that could result in de minimis or odd lot investments and (v) legal, tax, accounting, regulatory and other considerations deemed relevant by BX REIT Advisors and its affiliates (including, without limitation, maintaining BREIT’s qualification as a REIT and BREIT’s status as a non-investment company exempt from the Investment Company Act).

Currently a Private Core+ Account invests in “core+” real estate and real estate-related assets in the United States and Canada (which are generally substantially stabilized assets generating relatively stable cash flow), with a focus on office, multifamily, industrial and retail assets in major U.S. markets. To the extent an investment satisfies the investment objectives of BREIT

and the Private Core+ Accounts on the same terms, including at the lower leverage targeted by the Private Core+ Accounts, such investment will be allocated in accordance with Blackstone's prevailing policies and procedures described above (including maintaining BREIT's status as a non-investment company exempt from the Investment Company Act). There may be instances where an overlapping investment opportunity would have satisfied BREIT's primary investment objective of providing current income in the form of regular, stable cash distributions to achieve an attractive distribution yield assuming BREIT's targeted leverage ratio in the range of 60%, but which does not satisfy BREIT's investment objectives at the lower targeted leverage ratio of the Private Core+ Accounts. If BX REIT Advisors and its affiliates determine to use the lower leverage ratio, such overlapping investment opportunity would not be allocated to BREIT in whole or part. A sharing of the investment opportunity at different leverage ratios would not be possible because such joint venture investments with the Private Core+ Accounts must be on the same terms (including leverage ratio).

Furthermore, the Select Opportunistic Blackstone Accounts invest in "opportunistic" real estate and real estate-related assets globally (which often are undermanaged assets and with higher potential for equity appreciation) and have priority over BREIT with respect to such investment opportunities. This priority will result in fewer investment opportunities being made available to BREIT.

As of December 31, 2016, Other Blackstone Vehicles with investment objectives or guidelines that overlap with BREIT's but that do not have priority over BREIT (including the Private Core+ Accounts) that are in their investing stage had approximately \$3 billion of unused capital commitments and Select Opportunistic Blackstone Accounts (which are Other Blackstone Vehicles that receive priority over BREIT and whose investment strategies are generally less similar to BREIT's but can overlap to some extent) in their investing stage had approximately \$10.6 billion of unused capital commitments.

BX REIT Advisors and its affiliates will calculate available capital, weigh the factors described above (which will not be weighted equally) and make other investment allocation decisions in accordance with their prevailing policies and procedures in their sole discretion. The manner in which BREIT's available capital is determined may differ from, or subsequently change with respect to, Other Blackstone Vehicles. The amounts and forms of leverage utilized for investments will also be determined by BX REIT Advisors and its affiliates in their sole discretion. There is no assurance that any conflicts arising out of the foregoing will be resolved in BREIT's favor. Blackstone is entitled to amend its policies and procedures at any time without prior notice or BREIT's consent.

To the extent BREIT acquires properties through joint ventures with Other Blackstone Vehicles, such investments will be allocated as described above, and BREIT may be allocated interests in

such joint ventures that are smaller than the interests of the Other Blackstone Vehicles. Generally, BREIT expects the level of control BREIT has with respect to any joint venture will correspond to BREIT's economic interest in such joint venture. BREIT will not participate in joint ventures in which BREIT does not have or share control to the extent that BREIT believes such participation would potentially threaten BREIT's status as a non-investment company exempt from the Investment Company Act. This may prevent BREIT from receiving an allocation with respect to certain investment opportunities that are suitable for both BREIT and one or more Other Blackstone Vehicles.

The allocation of investment opportunities may be based on BX REIT Advisors' or its affiliates' determination of the expected returns for such investments (e.g., specific investment opportunities with higher expected returns may be allocated to Other Blackstone Vehicles whereas those with lower relative expected returns may be allocated to BREIT). BX REIT Advisors, Blackstone or their affiliates may also give advice to the Other Blackstone Vehicles that may differ from advice given to BREIT even though their investment objectives or guidelines may be the same or similar to BREIT's. At times, the investment professionals employed by BX REIT Advisors or its affiliates and other investment vehicles affiliated with BX REIT Advisors and/or Blackstone may determine that an investment opportunity may be appropriate for only some of the accounts, clients, entities, funds and/or investment companies for which he or she exercises investment responsibility and not for BREIT.

There may also be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, properties, securities or instruments, where BREIT and Other Blackstone Vehicles participate in a single or related transactions with a particular seller where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) to any of BREIT and such Other Blackstone Vehicles. The combined purchase price paid to a seller may be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third-party valuation firm and/or by BX REIT Advisors and its affiliates. Similarly, there may also be circumstances, including in the case where there is a single buyer who is seeking to purchase a pool or combination of assets, properties, securities or instruments, where BREIT and Other Blackstone Vehicles participate in a single or related transactions with such buyer where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) to any of BREIT and such Other Blackstone Vehicles. The allocation of such specific items generally would be based on BX REIT Advisors' determination of the expected returns for such items (e.g., specific items with higher expected returns may be allocated to Other Blackstone Vehicles whereas those with lower relative expected returns may be allocated to BREIT or vice versa), and in any such case the combined purchase price paid by such buyer would be allocated among the multiple assets, properties, securities or instruments based on a determination by such buyer, by a third party valuation firm and/or BX REIT Advisors and its affiliates. There can be no assurance that the

relevant investment will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated or received if such investment were sold independently rather than as a component of a portfolio sale that contains investments of Other Blackstone Vehicles.

The amount of performance-based compensation charged and/or Management Fees paid by BREIT may be less than or exceed the amount of performance-based compensation charged and/or Management Fees paid by Other Blackstone Vehicles. Such variation may create an incentive for Blackstone to allocate a greater percentage of an investment opportunity to BREIT or such Other Blackstone Vehicles, as the case may be.

***BREIT's board of directors has adopted a resolution that renounces BREIT's interest or expectancy with respect to business opportunities and competitive activities.***

BREIT's board of directors has adopted a resolution that renounces BREIT's interest or expectancy in, or in being offered an opportunity to participate in, business opportunities, and provides that none of Blackstone or its affiliates, BREIT's directors or any person BREIT's directors control must refrain from competing with BREIT or present to BREIT such business opportunities. Under this resolution Blackstone and its affiliates and BREIT's directors or any person BREIT's directors control would not be obligated to present to BREIT opportunities unless those opportunities are expressly offered to such person in his or her capacity as a director or officer and intended exclusively for BREIT or any of BREIT's subsidiaries, and those persons will be able to engage in competing activities without any restriction imposed as a result of Blackstone's or its affiliates' status as a stockholder or Blackstone's affiliates' status as BREIT's officers or directors.

***BREIT co-invests with Blackstone affiliates in real estate-related securities and such investments may be in different parts of the capital structure of an issuer and may otherwise involve conflicts of interest. When BREIT holds investments in which Other Blackstone Vehicles have a different principal investment, conflicts of interest may arise between BREIT and Other Blackstone Vehicles, and BX REIT Advisors may take actions that are adverse to BREIT.***

BREIT also co-invests with Other Blackstone Vehicles in investments that are suitable for both BREIT and such Other Blackstone Vehicles. BREIT and/or the Other Blackstone Vehicles may make and/or hold investments at different levels of an issuer's capital structure, which may include BREIT making one or more investments directly or indirectly relating to portfolio entities of Other Blackstone Vehicles and vice versa. To the extent BREIT holds interests that are different (including with respect to their relative seniority) than those held by such Other Blackstone Vehicles, BX REIT Advisors and its affiliates may be presented with decisions when



BREIT's interests and the interests of the Other Blackstone Vehicles are in conflict. In order to mitigate any such conflicts of interest, BREIT may recuse itself from participating in any decisions relating or with respect to such securities held by such Other Blackstone Vehicles (notwithstanding that if such Other Blackstone Vehicles maintain voting rights with respect to the securities they hold) or, if BREIT does not recuse itself, Blackstone may be required to take action where it will have conflicting loyalties between its duties to BREIT and to such Other Blackstone Vehicles, which may adversely impact BREIT.

Other Blackstone Vehicles may also participate in a separate tranche of a financing with respect to an issuer/borrower in which BREIT has an interest or otherwise in different classes of such issuer's securities. In connection with negotiating loans and bank financings in respect of BREIT's real estate-related transactions, from time to time Blackstone will obtain the right to participate on its own behalf in a portion of the financings with respect to such transactions. If BREIT makes or has an investment in a property in which an Other Blackstone Vehicle has a mezzanine or other debt investment, Blackstone may have conflicting loyalties between its duties to BREIT and to other affiliates. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. To the extent BREIT holds an equity interest or an interest in a loan or debt security that is different (including with respect to their relative seniority) than those held by such Other Blackstone Vehicles, BX REIT Advisors and its affiliates may have limited or no rights with respect to decisions when BREIT's interests and the interests of the Other Blackstone Vehicles are in conflict, and Blackstone may have conflicting loyalties between its duties to BREIT and to other affiliates. In that regard, actions may be taken for the Other Blackstone Vehicles that are adverse to BREIT. There can be no assurance that any such conflict will be resolved in BREIT's favor and Blackstone may be required to take action where it will have conflicting loyalties between its duties to the BREIT and to Other Blackstone Vehicles, which may adversely impact BREIT.

In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on BREIT's investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction. In addition, it is possible that in a bankruptcy proceeding BREIT's interest may be subordinated or otherwise adversely affected by virtue of such Other Blackstone Vehicles' involvement and actions relating to its investment.

***BREIT may enter into joint ventures and other shared assets which will involve risks and conflicts of interests.***

BREIT and any Other Blackstone Vehicles may invest in shared assets typically through the formation of joint ventures that BREIT and such fund control equally. Such joint venture investments will involve risks and conflicts of interests.

***BREIT may make a substantial amount of joint venture investments, including with Blackstone affiliates. Joint venture investments could be adversely affected by BREIT's lack of sole decision-making authority, BREIT's reliance on the financial condition of BREIT's joint venture partners and disputes between BREIT and its joint venture partners.***

BREIT may co-invest in the future with Blackstone affiliates or third parties in partnerships or other entities that own real estate properties, which are collectively referred to as joint ventures. BREIT likely will acquire non-controlling interests in joint ventures. Even if BREIT has some control in a joint venture, BREIT would not be in a position to exercise sole decision-making authority regarding the joint venture. Investments in joint ventures may, under certain circumstances, involve risks not present were another party not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their required capital contributions. Joint venture partners may have economic or other business interests or goals that are inconsistent with BREIT's business interests or goals, and may be in a position to take actions contrary to BREIT's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither BREIT nor the joint venture partner would have full control over the joint venture. Disputes between BREIT and joint venture partners may result in litigation or arbitration that would increase BREIT's expenses and prevent BREIT's officers and directors from focusing their time and effort on BREIT's business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. In addition, BREIT may in certain circumstances be liable for the actions of BREIT's joint venture partners.

In addition, in connection with any shared investments in which BREIT participates alongside any Other Blackstone Vehicles, BX REIT Advisors may from time to time grant absolutely and/or share with such Other Blackstone Vehicles certain rights relating to such shared investments for legal, tax, regulatory or other reasons, including, in certain instances, rights with respect to the structuring or sale of such shared investments. There is no guarantee that BREIT will be able to co-invest with any Other Blackstone Vehicle. BREIT will not participate in joint ventures in which BREIT does not have or share control to the extent that BREIT believes such participation would potentially threaten BREIT's status as a non-investment company exempt from the Investment Company Act. This may prevent BREIT from receiving an allocation with

respect to certain investment opportunities that are suitable for both BREIT and one or more Other Blackstone Vehicles.

If BREIT has a right of first refusal to buy out a joint venture partner, BREIT may be unable to finance such a buy-out if it becomes exercisable or BREIT is required to purchase such interest at a time when it would not otherwise be in BREIT's best interest to do so. If BREIT's interest is subject to a buy/sell right, BREIT may not have sufficient cash, available borrowing capacity or other capital resources to allow BREIT to elect to purchase an interest of a joint venture partner subject to the buy/sell right, in which case BREIT may be forced to sell BREIT's interest as the result of the exercise of such right when BREIT would otherwise prefer to keep BREIT's interest. If BREIT buys BREIT's joint venture partner's interest BREIT will have increased exposure in the underlying investment. The price BREIT uses to buy its joint venture partner's interest or sell BREIT's interest is typically determined by negotiations between BREIT and its joint venture partner and there is no assurance that such price will be representative of the value of the underlying property or equal to BREIT's then-current valuation of BREIT's interest in the joint venture that is used to calculate BREIT's NAV. Finally, BREIT may not be able to sell BREIT's interest in a joint venture if BREIT desires to exit the venture for any reason or if BREIT's interest is likewise subject to a right of first refusal of BREIT's joint venture partner, BREIT's ability to sell such interest may be adversely impacted by such right. Joint ownership arrangements with Blackstone affiliates may also entail further conflicts of interest.

Some additional risks and conflicts related to BREIT's joint venture investments (including joint venture investments with Blackstone affiliates) include:

- the joint venture partner may have economic or other interests that are inconsistent with BREIT's interests, including interests relating to the financing, management, operation, leasing or sale of the assets purchased by such joint venture;
- tax, Investment Company Act and other regulatory requirements applicable to the joint venture partner may cause it to want to take actions contrary to BREIT's interests;
- the joint venture partner may have joint control of the joint venture even in cases where its economic stake in the joint venture is significantly less than BREIT's;
- under the joint venture arrangement, neither BREIT nor the joint venture partner will be in a position to unilaterally control the joint venture, and deadlocks may occur. Such deadlocks could adversely impact the operations and profitability of the joint venture, including as a result of the inability of the joint venture to act quickly in connection with a potential acquisition or disposition. In addition, depending on the governance structure of such joint venture partner, decisions of such vehicle may be subject to approval by individuals who are independent of Blackstone;

- under the joint venture arrangement, BREIT and the joint venture partner may have a buy/sell right and, as a result of an impasse that triggers the exercise of such right, BREIT may be forced to sell BREIT's investment in the joint venture, or buy the joint venture partner's share of the joint venture at a time when it would not otherwise be in BREIT's best interest to do so; and
- BREIT's participation in investments in which a joint venture partner participates will be less than what BREIT's participation would have been had such other vehicle not participated, and because there may be no limit on the amount of capital that such joint venture partner can raise, the degree of BREIT's participation in such investments may decrease over time.

Furthermore, BREIT may have conflicting fiduciary obligations if BREIT acquires properties with BREIT's affiliates or other related entities; as a result, in any such transaction BREIT may not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

***Blackstone may structure certain investments such that Blackstone will face conflicting fiduciary duties to BREIT and certain debt funds.***

It is expected that Blackstone will structure certain investments such that one or more mezzanine or other investment funds, structured vehicles or other collective investment vehicles primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities, CMBS and other similar debt instruments managed by affiliates of Blackstone (collectively, "Debt Funds") are offered the opportunity to participate in the debt tranche of an investment allocated to BREIT. BX REIT Advisors and its affiliates owe fiduciary duties to the Debt Funds as well as to BREIT. If the Debt Funds purchase high-yield securities or other debt instruments related to a property or real estate company that BREIT holds an investment in (or if BREIT makes or has an investment in or, through the purchase of debt obligations become a lender to, a company or property in which a Debt Fund or an Other Blackstone Vehicle or another Blackstone real estate fund or vehicle has a mezzanine or other debt investment), BX REIT Advisors and its affiliates will face a conflict of interest in respect of the advice given to, or the decisions made with regard to, the Debt Funds, such Other Blackstone Vehicles and BREIT (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

***Blackstone may raise and/or manage Other Blackstone Vehicles which could result in the reallocation of Blackstone personnel and the direction of potential investments to such Other Blackstone Vehicles.***

Blackstone reserves the right to raise and/or manage Other Blackstone Vehicles, including opportunistic and stabilized and substantially stabilized real estate funds or separate accounts, dedicated managed accounts, investments suitable for lower risk, lower return funds or higher risk, higher return funds, real estate debt obligation and trading investment vehicles, real estate funds primarily making investments in a single sector of the real estate investment space (e.g., office, industrial, retail or multifamily) or making non-controlling investments in public and private debt and equity securities and/or investment funds that may have the same or similar investment objectives or guidelines as BREIT, investment funds formed for specific geographical areas or investments, including those raised by BREIT and one or more managed accounts (or other similar arrangements structured through an entity) for the benefit of one or more specific investors (or related group of investors) which, in each case, may have investment objectives or guidelines that overlap with BREIT's. See "—Certain Other Blackstone Vehicles have similar or overlapping investment objectives and guidelines, and BREIT will not be allocated certain opportunities and may be allocated only opportunities with lower relative returns." In particular, BREIT expects that there will be overlap of real property and real estate-related securities investment opportunities with certain Other Blackstone Vehicles that are actively investing and similar overlap with future Other Blackstone Vehicles. The closing of an Other Blackstone Vehicle could result in the reallocation of Blackstone personnel, including reallocation of existing real estate professionals, to such Other Blackstone Vehicle. In addition, potential investments that may be suitable for BREIT may be directed toward such Other Blackstone Vehicle.

***Blackstone's potential involvement in financing a third party's purchase of assets from BREIT could lead to potential or actual conflicts of interest.***

BREIT may from time to time dispose of all or a portion of an investment by way of a third-party purchaser's bid where Blackstone or one or more Other Blackstone Vehicles is providing financing as part of such bid or acquisition of the investment or underlying assets thereof. This may include the circumstance where Blackstone or one or more Other Blackstone Vehicles is making commitments to provide financing at or prior to the time such third-party purchaser commits to purchase such investments or assets from BREIT. Such involvement of Blackstone or one or more Other Blackstone Vehicles as such a provider of debt financing in connection with the potential acquisition of portfolio investments by third parties from BREIT may give rise to potential or actual conflicts of interest.

***Disputes between Blackstone and BREIT's joint venture partners who have pre-existing investments with Blackstone may affect BREIT's investments relating thereto.***

Some of the third-party operators and joint-venture partners with which BX REIT Advisors may elect to co-invest BREIT's capital may have pre-existing investments with Blackstone. The terms of these preexisting investments may differ from the terms upon which BREIT invests with such operators and partners. To the extent a dispute arises between Blackstone and such operators and partners, BREIT's investments relating thereto may be affected.

***Certain principals and employees may be involved in and have a greater financial interest in the performance of other Blackstone funds or accounts, and such activities may create conflicts of interest in making investment decisions on BREIT's behalf.***

Certain of the principals and employees of BX REIT Advisors and/or BAP may be subject to a variety of conflicts of interest relating to their responsibilities to BREIT and the management of BREIT's real estate portfolio. Such individuals may serve in an advisory capacity to other managed accounts or investment vehicles, as members of an investment or advisory committee or a board of directors (or similar such capacity) for one or more investment funds, corporations, foundations or other organizations. Such positions may create a conflict between the services and advice provided to such entities and the responsibilities owed to BREIT. The other managed accounts and/or investment funds in which such individuals may become involved may have investment objectives that overlap with BREIT's. Furthermore, certain principals and employees of BX REIT Advisors may have a greater financial interest in the performance of such other funds or accounts than BREIT's performance. Such involvement may create conflicts of interest in making investments on BREIT's behalf and such other funds and accounts. Such principals and employees will seek to limit any such conflicts in a manner that is in accordance with their fiduciary duties to BREIT and such organizations.

***BX REIT Advisors may face conflicts of interests in choosing BREIT's service providers and certain service providers may provide services to BAP, BX REIT Advisors or Blackstone on more favorable terms than those payable by BREIT.***

Certain advisors and other service providers or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, title agents, property managers and investment or commercial banking firms) that provide goods or services to BREIT, Blackstone and/or certain entities in which BREIT has an investment may also provide goods or services to or have business, personal, financial or other relationships with Blackstone and its other businesses. Such advisors and service providers may be investors in BREIT, affiliates of BAP or BX REIT Advisors, sources of investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or Other Blackstone Vehicles have an investment, and payments by BREIT may indirectly benefit Blackstone and/or such Other

Blackstone Vehicles. Additionally, certain employees of BX REIT Advisors may have family members or relatives employed by such advisors and service providers. BX REIT Advisors and/or its affiliates may also provide administrative and other services to BREIT as described below. These relationships may influence BREIT, Blackstone and/or BX REIT Advisors in deciding whether to select or recommend such a service provider to perform services for BREIT or a portfolio property (the cost of which will generally be borne directly or indirectly by BREIT or such portfolio property, as applicable).

Certain Blackstone affiliates also provide other services in respect of BREIT's investments from time to time, including, but not limited to, portfolio companies owned by one or Other Blackstone Vehicles providing property management, leasing services and oversight, corporate services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market analyses, and coordinating closing procedures), construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance (including but not limited to budget preparation and preparation and maintenance of corporate models), treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting-related services. Such affiliated service providers, include, without limitation:

*LivCor.* BREIT has engaged LivCor, LLC, an operating portfolio company owned by a Blackstone-advised fund, to provide corporate support services with respect to certain multi-family properties.

*Equity Office Management.* BREIT has engaged Equity Office Management, L.L.C., an operating portfolio company owned by Blackstone-advised funds, to provide property management services and corporate support services with respect to certain office/industrial properties.

*ShopCore.* BREIT has engaged ShopCore, LLC, an operating portfolio company owned by a Blackstone-advised fund, to provide management and leasing oversight and corporate support services for certain retail assets.

*WHM.* BREIT has engaged WHM, LLC, a hotel operating portfolio company controlled (but not owned) by a Blackstone-advised fund, to provide day to day operational and management services (including revenue management, distribution, accounting, legal and contract management, expense management and capital expenditure projects) for certain hotel properties.

Blackstone-affiliated service providers (including portfolio companies of Other Blackstone Vehicles) may charge costs and expenses based on allocable overhead associated with employees working on relevant matters (including salaries, benefits and other similar expenses), provided that these amounts will not exceed market rates as determined by BX REIT Advisors to be appropriate under the circumstances. There can be no assurance that a different manner of allocation would not result in BREIT and/or Other Blackstone Vehicles bearing less (or more) costs and expenses. In addition, certain affiliated service providers (including portfolio companies of Other Blackstone Vehicles) and/or their respective employees will receive a management promote, an incentive fee and/or other performance-based compensation in respect of BREIT's investments. The fees and expenses of such Blackstone-affiliated service providers (and, if applicable, their employees) will be borne by BREIT's investments and there will be no related offset to the Management Fee BREIT pays to BX REIT Advisors, even though some of the services that may be provided are similar in nature to the services provided by BX REIT Advisors. Generally, BREIT may engage Blackstone-affiliated service providers only if a majority of BREIT's board of directors, and a majority of the affiliate transaction committee (which is comprised of each of BREIT's independent directors), not otherwise interested in the transaction approve the transaction as being fair and reasonable to BREIT and on terms and conditions no less favorable to BREIT than those available from unaffiliated third parties.

*LNLS.* Blackstone partnered with a leading national title agency to create Lexington National Land Services ("LNLS"), a title agent company. LNLS acts as an agent for one or more underwriters in issuing title policies in connection with investments by BREIT, Other Blackstone Vehicles and third parties. LNLS focuses on transactions in rate-regulated states where the cost of title insurance is non-negotiable. LNLS will not perform services in non-regulated states for BREIT and Other Blackstone Vehicles, unless in the context of a portfolio transaction that includes properties in rate-regulated states, as part of a syndicate of title insurance companies where the rate is negotiated by other insurers or their agents, or when a third party is paying all or a material portion of the premium. LNLS earns fees, which would have otherwise been paid to third parties, by providing title agency services and facilitating placement of title insurance with underwriters. Blackstone receives distributions from LNLS in connection with investments by BREIT based on its equity interest in LNLS. In each case, there will be no related offset to BX REIT Advisors' Management Fee. As a result, while Blackstone believes the venture will provide services at or better than those provided by third parties (even in jurisdictions where insurance rates are regulated), there is an inherent conflict of interest that would incentivize Blackstone to engage LNLS over a third party.

Blackstone believes that any such affiliated service providers, when engaged, generally provide (or will provide) services at rates equal to or better than those provided by third parties (even in jurisdictions where insurance rates are statutorily determined). BX REIT Advisors will make determinations of market rates based on its consideration of a number of factors, which generally



include BX REIT Advisors' experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by BX REIT Advisors to be appropriate under the circumstances. For example, in certain circumstances, property management services will be provided at market rates whereas corporate support services may be provided on a no-profit, break-even basis and allocated on a per foot, per unit or per key basis (i.e., to cover the cost of allocated employees and related overhead). In each case, where in the aggregate, such services will be provided at or below market rates. While Blackstone generally intends to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential and/or bespoke nature of such services. Therefore, such market comparisons may not result in precise market terms for comparable services. Expenses to obtain benchmarking data will be borne by BREIT's investments and there will be no related offset to the Management Fee BREIT pays to BX REIT Advisors.

Other actual, apparent and potential conflicts of interest may arise in respect of such portfolio companies and there can be no assurance that Blackstone will be able to resolve such conflicts in the best interests of BREIT and/or the applicable Other Blackstone Vehicles.

Advisors and other service providers or their affiliates often charge different rates or have different arrangements for different types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by BREIT are different from those used by Blackstone and its affiliates, BX REIT Advisors or its affiliates (including personnel) may pay different amounts or rates than those paid by BREIT. Transactions relating to BREIT's real estate-related securities that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that BX REIT Advisors believes to be of benefit to BREIT. In addition, Blackstone, its affiliates, the Other Blackstone Vehicles and/or their portfolio companies and BREIT may enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Blackstone) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation, volume of transactions entered into with such counterparty by Blackstone, its affiliates, the Other Blackstone Vehicles and their portfolio companies and BREIT in the aggregate. For example, certain portfolio companies enter into agreements regarding group procurement (such as CoreTrust, an independent group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will from time to time be pooled across portfolio companies and

discounted due to scale) from a third party or a Blackstone affiliate, and other similar operational, administrative or management related initiatives that result in commissions, discounts, rebates or similar payments to Blackstone or its affiliates (including personnel), including related to a portion of the savings achieved by the portfolio company. However, BX REIT Advisors and its affiliates have a longstanding practice of not entering into any arrangements with advisors or service providers that could provide for lower rates or discounts than those available to BREIT, or other Blackstone investment vehicles for the same services.

Blackstone will from time to time hold equity or other investments in companies or businesses (even if they are not “affiliates” of Blackstone) that provide services to or otherwise contract with BREIT. Blackstone has in the past entered (and can be expected in the future to enter) into relationships with companies in the information technology and related industries whereby Blackstone acquires an equity or similar interest in such company. In connection with such relationships, Blackstone may also make referrals and/or introductions to BREIT (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Blackstone that are tied or related to participation by BREIT and Other Blackstone Vehicles). BREIT will not share in any fees or economics accruing to Blackstone as a result of these relationships and/or BREIT’s participation in these relationships.

***Conflicts of interest related to tenants.***

Certain properties owned by BREIT and/or an Other Blackstone Vehicle may be leased out to tenants that are affiliates of Blackstone, including but not limited to Other Blackstone Vehicles and/or their respective portfolio companies, which would give rise to a conflict of interest. In such events, BX REIT Advisors will endeavor to ensure that such conflicts are resolved in a fair and equitable manner, subject to applicable oversight of the board of directors.

***BREIT is a party to an uncommitted line of credit with an affiliate of Blackstone.***

BREIT has entered into an uncommitted line of credit with Blackstone Holdings Finance Co. L.L.C., an affiliate of Blackstone, pursuant to which BREIT may borrow up to \$250 million at an interest rate equal to the then-current interest rate offered by an unaffiliated third-party lender or, if no such rate is available, LIBOR plus 2.25%. There is no assurance that BREIT will be able to obtain leverage from a third-party lender. Because this line of credit is with an affiliate of Blackstone, the terms of the agreement were not negotiated at arm’s-length. Blackstone may face conflicts of interest in connection with any borrowings or disputes under this uncommitted line of credit.

***The personnel of BX REIT Advisors may trade in securities for their own accounts, subject to restrictions applicable to Blackstone personnel.***

The officers, directors, members, managers and employees of +BX REIT Advisors may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies, or otherwise determined from time to time by BAP or BX REIT Advisors.

***BREIT expects to have a diverse stockholder group and the interests of BREIT's stockholders may conflict with one another and may conflict with the interests of investors in other vehicles that BREIT co-invests with.***

BREIT's stockholders may have conflicting investment, tax and other interests with respect to their investments in BREIT and with respect to the interests of investors in other investment vehicles managed or advised by BX REIT Advisors or its affiliates that may participate in the same investments as BREIT. The conflicting interests of individual stockholders with respect to other stockholders and relative to investors in other investment vehicles may relate to or arise from, among other things, the nature of investments made by BREIT and such other vehicles, the structuring or the acquisition of investments and the timing of disposition of investments and such other vehicles. As a consequence, conflicts of interest may arise in connection with decisions made by BX REIT Advisors, including with respect to the nature or structuring of investments, which may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders' individual tax situations. In addition, BREIT may make investments that may have a negative impact on related investments made by the stockholders in separate transactions. In selecting and structuring investments appropriate for BREIT, BX REIT Advisors considers the investment and tax objectives of BREIT (including BREIT's qualification as a REIT) and BREIT's stockholders (and those of investors in other investment vehicles managed or advised by BX REIT Advisors or its affiliate) as a whole, not the investment, tax or other objectives of any stockholders individually.

***BREIT may be subject to additional potential conflicts of interests as a consequence of Blackstone's status as a public company.***

As a consequence of Blackstone's status as a public company, BREIT's officers, directors, members, managers and employees and those of BX REIT Advisors may take into account certain considerations and other factors in connection with the management of the business and affairs of BREIT and its affiliates that would not necessarily be taken into account if Blackstone were not a public company.

**Other Financial Industry Affiliations**

BX REIT Advisors is an affiliate of the following entities:

<b>Broker-Dealer Entities</b>	
Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Incenter Securities Group LLC***	Provides a variety of limited investment banking services
<b>Investment Advisor Entities</b>	
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Debt Advisors L.P.	Provides investment advisory services to a number of debt-focused private investment funds

Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program

Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Tactical Opportunities Advisors L.L.C	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Multi-Asset Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic alternative asset management strategies
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt-focused private investment funds
BSCA Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
BXMT Advisors L.L.C.	Provides investment advisory services to a REIT and other investment vehicles
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third party insurance company
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
First Eagle Investment Management, LLC*	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals

GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt-focused separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO/Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Incenter Capital Management LLC***	Provides investment advisory services to mortgage related asset private funds
Strategic Partners Fund Solutions Advisors L.P.	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
<b>Registered Commodity Trading Advisor and/or Registered Commodity Pool Operator Entities</b>	
Blackstone Alternative Investment Advisors LLC (CTA/CPO)	Provides investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C. (CTA/CPO)	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C. (CTA/CPO)	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C. (CTA/CPO)	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
First Eagle Investment Management, LLC* (CTA/CPO)	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
Blackstone Alternative Asset Management Associates L.L.C. (CPO)	Serves as general partner of BAAM Funds which are structured as limited partnerships

Blackstone Treasury Solutions Advisors L.L.C. (CPO)	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Insurance Entities</b>	
Boston National Holdings LLC***	A wholly owned subsidiary of Incenter and is a title insurance agency
Lexington National Land Services**	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
Rothsay Life Plc***	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

\* Portfolio entity of affiliated private equity fund

\*\* Joint venture between Blackstone and an existing title agent

\*\*\* Portfolio entity of affiliated investment funds

Various management personnel are registered with the Blackstone broker-dealer, BAP. Blackstone does not believe these registrations, in and of themselves, create conflicts for investors.

In addition, other present and future activities of Blackstone and its affiliates (including BX REIT Advisors) will from time to time give rise to additional conflicts of interest relating to BREIT and its investment activities. In the event that any such conflict of interest arises, Blackstone will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of BREIT's interests.

**A more detailed description of applicable conflicts of interest is set forth in the BREIT Offering Materials.**



## Item 11. – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BX REIT Advisors is governed by the Blackstone Code of Ethics (the “Code of Ethics”). The Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to the investors in BREIT. The Code of Ethics is reasonably designed to ensure that BX REIT Advisors meets its fiduciary obligation to its clients (or prospective clients) and to instill a culture of compliance within BX REIT Advisors. An additional benefit of the Code of Ethics is to detect and prevent violations of securities laws.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone’s intranet website. BX REIT Advisors also supplements the Code of Ethics with ongoing monitoring of employee activity.

The Code of Ethics includes, among other items, the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in “whistle blowing” activities from retaliation.

On an annual basis, Blackstone requires all employees to certify that they are in compliance with the Code of Ethics.

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for a list of investment related potential conflicts, including, in particular, “General Information about Conflicts of Interest—Allocation of Investment Opportunities” describing conflicts related to allocation of investment opportunities among BREIT and vehicles sponsored by Blackstone and co-investors. BX REIT Advisors has adopted policies and procedures reasonably designed to address such potential conflicts of interest.

BX REIT Advisors’ related persons will from time to time have bought or sold, or will subsequently buy or sell, for their personal accounts, securities which are also purchased or sold

for the account of Blackstone's clients. BX REIT Advisors and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such personal securities transactions receive pre-clearance from the Blackstone Legal and Compliance Department. These guidelines are reasonably designed to comply with SEC requirements that registered investment advisers have a Code of Ethics. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. Blackstone's Code of Ethics is available for review upon request.

You may request a copy of Blackstone's Code of Ethics by contacting BX REIT Advisors' Chief Compliance Officer, Judy Turchin; (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

BX REIT Advisors does not participate in principal trading generally; however, BX REIT Advisors would be permitted to if it obtained appropriate approvals from BREIT's board of directors. See also **Item 10 – Other Financial Industry Activities and Affiliations – Risks Related to Conflicts of Interest** – BREIT may purchase assets from or sell assets to BX REIT Advisors and its affiliates, and such transactions may cause conflicts of interest.

## Item 12. – Brokerage Practices

BX REIT Advisors does not generally trade in public securities. In the event BX REIT Advisors executes a brokerage transaction for BREIT, it will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

BX REIT Advisors will engage in brokerage transactions with respect to BREIT's investments in liquid real estate-related securities. Citigroup Global Markets Inc. (the "Broker") serves as prime broker for BREIT. BREIT may engage other or additional custodians, prime brokers and executing brokers at any time.

Portfolio transactions are allocated to brokers in consideration of such factors as price, the ability of the brokers to effect the transactions and any research or investment management-related services provided by such brokers that BX REIT Advisors believes to be of benefit to BREIT.

Securities transactions can be expected to generate brokerage commissions and other compensation, all of which BREIT, not BX REIT Advisors or any of its affiliates, will be obligated to pay. BX REIT Advisors has complete discretion in deciding what brokers and dealers BREIT will use and in negotiating the rates of compensation BREIT will pay. In addition to using brokers as "agents" and paying commissions, BREIT may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

Blackstone Real Estate has established a Brokerage Review and Best Execution Committee that meets on a quarterly basis to review a schedule of the executing brokers and dealers utilized by BREIT and the Blackstone Real Estate vehicles investing in liquid real estate-related securities during the preceding quarter and the commissions paid to, and services received from, such brokers and dealers, to evaluate reasonableness in light of services received and consistency with applicable policies and procedures.

Trade errors are evaluated on a case-by-case basis. If BX REIT Advisors determines that its gross negligence, willful misconduct, bad faith or reckless disregard of its duties was the direct cause of a trade error, it generally will compensate BREIT for any losses resulting from such trade error (to the extent not reimbursed by insurance). Broker-dealers may not be compensated via commissions or BREIT transactions for absorbing a trading error for which BX REIT Advisors is required to compensate BREIT under its policy. Where a third party's negligence or wrongdoing causes a trading error that results in a material loss to BREIT, BX REIT Advisors will attempt to recover the amount of the loss from the third party for BREIT, but BX REIT

Advisors does not assume responsibility for compensating BREIT, or making the third party compensate BREIT, in such cases.

BX REIT Advisors may combine purchase or sale orders on behalf of BREIT with orders for other accounts to which BX REIT Advisors or any of its affiliates may provide investment services and allocate the securities or other assets so purchased or sold on an average price basis, or by any other method of equitable allocation, among such accounts.

### **Research and Other Soft Dollar Benefits**

Research (proprietary or otherwise) or investment-related services provided by brokers through which portfolio transactions for BREIT are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services. BX REIT Advisors may use “soft dollars” generated by BREIT to pay for certain research and non-research related services and products used by BX REIT Advisors within the safe harbor afforded by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. However, BX REIT Advisors does not currently have any “soft dollar” arrangements.

BX REIT Advisors does not select nor recommend broker-dealers based on investor referrals nor does BX REIT Advisors participate in directed brokerage practices.

## Item 13. – **Review of Accounts**

### **Review of Accounts**

Currently, the only account under the supervision of BX REIT Advisors is BREIT. The accounts and investment positions of BREIT are monitored by BX REIT Advisors' personnel on a regular and current basis. BX REIT Advisors might periodically review on an expedited basis the assets of BREIT following a unique occurrence in the financial industry or market generally.

Blackstone's Real Estate Group has one centralized Investment Committee that meets weekly to review and discuss investments around the world. The Investment Committee's discussions are led by the Real Estate Group's Global Head and its Chief Investment Officer. The Investment Committee also includes all Senior Managing Directors in the Real Estate Group, as well as senior executives of Blackstone, including Blackstone's Chairman and CEO and President and COO. Blackstone manages its investments through proactive day-to-day asset management, as well as regular global asset reviews and quarterly valuation meetings. Certain significant investments of BREIT are reviewed and approved by the Investment Committee. Smaller investments are reviewed by a prescribed subset of the Investment Committee. The Investment Committee utilizes a consensus-based approach to decision making among the members.

The investment approval process is further described in "Investment Strategies" in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**.

### **Reports to BREIT's Board of Directors**

BX REIT Advisors provides periodic reports to BREIT's board of directors relating to the operating performance of BREIT's investments and certain other matters pertaining to BX REIT Advisors' obligations under BREIT's charter and the Advisory Agreement.

### **Reports to Investors in BREIT**

BREIT files periodic reports required by the Securities Exchange Act of 1934, as amended, and will also update the BREIT Offering Materials as required by the Securities Act of 1933, as amended. These filings will be made available on the SEC's EDGAR filing system as well as BREIT's website at [www.bxreit.com](http://www.bxreit.com).

**Item 14. – Client Referrals and Other Compensation**

BAP, an affiliate of BX REIT Advisors, serves as dealer manager for the public offering of BREIT's stock. In this role, BAP receives selling commissions, dealer manager fees and stockholder servicing fees from BREIT in connection with certain classes of shares of BREIT. All or a portion of such commissions and fees may be allocated to other broker-dealers engaged by BAP. The holders of such classes of shares in BREIT indirectly bear such expenses. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.

**Item 15. – Custody**

Rule 206(4)-2, as amended (the “Custody Rule”), of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), defines custody as holding client securities or funds or having any authority to obtain possession of them. BX REIT Advisors is deemed to have custody of BREIT’s securities and funds by virtue of its access to, or control over, BREIT’s securities and funds as BREIT’s adviser. BX REIT Advisors generally complies with Custody Rule by, among other things, providing all investors in BREIT with audited financial statements.

**Item 16. – Investment Discretion**

BX REIT Advisors maintains the authority to manage or advise BREIT on a discretionary basis, subject to the overall supervision of the board of directors of BREIT, in accordance with the investment guidelines, objectives, limitations and other provisions and terms set forth in BREIT's charter and the Advisory Agreement, as applicable.



**Item 17. – Voting Client Securities (i.e., Proxy Voting)****Proxy Policy**

Rule 206(4)-6 under the Advisers Act (the “Proxy Rule”) requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because BX REIT Advisors will generally be deemed to have authority to vote proxies relating to the entities in which BREIT invests, BX REIT Advisors has adopted a set of policies and procedures (together, the “Policy”) in compliance with the Proxy Rule. To the extent that BX REIT Advisors exercises or is deemed to be exercising voting authority over BREIT’s securities, the Policy is reasonably designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of BREIT, as determined by BX REIT Advisors in its sole discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, BX REIT Advisors may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, BX REIT Advisors will vote proxies (i) in favor of management’s recommendation for the election of the board of directors and (ii) to approve the financial statements as presented by management.

From time to time, conflicts may arise between the interests of BREIT, on the one hand, and the interests of BX REIT Advisors or its affiliates, on the other hand. If a material conflict is identified by the Chief Compliance Officer, Head of Asset Management and/or Chief Operating Officer, the Real Estate Group will determine whether voting in accordance with BX REIT Advisors’ proxy voting guidelines is in the best interests of BREIT. BX REIT Advisors, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Proxy Rule by contacting BX REIT Advisors’ Chief Compliance Officer, Judy Turchin; (212) 583-5000; [judy.turchin@blackstone.com](mailto:judy.turchin@blackstone.com).

**Item 18. – Financial Information**

BX REIT Advisors has not been the subject of a bankruptcy petition at any time during the past ten years, and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its investors.

**Item 19. – Requirements for State Registered Advisers**

This item is not applicable as BX REIT Advisors is not registered in any state.