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

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

*Date of Report (Date of earliest event reported):* January 31, 2019

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**The Blackstone Group L.P.**

(Exact name of Registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation)

001-33551  
(Commission File Number)

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

345 Park Avenue  
New York, New York  
(Address of principal executive offices)

10154  
(Zip Code)

(212) 583-5000  
(Registrant's telephone number, including area code)

NOT APPLICABLE  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

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**Item 2.02 Results of Operations.**

On January 31, 2019, The Blackstone Group L.P. issued a press release and detailed presentation announcing financial results for its fourth quarter and full year ended December 31, 2018.

The press release is attached hereto as Exhibit 99.1. All information in the press release is furnished but not filed.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No. | Description  |
|-------------|--|
| 99.1        | <a href="#">Press release of The Blackstone Group L.P. dated January 31, 2019.</a> |

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**SIGNATURE**

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

Date: January 31, 2019

**The Blackstone Group L.P.**

By: Blackstone Group Management L.L.C.,  
its General Partner

By: /s/ Michael S. Chae  
Name: Michael S. Chae  
Title: Chief Financial Officer



## Blackstone Reports Fourth Quarter and Full Year 2018 Results

**New York, January 31, 2019** : Blackstone (NYSE:BX) today reported its fourth quarter and full year 2018 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone again delivered attractive investment performance for our limited partners in 2018, with nearly all of our flagship strategies handily beating their relevant indices despite significant market volatility. Inflows of more than \$100 billion last year coupled with positive performance drove assets under management to a record \$472 billion. And for our shareholders, we returned \$1 billion through distributions and buybacks for the second consecutive quarter, and \$3 billion for the full year.”

Blackstone issued a full detailed presentation of its fourth quarter and full year 2018 results, which can be viewed at [www.blackstone.com](http://www.blackstone.com).

### Distribution

Blackstone has declared a quarterly distribution of \$0.58 per common unit to record holders of common units at the close of business on February 11, 2019. This distribution will be paid on February 19, 2019.

### Quarterly Investor Call Details

Blackstone will host a conference call on January 31, 2019 at 9:00 a.m. ET to discuss fourth quarter and full year 2018 results. The conference call can be accessed via the Shareholders section of Blackstone’s website at [www.blackstone.com](http://www.blackstone.com) or by dialing +1 (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available on [www.blackstone.com](http://www.blackstone.com) or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 420 922 04#.

### About Blackstone

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with \$472 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at [www.blackstone.com](http://www.blackstone.com). Follow Blackstone on Twitter [@Blackstone](https://twitter.com/Blackstone).

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The Blackstone Group L.P.  
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New York, New York 10154  
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## Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations, financial performance and unit repurchase and distribution activities. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

## Investor and Media Relations Contacts

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# Blackstone's Fourth Quarter and Full Year 2018 Earnings

January 31, 2019

Blackstone

## Blackstone's Fourth Quarter and Full Year 2018 GAAP Results

- GAAP Net Loss was \$79 million for the quarter and GAAP Net Income was \$3.3 billion for the year. GAAP Net Loss Attributable to The Blackstone Group L.P. was \$11 million for the quarter and GAAP Net Income Attributable to The Blackstone Group L.P. was \$1.5 billion for the year.

| (Dollars in Thousands, Except per Unit Data) (Unaudited)  |                     |                    |              | % Change            |                     | % Change     |  |
|---|---------------------|--------------------|--------------|---------------------|---------------------|--------------|--|
|   | 4Q'17               | 4Q'18              | vs. 4Q'17    | FY'17               | FY'18               | vs. FY'17    |  |
| <b>Revenues</b>   |                     |                    |              |                     |                     |              |  |
| Management and Advisory Fees, Net   | \$ 729,059          | \$ 797,554         | 9%           | \$ 2,751,322        | \$ 3,027,796        | 10%          |  |
| Incentive Fees  | 120,187             | 15,797             | (87)%        | 242,514             | 57,540              | (76)%        |  |
| Investment Income (Loss)  |                     |                    |              |                     |                     |              |  |
| Performance Allocations   |                     |                    |              |                     |                     |              |  |
| Realized  | 1,422,262           | 511,388            | (64)%        | 3,571,811           | 1,876,507           | (47)%        |  |
| Unrealized  | (483,033)           | (806,305)          | 67%          | (105,473)           | 561,373             | n/m          |  |
| Principal Investments   |                     |                    |              |                     |                     |              |  |
| Realized  | 184,562             | 109,901            | (40)%        | 635,769             | 415,862             | (35)%        |  |
| Unrealized  | (20,567)            | (218,165)          | n/m          | 42,605              | 49,917              | 17%          |  |
| Total Investment Income (Loss)  | 1,103,224           | (403,181)          | n/m          | 4,144,712           | 2,903,659           | (30)%        |  |
| Interest and Dividend Revenue   | 40,524              | 47,885             | 18%          | 139,696             | 171,947             | 23%          |  |
| Other   | (33,781)            | 46,923             | n/m          | (133,229)           | 672,317             | n/m          |  |
| <b>Total Revenues</b>   | <b>1,959,213</b>    | <b>504,978</b>     | <b>(74)%</b> | <b>7,145,015</b>    | <b>6,833,259</b>    | <b>(4)%</b>  |  |
| <b>Expenses</b>   |                     |                    |              |                     |                     |              |  |
| Compensation and Benefits   |                     |                    |              |                     |                     |              |  |
| Compensation  | 364,484             | 373,790            | 3%           | 1,442,485           | 1,609,957           | 12%          |  |
| Incentive Fee Compensation  | 43,450              | 10,260             | (76)%        | 105,279             | 33,916              | (68)%        |  |
| Performance Allocations Compensation  |                     |                    |              |                     |                     |              |  |
| Realized  | 557,244             | 212,174            | (62)%        | 1,281,965           | 711,076             | (45)%        |  |
| Unrealized  | (166,183)           | (302,868)          | 82%          | 103,794             | 319,742             | 208%         |  |
| Total Compensation and Benefits   | 798,995             | 293,356            | (63)%        | 2,933,523           | 2,674,691           | (9)%         |  |
| General, Administrative and Other   | 138,608             | 153,519            | 11%          | 488,582             | 594,873             | 22%          |  |
| Interest Expense  | 74,606              | 44,644             | (40)%        | 197,486             | 163,990             | (17)%        |  |
| Fund Expenses   | 32,692              | 3,577              | (89)%        | 132,787             | 78,486              | (41)%        |  |
| <b>Total Expenses</b>   | <b>1,044,901</b>    | <b>495,096</b>     | <b>(53)%</b> | <b>3,752,378</b>    | <b>3,512,040</b>    | <b>(6)%</b>  |  |
| <b>Other Income (Loss)</b>  |                     |                    |              |                     |                     |              |  |
| Reduction of Tax Receivable Agreement Liability   | 403,855             | -                  | (100)%       | 403,855             | -                   | (100)%       |  |
| Net Gains (Losses) from Fund Investment Activities  | 81,963              | (59,234)           | n/m          | 321,597             | 191,722             | (40)%        |  |
| <b>Income (Loss) Before Provision for Taxes</b>   | <b>\$ 1,400,130</b> | <b>\$ (49,352)</b> | <b>n/m</b>   | <b>\$ 4,118,089</b> | <b>\$ 3,512,941</b> | <b>(15)%</b> |  |
| Provision for Taxes   | 596,590             | 29,366             | (95)%        | 743,147             | 249,390             | (66)%        |  |
| <b>Net Income (Loss)</b>  | <b>\$ 803,540</b>   | <b>\$ (78,718)</b> | <b>n/m</b>   | <b>\$ 3,374,942</b> | <b>\$ 3,263,551</b> | <b>(3)%</b>  |  |
| Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities | 7,600               | (4,303)            | n/m          | 13,806              | (2,104)             | n/m          |  |
| Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities            | 132,364             | (68,800)           | n/m          | 497,439             | 358,878             | (28)%        |  |
| Net Income Attributable to Non-Controlling Interests in Blackstone Holdings                     | 359,438             | 5,253              | (99)%        | 1,392,323           | 1,364,989           | (2)%         |  |
| <b>Net Income (Loss) Attributable to The Blackstone Group L.P. ("BX")</b>                       | <b>\$ 304,138</b>   | <b>\$ (10,868)</b> | <b>n/m</b>   | <b>\$ 1,471,374</b> | <b>\$ 1,541,788</b> | <b>5%</b>    |  |
| <b>Net Income (Loss) per Common Unit, Basic</b>   | <b>\$ 0.45</b>      | <b>\$ (0.02)</b>   | <b>n/m</b>   | <b>\$ 2.21</b>      | <b>\$ 2.27</b>      | <b>3%</b>    |  |
| <b>Net Income (Loss) per Common Unit, Diluted</b>   | <b>\$ 0.45</b>      | <b>\$ (0.02)</b>   | <b>n/m</b>   | <b>\$ 2.21</b>      | <b>\$ 2.26</b>      | <b>2%</b>    |  |
| Income (Loss) Before Provision for Taxes Margin   | 71.5%               | (9.8)%             |              | 57.6%               | 51.4%               |              |  |

n/m = not meaningful. Effective January 1, 2018, Blackstone adopted new GAAP guidance regarding revenue recognition. All prior periods have been conformed to the new guidance. Income (Loss) Before Provision for Taxes Margin is calculated by dividing Income (Loss) Before Provision for Taxes by Total Revenues.

## Blackstone's Fourth Quarter and Full Year 2018 Highlights

### Financial Measures

- ▶ Fee Related Earnings ("FRE") of \$433 million (\$0.36/unit) in the quarter, up 23% year-over-year
  - FRE was \$1.5 billion for the year (\$1.21/unit), up 9% year-over-year
- ▶ Distributable Earnings ("DE") of \$722 million (\$0.57/unit) in the quarter, including \$331 million of Net Realizations
  - DE was \$2.7 billion for the year (\$2.17/unit)
- ▶ Net Accrued Performance Revenues receivable of \$3.5 billion (\$2.94/unit), up 5% year-over-year

### Capital Metrics

- ▶ Total Assets Under Management ("AUM") of \$472.2 billion, up 9% year-over-year
- ▶ Inflows of \$38.6 billion in the quarter and \$101.0 billion for the year
- ▶ Realizations of \$8.8 billion in the quarter and \$34.1 billion for the year
- ▶ Deployment of \$16.3 billion in the quarter and \$44.7 billion for the year

### Unitholder Distributions

- ▶ Distribution of \$0.58 per common unit payable on February 19, 2019, including the final special cash distribution of \$0.10 per unit
  - Distribution of \$2.15 per common unit for the year
- ▶ Repurchased 7.8 million common units in the quarter and 16.0 million common units in the year, a return of capital of \$542 million for the year
- ▶ DE units outstanding remained flat versus the fourth quarter of 2017



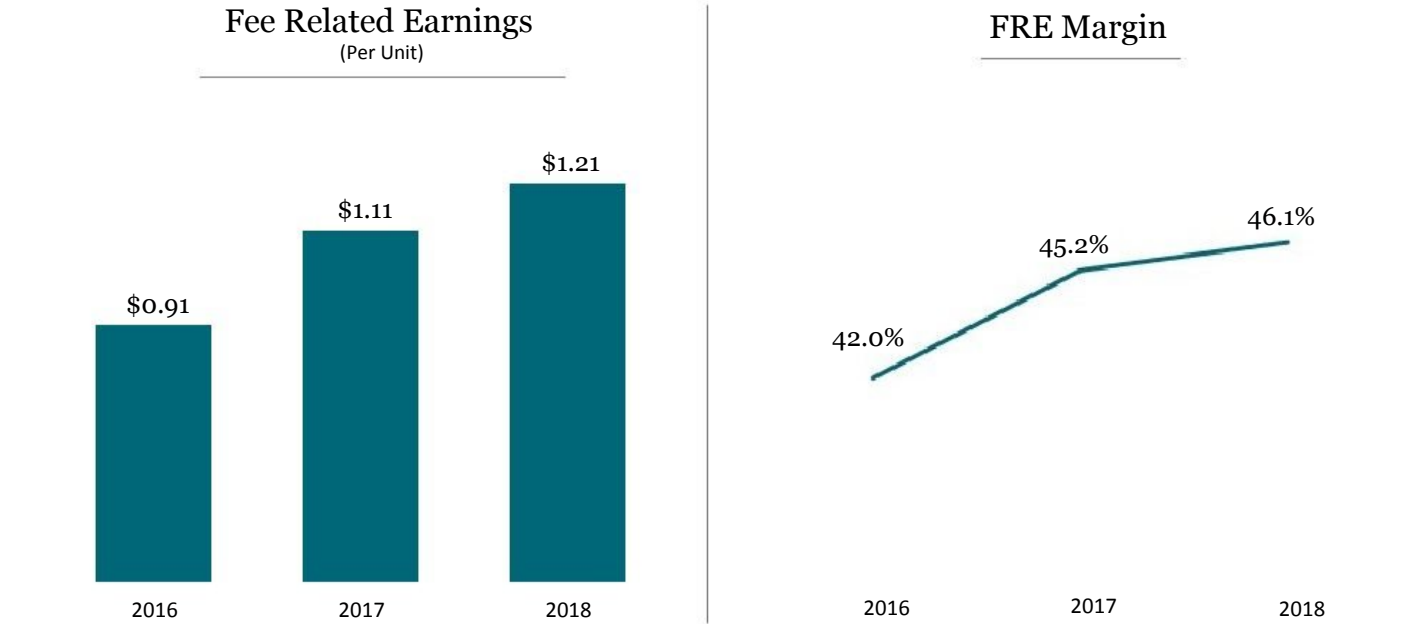
## Blackstone's Fourth Quarter and Full Year 2018 Segment Earnings

| (Dollars in Thousands, Except per Unit Data) | 4Q'17          | 4Q'18          | % Change  |                | FY'17          | FY'18 | % Change  |
|--|----------------|----------------|-----------|----------------|----------------|-------|-----------|
|  |                |                | vs. 4Q'17 |                |                |       | vs. FY'17 |
| Management and Advisory Fees, Net            | \$ 732,392     | \$ 798,195     | 9%        | \$ 2,770,791   | \$ 3,036,452   | 10%   |           |
| Fee Related Performance Revenues             | 48,089         | 44,185         | (8)%      | 169,445        | 123,836        | (27)% |           |
| Fee Related Compensation                     | (312,033)      | (279,284)      | (10)%     | (1,185,639)    | (1,216,146)    | 3%    |           |
| Other Operating Expenses                     | (115,949)      | (130,025)      | 12%       | (424,866)      | (488,328)      | 15%   |           |
| Fee Related Earnings                         | \$ 352,499     | \$ 433,071     | 23%       | \$ 1,329,731   | \$ 1,455,814   | 9%    |           |
| FRE per Unit                                 | \$ 0.29        | \$ 0.36        | 24%       | \$ 1.11        | \$ 1.21        | 9%    |           |
| Realized Performance Revenues                | 1,496,798      | 483,697        | (68)%     | 3,647,807      | 1,811,771      | (50)% |           |
| Realized Performance Compensation            | (573,299)      | (199,645)      | (65)%     | (1,297,611)    | (678,141)      | (48)% |           |
| Realized Principal Investment Income         | 72,225         | 47,098         | (35)%     | 436,194        | 236,058        | (46)% |           |
| Net Realizations                             | 995,724        | 331,150        | (67)%     | 2,786,390      | 1,369,688      | (51)% |           |
| Total Segment Distributable Earnings         | \$ 1,348,223   | \$ 764,221     | (43)%     | \$ 4,116,121   | \$ 2,825,502   | (31)% |           |
| Net Interest Income (Loss)                   | (29,509)       | 11,923         | n/m       | (49,918)       | 21,925         | n/m   |           |
| Taxes and Related Payables                   | (79,568)       | (54,063)       | (32)%     | (189,988)      | (153,865)      | (19)% |           |
| Distributable Earnings                       | \$ 1,239,146   | \$ 722,081     | (42)%     | \$ 3,876,215   | \$ 2,693,562   | (31)% |           |
| DE per Common Unit                           | \$ 1.00        | \$ 0.57        | (43)%     | \$ 3.17        | \$ 2.17        | (32)% |           |
| Total Segment Revenues                       | \$ 2,349,504   | \$ 1,373,175   | (42)%     | \$ 7,024,237   | \$ 5,208,117   | (26)% |           |
| Total Assets Under Management                | \$ 434,128,243 | \$ 472,242,317 | 9%        | \$ 434,128,243 | \$ 472,242,317 | 9%    |           |
| Fee-Earning Assets Under Management          | \$ 335,343,998 | \$ 342,527,507 | 2%        | \$ 335,343,998 | \$ 342,527,507 | 2%    |           |

Total Segment Revenues represents Net Management and Advisory Fees, Fee Related Performance Revenues, Realized Performance Revenues and Realized Principal Investment Income. Fee Related Earnings per Unit is based on end of period DE Units Outstanding (see page 23, Unit Summary). DE per Common Unit is based on DE Attributable to Common Unitholders (see page 22, Unitholder Distribution) and end of period Participating Common Units outstanding. Full Year per Unit amounts represent the sum of the last four quarters. See pages 28-29 for the Reconciliation of GAAP to Total Segment Measures.

Fee Related Earnings

- ▶ Fee Related Earnings of \$1.21 per unit up 9% year-over-year, a record amount, and up 33% since 2016.
- ▶ FRE margin increased from 45.2% to 46.1% year-over-year, and has increased more than 400 basis points since 2016.



FRE Margin is calculated by dividing Fee Related Earnings by Fee Related Revenues (defined as sum of Total Segment Management and Advisory Fees, Net and Fee Related Performance Revenues). Blackstone 4

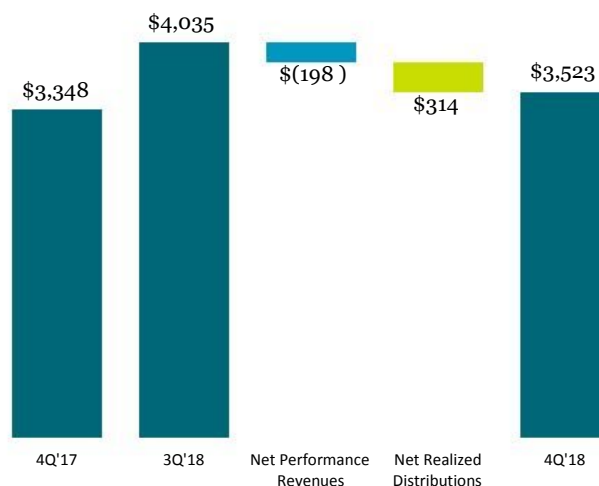
## Investment Performance and Net Accrued Performance Revenues

- ▶ Investment performance during the quarter was impacted by declines in public markets, but for the full year nearly all strategies outperformed relevant indices.
- ▶ Net Accrued Performance Revenues were \$3.5 billion (\$2.94/unit), up 5% year-over-year.
  - In the fourth quarter, Net Accrued Performance Revenues decreased \$198 million along with \$314 million of Net Realized Distributions.

### Investment Performance (Appreciation / Gross Returns)

|                             | 4Q'18  | FY'18  |
|-----------------------------|--------|--------|
| <b>Real Estate</b>          |        |        |
| Opportunistic Funds         | 0.6%   | 9.8%   |
| Core+                       | 2.3%   | 10.7%  |
| <b>Private Equity</b>       |        |        |
| Corporate Private Equity    | (2.9)% | 19.1%  |
| Tactical Opportunities      | 0.3%   | 12.2%  |
| Strategic Partners          | 5.1%   | 18.6%  |
| <b>Hedge Fund Solutions</b> |        |        |
| BPS Composite               | (2.3)% | 2.0%   |
| <b>Credit</b>               |        |        |
| Performing Credit           | (0.2)% | 8.8%   |
| Distressed                  | (7.3)% | (3.2)% |

### Net Accrued Performance Revenues (Dollars in Millions)



Investment Performance represents fund appreciation for Real Estate and Private Equity and gross returns for Hedge Fund Solutions and Credit. Appreciation for core+ funds excludes BREIT. BPS Composite net returns were (2.4)% and 1.2% for 4Q'18 and FY'18, respectively. Performing Credit net composite returns were (0.6)% and 5.9% for 4Q'18 and FY'18, respectively. Distressed net composite returns were (5.9)% and (3.4)% for 4Q'18 and FY'18, respectively. Net Realized Distributions excludes Net Performance Revenues realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Revenues balance.

## Capital Metrics Activity

- ▶ Inflows were \$38.6 billion in the quarter, bringing full year inflows to \$101.0 billion.
  - Notable inflows in the quarter include first closes of \$15.4 billion for the ninth global real estate opportunistic fund and \$3.4 billion for the eighth Strategic Partners secondaries fund.
- ▶ Realizations were \$8.8 billion in the quarter, bringing full year realizations to \$34.1 billion.
- ▶ Deployed \$16.3 billion and committed an additional \$3.8 billion during the quarter that is not yet deployed.

(Dollars in Millions)

|                      |                            | Inflows   |            | Realizations |           | Capital Deployed |           |
|----------------------|----------------------------|-----------|------------|--------------|-----------|------------------|-----------|
|                      |                            | 4Q'18     | FY'18      | 4Q'18        | FY'18     | 4Q'18            | FY'18     |
| Real Estate          | ▶ Total Real Estate        | \$ 20,122 | \$ 31,478  | \$ 3,642     | \$ 14,675 | \$ 5,729         | \$ 18,726 |
|                      | • Opportunistic            | 15,878    | 17,964     | 2,075        | 10,524    | 3,405            | 8,776     |
|                      | • Core+                    | 2,476     | 8,252      | 891          | 1,962     | 1,689            | 7,786     |
|                      | • BREDS                    | 1,768     | 5,262      | 676          | 2,189     | 635              | 2,165     |
| Private Equity       | ▶ Total Private Equity     | 9,825     | 26,640     | 3,263        | 10,397    | 6,833            | 16,651    |
|                      | • Corporate Private Equity | 1,283     | 5,686      | 1,921        | 5,843     | 3,349            | 7,376     |
|                      | • Tactical Opportunities   | 983       | 7,010      | 645          | 2,108     | 1,554            | 3,124     |
|                      | • Strategic Partners       | 4,297     | 5,299      | 697          | 2,446     | 1,922            | 5,381     |
|                      | • Other Private Equity     | 3,261     | 8,645      | -            | -         | 7                | 770       |
| Hedge Fund Solutions | ▶ BAAM                     | 2,640     | 13,278     | 219          | 472       | 575              | 1,702     |
| Credit               | ▶ GSO/BIS/Harvest          | 6,053     | 29,579     | 1,658        | 8,517     | 3,212            | 7,636     |
| Total Blackstone     |                            | \$ 38,641 | \$ 100,976 | \$ 8,782     | \$ 34,061 | \$ 16,350        | \$ 44,715 |

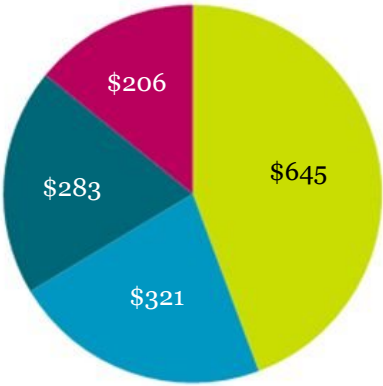
Other Private Equity includes Core PE, Infrastructure, Life Sciences, and BTAS.

Summary of Financials by Segment

► Performance across segments generated record Fee Related Earnings of \$1.5 billion and Segment Distributable Earnings of \$2.8 billion.

Fee Related Earnings  
(Dollars in Millions)

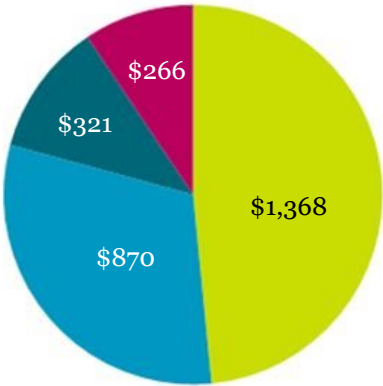
FY'18 Total: \$1,456



Real Estate Private Equity Hedge Fund Solutions Credit

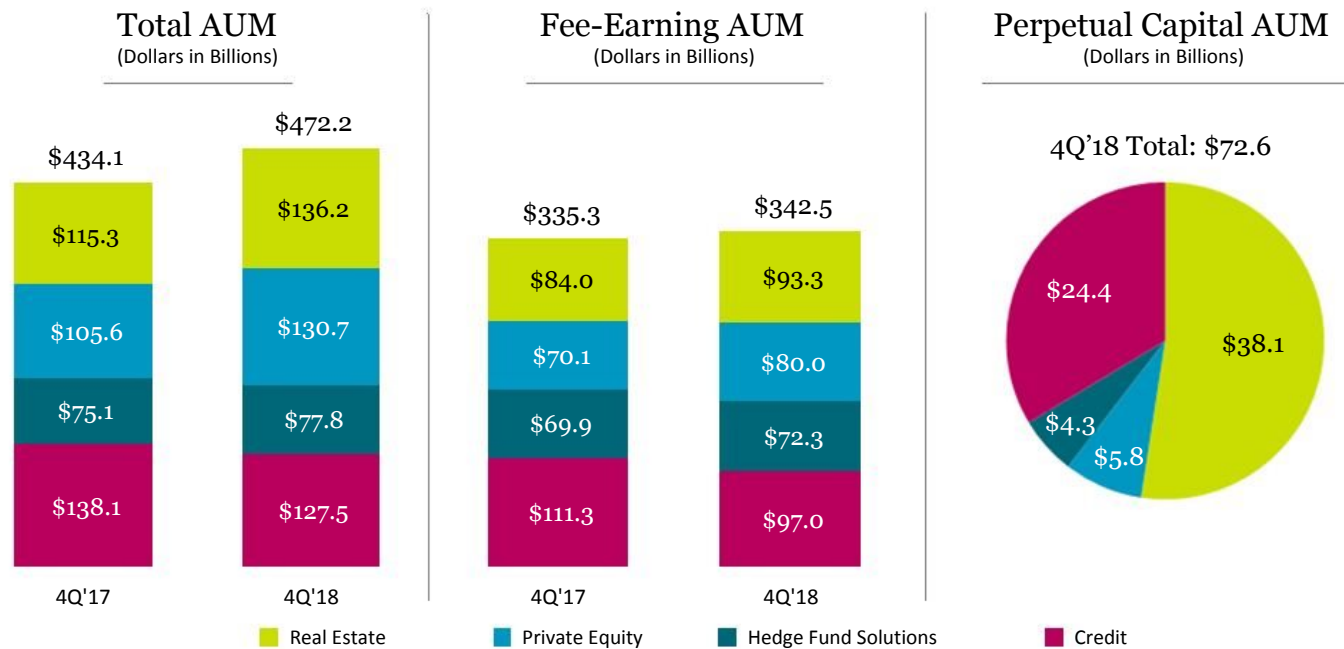
Segment Distributable Earnings  
(Dollars in Millions)

FY'18 Total: \$2,826



Assets Under Management

- ▶ Total AUM increased to \$472.2 billion, up 9% year-over-year, driven by \$101.0 billion of inflows despite \$34.1 billion of realizations during the year.
- ▶ Fee-Earning AUM of \$342.5 billion was up 2% year-over-year as \$71.0 billion of inflows outpaced \$62.4 billion of realizations and outflows.
- ▶ Perpetual Capital AUM reached \$72.6 billion, up 6% from the third quarter of 2018.



Fee-Earning AUM  
(Dollars in Billions)

\$335.3

\$84.0

\$70.1

\$69.9

\$111.3

4Q'17

\$342.5

\$93.3

\$80.0

\$72.3

\$97.0

4Q'18

Real Estate

Private Equity

Hedge Fund Solutions

Credit

Perpetual Capital AUM  
(Dollars in Billions)

4Q'18 Total: \$72.6

\$24.4

\$38.1

\$5.8

\$4.3

Real Estate

Private Equity

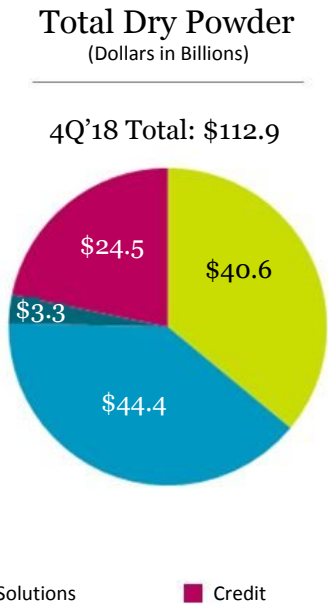
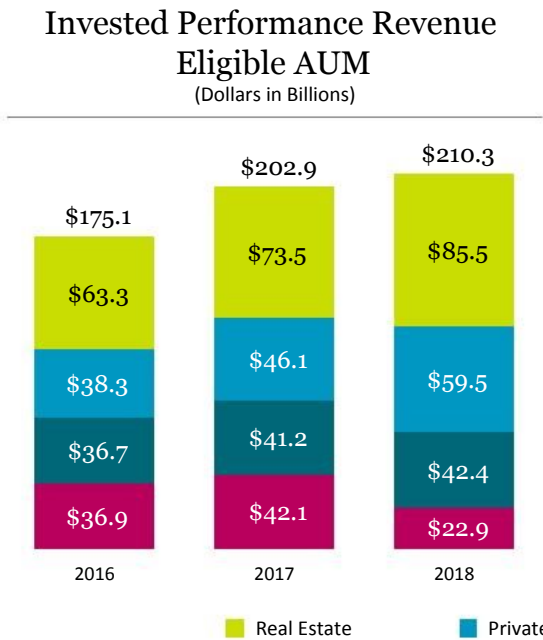
Hedge Fund Solutions

Credit

See page 30 for the definition of Perpetual Capital.

Additional Capital Detail

- ▶ Invested Performance Revenue Eligible AUM reached \$210.3 billion at quarter end, up 4% year-over-year, and up 20% since 2016.
- ▶ Substantial undrawn capital (“Total Dry Powder”) available for investment of \$112.9 billion, up 19% year-over-year despite significant deployment activity over the year.



Invested Performance Revenue Eligible AUM represents the fair value of invested assets that are eligible to earn performance revenues.

## Segment Highlights

Blackstone



## Real Estate

- ▶ **Total AUM:** Up 18% to a record \$136.2 billion with record inflows of \$20.1 billion in the quarter and \$31.5 billion for the year.
  - Inflows include \$15.4 billion first close for the ninth global real estate opportunistic fund, with an additional \$1.8 billion raised after the quarter, bringing total fund commitments to \$17.3 billion.
  - Core+ Total AUM up 30% year-over-year to \$35.2 billion, five years after launching the business.
- ▶ **Realizations:** \$3.6 billion in the quarter and \$14.7 billion in the year; realizations in the quarter included sales of U.S. multifamily assets and the Ferry Building (San Francisco) in Equity Office Properties.
- ▶ **Capital Deployed:** \$5.7 billion in the quarter and \$18.7 billion for the year, including privatizations of Gramercy U.S. industrial REIT and Testa Spanish multifamily REIT in opportunistic funds in the quarter.
  - Committed an additional \$1.7 billion during the quarter that is not yet deployed.
- ▶ **Appreciation:** Opportunistic funds and core+ funds up 0.6% and 2.3% in the quarter, and 9.8% and 10.7% for the year, respectively.

| (Dollars in Thousands)                | 4Q'17             | 4Q'18             | % Change     |  | FY'17               | FY'18               | % Change     |  |
|---------------------------------------|-------------------|-------------------|--------------|--|---------------------|---------------------|--------------|--|
|                                       |                   |                   | vs. 4Q'17    |  |                     |                     | vs. FY'17    |  |
| Management Fees, Net                  | \$ 244,064        | \$ 317,269        | 30%          |  | \$ 939,038          | \$ 1,126,470        | 20%          |  |
| Fee Related Performance Revenues      | 20,730            | 44,185            | 113%         |  | 79,500              | 124,502             | 57%          |  |
| Fee Related Compensation              | (114,822)         | (109,695)         | (4)%         |  | (437,311)           | (459,430)           | 5%           |  |
| Other Operating Expenses              | (38,543)          | (41,030)          | 6%           |  | (136,042)           | (146,260)           | 8%           |  |
| <b>Fee Related Earnings</b>           | <b>\$ 111,429</b> | <b>\$ 210,729</b> | <b>89%</b>   |  | <b>\$ 445,185</b>   | <b>\$ 645,282</b>   | <b>45%</b>   |  |
| Realized Performance Revenues         | 971,360           | 172,985           | (82)%        |  | 2,141,374           | 914,984             | (57)%        |  |
| Realized Performance Compensation     | (363,073)         | (54,179)          | (85)%        |  | (751,526)           | (284,319)           | (62)%        |  |
| Realized Principal Investment Income  | 34,276            | 11,439            | (67)%        |  | 255,903             | 92,525              | (64)%        |  |
| <b>Net Realizations</b>               | <b>642,563</b>    | <b>130,245</b>    | <b>(80)%</b> |  | <b>1,645,751</b>    | <b>723,190</b>      | <b>(56)%</b> |  |
| <b>Segment Distributable Earnings</b> | <b>\$ 753,992</b> | <b>\$ 340,974</b> | <b>(55)%</b> |  | <b>\$ 2,090,936</b> | <b>\$ 1,368,472</b> | <b>(35)%</b> |  |
| Segment Revenues                      | \$ 1,270,430      | \$ 545,878        | (57)%        |  | \$ 3,415,815        | \$ 2,258,481        | (34)%        |  |
| Total AUM                             | \$ 115,340,363    | \$ 136,247,229    | 18%          |  | \$ 115,340,363      | \$ 136,247,229      | 18%          |  |
| Fee-Earning AUM                       | \$ 83,984,824     | \$ 93,252,724     | 11%          |  | \$ 83,984,824       | \$ 93,252,724       | 11%          |  |

Appreciation for core+ funds excludes BREIT.

## Private Equity

- ▶ **Total AUM:** Up 24% to \$130.7 billion with inflows of \$9.8 billion in the quarter and \$26.6 billion for the year.
  - \$3.4 billion initial close for the eighth Strategic Partners secondaries fund in the quarter.
  - Completed the acquisition of Clarus, which added \$1.8 billion, and launched Blackstone Life Sciences.
- ▶ **Realizations:** \$3.3 billion in the quarter and \$10.4 billion for the year, including sales of Intelenet, Versace, and Crocs in the quarter.
- ▶ **Capital Deployed:** \$6.8 billion in the quarter and \$16.7 billion for the year, including Refinitiv and National Exhibition Centre in the quarter.
  - Committed an additional \$850 million during the quarter that is not yet deployed.
- ▶ **Appreciation:** Corporate Private Equity down 2.9% in the quarter driven by decreases in the public portfolio, but up 19.1% for the year.

|                                      |                |                | % Change  |                |                |           | % Change |
|--------------------------------------|----------------|----------------|-----------|----------------|----------------|-----------|----------|
| (Dollars in Thousands)               | 4Q'17          | 4Q'18          | vs. 4Q'17 | FY'17          | FY'18          | vs. FY'17 |          |
| Management and Advisory Fees, Net    | \$ 202,099     | \$ 212,443     | 5%        | \$ 764,435     | \$ 829,884     | 9%        |          |
| Fee Related Compensation             | (90,683)       | (86,089)       | (5)%      | (347,562)      | (375,446)      | 8%        |          |
| Other Operating Expenses             | (32,478)       | (29,244)       | (10)%     | (120,997)      | (133,096)      | 10%       |          |
| Fee Related Earnings                 | \$ 78,938      | \$ 97,110      | 23%       | \$ 295,876     | \$ 321,342     | 9%        |          |
| Realized Performance Revenues        | 274,421        | 252,100        | (8)%      | 1,157,188      | 757,406        | (35)%     |          |
| Realized Performance Compensation    | (111,832)      | (110,209)      | (1)%      | (404,544)      | (318,167)      | (21)%     |          |
| Realized Principal Investment Income | 25,298         | 26,385         | 4%        | 154,837        | 109,731        | (29)%     |          |
| Net Realizations                     | 187,887        | 168,276        | (10)%     | 907,481        | 548,970        | (40)%     |          |
| Segment Distributable Earnings       | \$ 266,825     | \$ 265,386     | (1)%      | \$ 1,203,357   | \$ 870,312     | (28)%     |          |
| Segment Revenues                     | \$ 501,818     | \$ 490,928     | (2)%      | \$ 2,076,460   | \$ 1,697,021   | (18)%     |          |
| Total AUM                            | \$ 105,560,576 | \$ 130,665,286 | 24%       | \$ 105,560,576 | \$ 130,665,286 | 24%       |          |
| Fee-Earning AUM                      | \$ 70,140,883  | \$ 80,008,166  | 14%       | \$ 70,140,883  | \$ 80,008,166  | 14%       |          |

## Hedge Fund Solutions

- ▶ **Total AUM:** Up 4% to \$77.8 billion with inflows of \$2.6 billion in the quarter and record inflows of \$13.3 billion for the year.
  - Increase primarily driven by continued platform diversification and growth in customized strategies and individual investor solutions.
  - January 1 subscriptions of \$1.1 billion are not yet included in Total AUM.
- ▶ **Returns:** BPS Composite gross return was down 2.3% in the quarter, outperforming relevant indices with MSCI All Country World Total Return Index down 12.7% and HFRX Global HF Return Index down 5.6%, demonstrating the ability to provide downside protection in difficult global markets.
  - Gross returns were up 2.0% for the year, outperforming global markets with less than a fifth of the volatility, with MSCI All Country World Total Return Index down 8.9% and HFRX Global HF Return Index down 6.7%.

|                                       | 4Q'17             | 4Q'18            | % Change<br>vs. 4Q'17 | FY'17             | FY'18             | % Change<br>vs. FY'17 |
|---------------------------------------|-------------------|------------------|-----------------------|-------------------|-------------------|-----------------------|
| (Dollars in Thousands)                |                   |                  |                       |                   |                   |                       |
| Management Fees, Net                  | \$ 130,384        | \$ 132,611       | 2%                    | \$ 518,935        | \$ 522,869        | 1%                    |
| Fee Related Compensation              | (32,331)          | (38,557)         | 19%                   | (146,924)         | (162,172)         | 10%                   |
| Other Operating Expenses              | (17,610)          | (19,740)         | 12%                   | (68,265)          | (77,772)          | 14%                   |
| <b>Fee Related Earnings</b>           | <b>\$ 80,443</b>  | <b>\$ 74,314</b> | <b>(8)%</b>           | <b>\$ 303,746</b> | <b>\$ 282,925</b> | <b>(7)%</b>           |
| Realized Performance Revenues         | 118,447           | 20,987           | (82)%                 | 154,343           | 42,419            | (73)%                 |
| Realized Performance Compensation     | (30,940)          | (14,401)         | (53)%                 | (40,707)          | (21,792)          | (46)%                 |
| Realized Principal Investment Income  | 8,165             | 6,609            | (19)%                 | 9,074             | 17,039            | 88%                   |
| <b>Net Realizations</b>               | <b>95,672</b>     | <b>13,195</b>    | <b>(86)%</b>          | <b>122,710</b>    | <b>37,666</b>     | <b>(69)%</b>          |
| <b>Segment Distributable Earnings</b> | <b>\$ 176,115</b> | <b>\$ 87,509</b> | <b>(50)%</b>          | <b>\$ 426,456</b> | <b>\$ 320,591</b> | <b>(25)%</b>          |
| Segment Revenues                      | \$ 256,996        | \$ 160,207       | (38)%                 | \$ 682,352        | \$ 582,327        | (15)%                 |
| Total AUM                             | \$ 75,090,834     | \$ 77,814,516    | 4%                    | \$ 75,090,834     | \$ 77,814,516     | 4%                    |
| Fee-Earning AUM                       | \$ 69,914,061     | \$ 72,280,606    | 3%                    | \$ 69,914,061     | \$ 72,280,606     | 3%                    |

BPS Composite net returns were (2.4)% and 1.2% for 4Q'18 and FY'18, respectively.

## Credit

- ▶ **Total AUM:** \$127.5 billion at quarter end with inflows of \$6.1 billion in the quarter and inflows of \$29.6 billion for the year.
  - Closed \$1.8 billion for the direct lending platform in the quarter, totaling \$4.4 billion for the year.
  - Launched 3 CLOs (2 U.S. and 1 European) in the quarter for \$1.8 billion and 10 CLOs (7 U.S. and 3 European) in the year for a record \$6.4 billion.
  - Raised \$856 million for the second energy credit fund, resulting in \$2.4 billion for energy strategies in the year.
- ▶ **Realizations:** \$1.7 billion in the quarter and \$8.5 billion for the year.
- ▶ **Capital Deployed:** Investment pace was strong with \$3.2 billion in the quarter and \$7.6 billion for the year.
- ▶ **Returns:** Composite gross returns down 0.2% for Performing Credit and down 7.3% for Distressed Strategies for the quarter driven by certain public positions, energy market conditions, and turbulence more broadly in the credit market, and up 8.8% and down 3.2% for the year, respectively.

|                                       |                   |                  | % Change     |                   | % Change          |              |
|---------------------------------------|-------------------|------------------|--------------|-------------------|-------------------|--------------|
| (Dollars in Thousands)                | 4Q'17             | 4Q'18            | vs. 4Q'17    | FY'17             | FY'18             | vs. FY'17    |
| Management Fees, Net                  | \$ 155,845        | \$ 135,872       | (13)%        | \$ 548,383        | \$ 557,229        | 2%           |
| Fee Related Performance Revenues      | 27,359            | -                | (100)%       | 89,945            | (666)             | n/m          |
| Fee Related Compensation              | (74,197)          | (44,943)         | (39)%        | (253,842)         | (219,098)         | (14)%        |
| Other Operating Expenses              | (27,318)          | (40,011)         | 46%          | (99,562)          | (131,200)         | 32%          |
| <b>Fee Related Earnings</b>           | <b>\$ 81,689</b>  | <b>\$ 50,918</b> | <b>(38)%</b> | <b>\$ 284,924</b> | <b>\$ 206,265</b> | <b>(28)%</b> |
| Realized Performance Revenues         | 132,570           | 37,625           | (72)%        | 194,902           | 96,962            | (50)%        |
| Realized Performance Compensation     | (67,454)          | (20,856)         | (69)%        | (100,834)         | (53,863)          | (47)%        |
| Realized Principal Investment Income  | 4,486             | 2,665            | (41)%        | 16,380            | 16,763            | 2%           |
| <b>Net Realizations</b>               | <b>69,602</b>     | <b>19,434</b>    | <b>(72)%</b> | <b>110,448</b>    | <b>59,862</b>     | <b>(46)%</b> |
| <b>Segment Distributable Earnings</b> | <b>\$ 151,291</b> | <b>\$ 70,352</b> | <b>(53)%</b> | <b>\$ 395,372</b> | <b>\$ 266,127</b> | <b>(33)%</b> |
| Segment Revenues                      | \$ 320,260        | \$ 176,162       | (45)%        | \$ 849,610        | \$ 670,288        | (21)%        |
| Total AUM                             | \$ 138,136,470    | \$ 127,515,286   | (8)%         | \$ 138,136,470    | \$ 127,515,286    | (8)%         |
| Fee-Earning AUM                       | \$ 111,304,230    | \$ 96,986,011    | (13)%        | \$ 111,304,230    | \$ 96,986,011     | (13)%        |

Performing Credit includes mezzanine lending funds, middle market direct lending funds and other performing credit strategy funds. Distressed Strategies include credit alpha strategies, stressed / distressed funds and energy strategies. The composite gross returns represent a weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end for each strategy. Composite gross returns exclude the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Performing Credit net composite returns were (0.6)% and 5.9% for 4Q'18 and FY'18. Distressed Strategies' net composite returns were (5.9)% and (3.4)% for 4Q'18 and FY'18.

## Supplemental Details

Blackstone

## Total Segments

| (Dollars in Thousands)                      | 4Q'17               | 1Q'18             | 2Q'18             | 3Q'18             | 4Q'18             | FY'17               | FY'18               |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Management and Advisory Fees, Net           |                     |                   |                   |                   |                   |                     |                     |
| Base Management Fees                        | \$ 696,163          | \$ 707,156        | \$ 692,915        | \$ 721,606        | \$ 722,648        | \$ 2,680,391        | \$ 2,844,325        |
| Transaction, Advisory and Other Fees, Net   | 45,407              | 37,066            | 40,912            | 73,944            | 77,576            | 156,816             | 229,498             |
| Management Fee Offsets                      | (9,178)             | (8,178)           | (10,833)          | (16,331)          | (2,029)           | (66,416)            | (37,371)            |
| Total Management and Advisory Fees, Net     | 732,392             | 736,044           | 722,994           | 779,219           | 798,195           | 2,770,791           | 3,036,452           |
| Fee Related Performance Revenues            | 48,089              | 3,837             | 45,515            | 30,299            | 44,185            | 169,445             | 123,836             |
| Fee Related Compensation                    | (312,033)           | (296,074)         | (306,243)         | (334,545)         | (279,284)         | (1,185,639)         | (1,216,146)         |
| Other Operating Expenses                    | (115,949)           | (107,092)         | (122,466)         | (128,745)         | (130,025)         | (424,866)           | (488,328)           |
| <b>Fee Related Earnings</b>                 | <b>\$ 352,499</b>   | <b>\$ 336,715</b> | <b>\$ 339,800</b> | <b>\$ 346,228</b> | <b>\$ 433,071</b> | <b>\$ 1,329,731</b> | <b>\$ 1,455,814</b> |
| Realized Performance Revenues               | 1,496,798           | 278,371           | 477,544           | 572,159           | 483,697           | 3,647,807           | 1,811,771           |
| Realized Performance Compensation           | (573,299)           | (114,829)         | (172,894)         | (190,773)         | (199,645)         | (1,297,611)         | (678,141)           |
| Realized Principal Investment Income        | 72,225              | 28,693            | 94,647            | 65,620            | 47,098            | 436,194             | 236,058             |
| <b>Total Net Realizations</b>               | <b>995,724</b>      | <b>192,235</b>    | <b>399,297</b>    | <b>447,006</b>    | <b>331,150</b>    | <b>2,786,390</b>    | <b>1,369,688</b>    |
| <b>Total Segment Distributable Earnings</b> | <b>\$ 1,348,223</b> | <b>\$ 528,950</b> | <b>\$ 739,097</b> | <b>\$ 793,234</b> | <b>\$ 764,221</b> | <b>\$ 4,116,121</b> | <b>\$ 2,825,502</b> |
| Net Interest Income (Loss)                  | (29,509)            | (1,853)           | 2,842             | 9,013             | 11,923            | (49,918)            | 21,925              |
| Taxes and Related Payables                  | (79,568)            | (25,042)          | (41,797)          | (32,963)          | (54,063)          | (189,988)           | (153,865)           |
| <b>Distributable Earnings</b>               | <b>\$ 1,239,146</b> | <b>\$ 502,055</b> | <b>\$ 700,142</b> | <b>\$ 769,284</b> | <b>\$ 722,081</b> | <b>\$ 3,876,215</b> | <b>\$ 2,693,562</b> |
| Total Segment Revenues                      | \$ 2,349,504        | \$ 1,046,945      | \$ 1,340,700      | \$ 1,447,297      | \$ 1,373,175      | \$ 7,024,237        | \$ 5,208,117        |
| Total Assets Under Management               | \$ 434,128,243      | \$ 449,613,826    | \$ 439,386,656    | \$ 456,691,832    | \$ 472,242,317    | \$ 434,128,243      | \$ 472,242,317      |
| Fee-Earning Assets Under Management         | \$ 335,343,998      | \$ 344,650,797    | \$ 332,978,145    | \$ 342,261,123    | \$ 342,527,507    | \$ 335,343,998      | \$ 342,527,507      |
| Weighted Average Fee-Earning AUM            | \$ 311,353,064      | \$ 343,211,044    | \$ 328,594,512    | \$ 340,994,284    | \$ 343,514,196    | \$ 289,116,993      | \$ 338,819,012      |
| LP Capital Invested                         | \$ 18,663,837       | \$ 9,323,329      | \$ 8,026,698      | \$ 9,358,423      | \$ 14,218,797     | \$ 46,216,413       | \$ 40,927,247       |
| Total Capital Invested                      | \$ 19,529,797       | \$ 10,119,519     | \$ 8,351,772      | \$ 9,894,470      | \$ 16,349,738     | \$ 50,678,463       | \$ 44,715,499       |

## Assets Under Management

### 4Q'18 Total AUM Rollforward

(Dollars in Millions)

|                         | Real Estate | Private Equity | Hedge Fund Solutions | Credit     | Total      |
|-------------------------|-------------|----------------|----------------------|------------|------------|
| 3Q'18                   | \$ 119,942  | \$ 126,184     | \$ 80,005            | \$ 130,560 | \$ 456,692 |
| Inflows                 | 20,122      | 9,825          | 2,640                | 6,053      | 38,641     |
| Outflows                | (277)       | (491)          | (3,115)              | (2,778)    | (6,661)    |
| Realizations            | (3,642)     | (3,263)        | (219)                | (1,658)    | (8,782)    |
| Net Inflows (Outflows)  | 16,203      | 6,071          | (693)                | 1,617      | 23,198     |
| Market Activity         | 102         | (1,590)        | (1,497)              | (4,662)    | (7,647)    |
| 4Q'18                   | \$ 136,247  | \$ 130,665     | \$ 77,815            | \$ 127,515 | \$ 472,242 |
| QoQ Increase (Decrease) | 14%         | 4%             | (3)%                 | (2)%       | 3%         |

### FY'18 Total AUM Rollforward

(Dollars in Millions)

|                         | Real Estate | Private Equity | Hedge Fund Solutions | Credit     | Total      |
|-------------------------|-------------|----------------|----------------------|------------|------------|
| 4Q'17                   | \$ 115,340  | \$ 105,561     | \$ 75,091            | \$ 138,136 | \$ 434,128 |
| Inflows                 | 31,478      | 26,640         | 13,278               | 29,579     | 100,976    |
| Outflows                | (2,163)     | (1,618)        | (10,780)             | (28,058)   | (42,618)   |
| Realizations            | (14,675)    | (10,397)       | (472)                | (8,517)    | (34,061)   |
| Net Inflows (Outflows)  | 14,640      | 14,626         | 2,026                | (6,996)    | 24,297     |
| Market Activity         | 6,266       | 10,479         | 697                  | (3,625)    | 13,817     |
| 4Q'18                   | \$ 136,247  | \$ 130,665     | \$ 77,815            | \$ 127,515 | \$ 472,242 |
| YoY Increase (Decrease) | 18%         | 24%            | 4%                   | (8)%       | 9%         |

### 4Q'18 Fee-Earning AUM Rollforward

(Dollars in Millions)

|                         | Real Estate | Private Equity | Hedge Fund Solutions | Credit    | Total      |
|-------------------------|-------------|----------------|----------------------|-----------|------------|
| 3Q'18                   | \$ 90,773   | \$ 78,195      | \$ 74,559            | \$ 98,735 | \$ 342,261 |
| Inflows                 | 4,853       | 3,421          | 2,877                | 5,869     | 17,020     |
| Outflows                | (200)       | (323)          | (3,538)              | (2,500)   | (6,560)    |
| Realizations            | (2,492)     | (1,408)        | (207)                | (1,022)   | (5,129)    |
| Net Inflows (Outflows)  | 2,162       | 1,690          | (867)                | 2,347     | 5,331      |
| Market Activity         | 318         | 123            | (1,411)              | (4,095)   | (5,065)    |
| 4Q'18                   | \$ 93,253   | \$ 80,008      | \$ 72,281            | \$ 96,986 | \$ 342,528 |
| QoQ Increase (Decrease) | 3%          | 2%             | (3)%                 | (2)%      | 0%         |

### FY'18 Fee-Earning AUM Rollforward

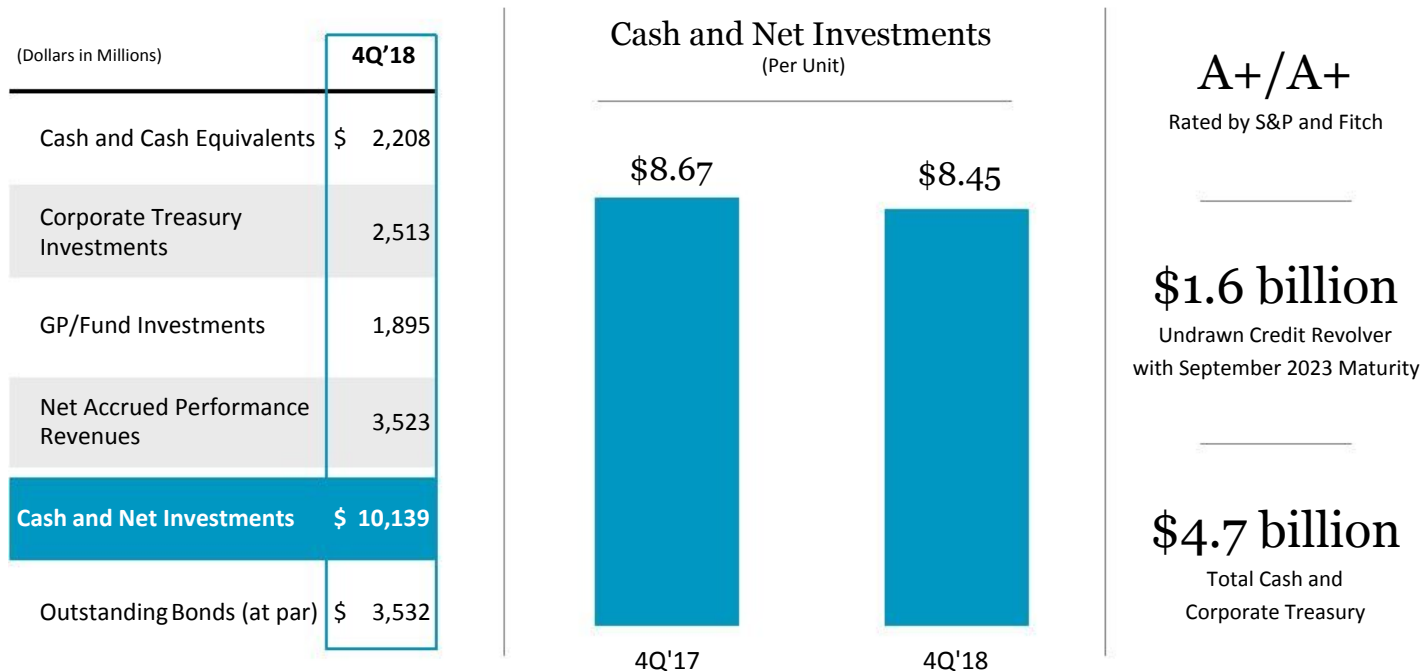
(Dollars in Millions)

|                         | Real Estate | Private Equity | Hedge Fund Solutions | Credit     | Total      |
|-------------------------|-------------|----------------|----------------------|------------|------------|
| 4Q'17                   | \$ 83,985   | \$ 70,141      | \$ 69,914            | \$ 111,304 | \$ 335,344 |
| Inflows                 | 17,961      | 16,097         | 12,354               | 24,588     | 71,000     |
| Outflows                | (2,000)     | (1,888)        | (10,278)             | (27,641)   | (41,808)   |
| Realizations            | (8,781)     | (4,730)        | (430)                | (6,673)    | (20,613)   |
| Net Inflows (Outflows)  | 7,180       | 9,478          | 1,646                | (9,725)    | 8,579      |
| Market Activity         | 2,088       | 389            | 720                  | (4,593)    | (1,395)    |
| 4Q'18                   | \$ 93,253   | \$ 80,008      | \$ 72,281            | \$ 96,986  | \$ 342,528 |
| YoY Increase (Decrease) | 11%         | 14%            | 3%                   | (13)%      | 2%         |

Inflows include contributions, capital raised, other increases in available capital, purchases, multi-asset product allocations to other strategies and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations.

## Deconsolidated Balance Sheet Highlights

- ▶ At December 31, 2018, Blackstone had \$4.7 billion in total cash, cash equivalents, and corporate treasury investments and \$10.1 billion of cash and net investments, or \$8.45 per unit.
- ▶ Blackstone has no net debt, a \$1.6 billion undrawn credit revolver and maintains A+/A+ ratings.



Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. GP/Fund Investments include Blackstone investments in Real Estate, Private Equity, Hedge Fund Solutions, and Credit, which were \$802 million, \$695 million, \$102 million, and \$295 million, respectively, as of December 31, 2018. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding (see page 23, Unit Summary).



## Net Accrued Performance Revenues

| Net Accrued Performance Revenues               |                 |                 |                 |                   |                 |                 |
|--|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| (Dollars in Millions, Except per Unit Data)    | 4Q'17           | 3Q'18           | 4Q'18           | 4Q'18<br>Per Unit | QoQ<br>Change   | YoY<br>Change   |
| <b>Real Estate</b>                             |                 |                 |                 |                   |                 |                 |
| BREP IV  | \$ 9            | \$ 12           | \$ 3            | \$ -              | \$ (9)          | \$ (6)          |
| BREP V   | 203             | 91              | 55              | 0.05              | (36)            | (148)           |
| BREP VI  | 190             | 106             | 89              | 0.07              | (17)            | (101)           |
| BREP VII                                       | 587             | 592             | 484             | 0.40              | (108)           | (103)           |
| BREP VIII                                      | 255             | 386             | 429             | 0.36              | 43              | 174             |
| BREP Europe III                                | 67              | 1               | -               | -                 | (1)             | (67)            |
| BREP Europe IV                                 | 207             | 201             | 200             | 0.17              | (1)             | (7)             |
| BREP Europe V                                  | 25              | 86              | 110             | 0.09              | 24              | 85              |
| BREP Asia I                                    | 102             | 103             | 114             | 0.10              | 11              | 12              |
| BPP  | 134             | 207             | 215             | 0.18              | 8               | 81              |
| BREIT  | 10              | 18              | 23              | 0.02              | 5               | 13              |
| BREDS  | 35              | 21              | 17              | 0.01              | (4)             | (18)            |
| BTAS   | 16              | 29              | 36              | 0.03              | 7               | 20              |
| <b>Total Real Estate</b>                       | <b>\$ 1,840</b> | <b>\$ 1,853</b> | <b>\$ 1,775</b> | <b>\$ 1.48</b>    | <b>\$ (78)</b>  | <b>\$ (65)</b>  |
| <b>Private Equity</b>                          |                 |                 |                 |                   |                 |                 |
| BCP IV   | 87              | 111             | 72              | 0.06              | (39)            | (15)            |
| BCP V  | 73              | 44              | -               | -                 | (44)            | (73)            |
| BCP VI   | 668             | 1,008           | 746             | 0.62              | (262)           | 78              |
| BCP VII  | 16              | 166             | 225             | 0.19              | 59              | 209             |
| BEP I  | 95              | 155             | 103             | 0.09              | (52)            | 8               |
| BEP II   | 5               | 66              | 73              | 0.06              | 7               | 68              |
| Tactical Opportunities                         | 104             | 161             | 155             | 0.13              | (6)             | 51              |
| Strategic Partners                             | 66              | 95              | 94              | 0.08              | (1)             | 28              |
| BCEP   | -               | 11              | 19              | 0.02              | 8               | 19              |
| BTAS   | 13              | 32              | 41              | 0.03              | 9               | 28              |
| Other  | 3               | -               | 1               | -                 | 1               | (2)             |
| <b>Total Private Equity</b>                    | <b>\$ 1,130</b> | <b>\$ 1,849</b> | <b>\$ 1,529</b> | <b>\$ 1.28</b>    | <b>\$ (320)</b> | <b>\$ 399</b>   |
| <b>Total Hedge Fund Solutions</b>              | <b>\$ 89</b>    | <b>\$ 32</b>    | <b>\$ 24</b>    | <b>\$ 0.02</b>    | <b>\$ (8)</b>   | <b>\$ (65)</b>  |
| <b>Total Credit</b>                            | <b>\$ 289</b>   | <b>\$ 301</b>   | <b>\$ 195</b>   | <b>\$ 0.16</b>    | <b>\$ (106)</b> | <b>\$ (94)</b>  |
| <b>Net Accrued Performance Revenues</b>        | <b>\$ 3,348</b> | <b>\$ 4,035</b> | <b>\$ 3,523</b> | <b>\$ 2.94</b>    | <b>\$ (512)</b> | <b>\$ 175</b>   |
| <i>Memo: Net Realized Performance Revenues</i> | <i>\$ 222</i>   | <i>\$ 109</i>   | <i>\$ 68</i>    | <i>\$ 0.06</i>    | <i>\$ (41)</i>  | <i>\$ (154)</i> |

## 4Q'18 QoQ Rollforward

(Dollars in Millions)

|                     | 3Q'18           | Net Performance Revenues | Net Realized Distributions | 4Q'18           |
|---------------------|-----------------|--------------------------|----------------------------|-----------------|
| Real Estate         | \$ 1,853        | \$ 35                    | \$ (113)                   | \$ 1,775        |
| Private Equity      | 1,849           | (137)                    | (183)                      | 1,529           |
| HFS                 | 32              | (7)                      | (1)                        | 24              |
| Credit              | 301             | (89)                     | (17)                       | 195             |
| <b>Total</b>        | <b>\$ 4,035</b> | <b>\$ (198)</b>          | <b>\$ (314)</b>            | <b>\$ 3,523</b> |
| <i>QoQ Decrease</i> |                 |                          |                            | <i>(13)%</i>    |

## FY'18 Rollforward

(Dollars in Millions)

|                     | 4Q'17           | Net Performance Revenues | Net Realized Distributions | 4Q'18           |
|---------------------|-----------------|--------------------------|----------------------------|-----------------|
| Real Estate         | \$ 1,840        | \$ 613                   | \$ (678)                   | \$ 1,775        |
| Private Equity      | 1,130           | 808                      | (409)                      | 1,529           |
| HFS                 | 89              | 17                       | (82)                       | 24              |
| Credit              | 289             | (6)                      | (88)                       | 195             |
| <b>Total</b>        | <b>\$ 3,348</b> | <b>\$ 1,432</b>          | <b>\$ (1,257)</b>          | <b>\$ 3,523</b> |
| <i>YoY Increase</i> |                 |                          |                            | <i>5%</i>       |

Net Accrued Performance Revenues are presented net of performance compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. Net Realized Performance Revenues are included in DE. Net Realized Performance Revenues above represent Performance Revenues realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Revenues balance. When these fees are received, the receivable is reduced without further impacting DE. Per Unit calculations are based on end of period DE Units Outstanding (see page 23, Unit Summary).

## Investment Records as of December 31, 2018<sup>(a)</sup>

| (Dollars in Thousands, Except Where Noted)            | Committed      |               | Available     |      | Unrealized Investments |                |          | Realized Investments |          | Total Investments |          | Net IRRs (d) |       |
|---|----------------|---------------|---------------|------|------------------------|----------------|----------|----------------------|----------|-------------------|----------|--------------|-------|
| Fund (Investment Period Beginning Date / Ending Date) | Capital        | Capital (b)   |               |      | Value                  | MOIC (c)       | % Public | Value                | MOIC (c) | Value             | MOIC (c) | Realized     | Total |
| Real Estate   |                |               |               |      |                        |                |          |                      |          |                   |          |              |       |
| Pre-BREP  | \$ 140,714     | \$ -          | \$ -          | n/a  | -                      | \$ 345,190     | 2.5x     | \$ 345,190           | 2.5x     | 33%               | 33%      |              |       |
| BREP I (Sep 1994 / Oct 1996)                          | 380,708        | -             | -             | n/a  | -                      | 1,327,708      | 2.8x     | 1,327,708            | 2.8x     | 40%               | 40%      |              |       |
| BREP II (Oct 1996 / Mar 1999)                         | 1,198,339      | -             | -             | n/a  | -                      | 2,531,614      | 2.1x     | 2,531,614            | 2.1x     | 19%               | 19%      |              |       |
| BREP III (Apr 1999 / Apr 2003)                        | 1,522,708      | -             | -             | n/a  | -                      | 3,330,406      | 2.4x     | 3,330,406            | 2.4x     | 21%               | 21%      |              |       |
| BREP IV (Apr 2003 / Dec 2005)                         | 2,198,694      | -             | 212,309       | 0.3x | 21%                    | 4,290,218      | 2.2x     | 4,502,527            | 1.6x     | 33%               | 12%      |              |       |
| BREP V (Dec 2005 / Feb 2007)                          | 5,539,418      | -             | 542,613       | 1.4x | 31%                    | 12,697,555     | 2.4x     | 13,240,168           | 2.3x     | 12%               | 11%      |              |       |
| BREP VI (Feb 2007 / Aug 2011)                         | 11,060,444     | -             | 1,215,191     | 1.6x | 2%                     | 26,334,443     | 2.6x     | 27,549,634           | 2.5x     | 14%               | 13%      |              |       |
| BREP VII (Aug 2011 / Apr 2015)                        | 13,495,496     | 2,001,683     | 10,154,856    | 1.6x | 18%                    | 18,332,067     | 2.1x     | 28,486,923           | 1.9x     | 27%               | 16%      |              |       |
| BREP VIII (Apr 2015 / Oct 2020)                       | 16,457,804     | 5,762,268     | 14,427,542    | 1.4x | 1%                     | 4,740,239      | 1.5x     | 19,167,781           | 1.4x     | 27%               | 16%      |              |       |
| BREP IX (TBD)   | 15,445,659     | 15,445,659    | -             | n/a  | -                      | -              | n/a      | -                    | n/a      | n/a               | n/a      |              |       |
| Total Global BREP                                     | \$ 67,439,984  | \$ 23,209,610 | \$ 26,552,511 | 1.4x | -                      | \$ 73,929,440  | 2.3x     | \$ 100,481,951       | 2.0x     | 19%               | 16%      |              |       |
| BREP Int'l (Jan 2001 / Sep 2005)                      | € 824,172      | € -           | € -           | n/a  | -                      | € 1,366,553    | 2.1x     | € 1,366,553          | 2.1x     | 23%               | 23%      |              |       |
| BREP Int'l II (Sep 2005 / Jun 2008) (e)               | 1,629,748      | -             | 106,396       | 1.1x | -                      | 2,347,656      | 1.8x     | 2,454,052            | 1.8x     | 8%                | 8%       |              |       |
| BREP Europe III (Jun 2008 / Sep 2013)                 | 3,205,167      | 464,566       | 660,005       | 0.9x | -                      | 5,494,293      | 2.5x     | 6,154,298            | 2.1x     | 21%               | 15%      |              |       |
| BREP Europe IV (Sep 2013 / Dec 2016)                  | 6,709,145      | 1,340,701     | 4,358,327     | 1.6x | 12%                    | 7,147,829      | 2.0x     | 11,506,156           | 1.8x     | 25%               | 17%      |              |       |
| BREP Europe V (Dec 2016 / Jun 2022)                   | 7,877,201      | 3,224,734     | 5,662,031     | 1.3x | -                      | 77,038         | 2.4x     | 5,739,069            | 1.3x     | n/m               | 18%      |              |       |
| Total Euro BREP                                       | € 20,245,433   | € 5,030,001   | € 10,786,759  | 1.3x | 5%                     | € 16,433,369   | 2.1x     | € 27,220,128         | 1.7x     | 16%               | 14%      |              |       |
| BREP Asia I (Jun 2013 / Dec 2017)                     | \$ 5,096,359   | \$ 1,729,439  | \$ 4,128,651  | 1.4x | -                      | \$ 2,989,011   | 1.8x     | \$ 7,117,662         | 1.5x     | 21%               | 15%      |              |       |
| BREP Asia II (Dec 2017 / Jun 2023)                    | 7,126,830      | 6,415,884     | 880,798       | 1.0x | -                      | -              | n/a      | 880,798              | 1.0x     | n/m               | n/m      |              |       |
| BREP Co-Investment (f)                                | 7,055,644      | 172,062       | 2,124,456     | 1.6x | 41%                    | 11,834,696     | 2.1x     | 13,959,152           | 2.0x     | 16%               | 15%      |              |       |
| Total BREP  | \$ 111,511,210 | \$ 37,294,898 | \$ 46,355,732 | 1.4x | 8%                     | \$ 109,719,753 | 2.2x     | \$ 156,075,485       | 1.9x     | 18%               | 15%      |              |       |
| BPP (g)   | \$ 26,569,578  | \$ 2,964,457  | \$ 28,054,480 | 1.2x | -                      | \$ 3,602,356   | 2.6x     | \$ 31,656,836        | 1.2x     | n/m               | 11%      |              |       |
| BREDS   | \$ 13,228,639  | \$ 3,582,239  | \$ 3,739,330  | 1.1x | -                      | \$ 10,333,439  | 1.3x     | \$ 14,072,769        | 1.2x     | 11%               | 10%      |              |       |
| Private Equity  |                |               |               |      |                        |                |          |                      |          |                   |          |              |       |
| BCP I (Oct 1987 / Oct 1993)                           | \$ 859,081     | \$ -          | \$ -          | n/a  | -                      | \$ 1,741,738   | 2.6x     | \$ 1,741,738         | 2.6x     | 19%               | 19%      |              |       |
| BCP II (Oct 1993 / Aug 1997)                          | 1,361,100      | -             | -             | n/a  | -                      | 3,256,819      | 2.5x     | 3,256,819            | 2.5x     | 32%               | 32%      |              |       |
| BCP III (Aug 1997 / Nov 2002)                         | 3,967,422      | -             | -             | n/a  | -                      | 9,184,688      | 2.3x     | 9,184,688            | 2.3x     | 14%               | 14%      |              |       |
| BCOM (Jun 2000 / Jun 2006)                            | 2,137,330      | 24,575        | 17,244        | 1.4x | -                      | 2,953,649      | 1.4x     | 2,970,893            | 1.4x     | 7%                | 6%       |              |       |
| BCP IV (Nov 2002 / Dec 2005)                          | 6,773,182      | 205,984       | 610,391       | 0.7x | 33%                    | 20,861,706     | 3.1x     | 21,472,097           | 2.8x     | 41%               | 36%      |              |       |
| BCP V (Dec 2005 / Jan 2011)                           | 21,022,215     | 1,048,362     | 1,748,350     | 0.9x | 33%                    | 36,298,422     | 2.0x     | 38,046,772           | 1.9x     | 9%                | 8%       |              |       |
| BCP VI (Jan 2011 / May 2016)                          | 15,191,118     | 1,756,975     | 14,645,713    | 1.7x | 31%                    | 11,915,798     | 2.1x     | 26,561,511           | 1.9x     | 21%               | 13%      |              |       |
| BEP I (Aug 2011 / Feb 2015)                           | 2,435,285      | 224,784       | 2,364,512     | 1.5x | 41%                    | 1,954,527      | 2.3x     | 4,319,039            | 1.8x     | 26%               | 13%      |              |       |
| BEP II (Feb 2015 / Feb 2021)                          | 4,929,718      | 1,203,693     | 4,215,603     | 1.4x | -                      | 210,362        | 2.0x     | 4,425,965            | 1.4x     | 40%               | 15%      |              |       |
| BCP VII (May 2016 / May 2022)                         | 18,590,630     | 8,252,225     | 10,446,740    | 1.4x | -                      | 434,736        | 1.3x     | 10,881,476           | 1.4x     | 21%               | 21%      |              |       |
| BCP Asia (Dec 2017 / Dec 2023)                        | 2,369,469      | 2,040,455     | 165,694       | 1.5x | -                      | -              | n/a      | 165,694              | 1.5x     | n/a               | n/m      |              |       |
| BEP III (TBD)   | 3,515,891      | 3,515,891     | -             | n/a  | -                      | -              | n/a      | -                    | n/a      | n/a               | n/a      |              |       |
| Total Corporate Private Equity                        | \$ 83,152,441  | \$ 18,272,944 | \$ 34,214,247 | 1.4x | 18%                    | \$ 88,812,445  | 2.2x     | \$ 123,026,692       | 1.9x     | 17%               | 15%      |              |       |
| Tactical Opportunities                                | 22,053,992     | 10,234,751    | 9,559,311     | 1.3x | 9%                     | 6,342,454      | 1.7x     | 15,901,765           | 1.4x     | 21%               | 11%      |              |       |
| Tactical Opportunities Co-Investment and Other        | 5,426,066      | 1,603,582     | 3,853,442     | 1.2x | 1%                     | 1,310,719      | 1.6x     | 5,164,161            | 1.3x     | 28%               | 14%      |              |       |
| Total Tactical Opportunities                          | \$ 27,480,058  | \$ 11,838,333 | \$ 13,412,753 | 1.2x | 7%                     | \$ 7,653,173   | 1.7x     | \$ 21,065,926        | 1.4x     | 22%               | 11%      |              |       |

Continued...

## Investment Records as of December 31, 2018<sup>(a)</sup> – Continued

| (Dollars in Thousands, Except Where Noted)               |                      |                       |                        |             |          |                      |             |                      |             |              |            |
|--|----------------------|-----------------------|------------------------|-------------|----------|----------------------|-------------|----------------------|-------------|--------------|------------|
| Fund (Investment Period Beginning Date / Ending Date)    | Committed Capital    | Available Capital (b) | Unrealized Investments |             |          | Realized Investments |             | Total Investments    |             | Net IRRs (d) |            |
|  |                      |                       | Value                  | MOIC (c)    | % Public | Value                | MOIC (c)    | Value                | MOIC (c)    | Realized     | Total      |
| <b>Private Equity (continued)</b>                        |                      |                       |                        |             |          |                      |             |                      |             |              |            |
| Strategic Partners I-V and Co-Investment (h)             | 11,913,121           | 1,800,737             | 1,742,846              | n/m         | -        | 15,970,061           | n/m         | 17,712,907           | 1.5x        | n/a          | 13%        |
| Strategic Partners VI LBO, RE and SMA (h)                | 7,402,171            | 1,943,044             | 3,016,474              | n/m         | -        | 3,407,157            | n/m         | 6,423,631            | 1.5x        | n/a          | 19%        |
| Strategic Partners VII (h)                               | 8,221,982            | 3,227,165             | 5,948,522              | n/m         | -        | 730,088              | n/m         | 6,678,610            | 1.3x        | n/a          | 37%        |
| Strategic Partners RA II (h)                             | 1,898,154            | 1,036,103             | 451,971                | n/m         | -        | 36,438               | n/m         | 488,409              | 1.2x        | n/a          | 17%        |
| Strategic Partners VIII                                  | 3,422,804            | 3,422,804             | -                      | n/a         | -        | -                    | n/a         | -                    | n/a         | n/a          | n/a        |
| <b>Total Strategic Partners</b>                          | <b>\$ 32,858,232</b> | <b>\$ 11,429,853</b>  | <b>\$ 11,159,813</b>   | <b>n/m</b>  | <b>-</b> | <b>\$ 20,143,744</b> | <b>n/m</b>  | <b>\$ 31,303,557</b> | <b>1.5x</b> | <b>n/a</b>   | <b>14%</b> |
| BCEP (Jan 2017 / Jan 2021) (i)                           | 4,755,613            | 2,601,681             | 2,505,183              | 1.2x        | -        | -                    | n/a         | 2,505,183            | 1.2x        | n/a          | 10%        |
| BIP (TBD)  | 5,686,000            | 5,686,000             | -                      | n/a         | -        | -                    | n/a         | -                    | n/a         | n/a          | n/a        |
| Other Funds and Co-Investment (j)                        | 1,557,393            | 325,028               | 96,990                 | 1.0x        | 17%      | 635,564              | 0.9x        | 732,554              | 1.0x        | n/m          | n/m        |
| <b>Hedge Fund Solutions</b>                              |                      |                       |                        |             |          |                      |             |                      |             |              |            |
| BSCH (Dec 2013 / Jun 2020) (k)                           | \$ 3,298,575         | \$ 2,083,559          | \$ 1,308,188           | 1.1x        | -        | \$ 312,539           | n/a         | \$ 1,620,727         | 1.3x        | n/a          | 8%         |
| BSCH Co-Investment                                       | 276,000              | 98,070                | 195,414                | 1.1x        | -        | 28,573               | n/a         | 223,987              | 1.3x        | n/a          | 9%         |
| <b>Total Hedge Fund Solutions</b>                        | <b>\$ 3,574,575</b>  | <b>\$ 2,181,629</b>   | <b>\$ 1,503,602</b>    | <b>1.1x</b> | <b>-</b> | <b>\$ 341,112</b>    | <b>n/a</b>  | <b>\$ 1,844,714</b>  | <b>1.3x</b> | <b>n/a</b>   | <b>9%</b>  |
| <b>Credit (l)</b>  |                      |                       |                        |             |          |                      |             |                      |             |              |            |
| Mezzanine I (Jul 2007 / Oct 2011)                        | \$ 2,000,000         | \$ 97,114             | \$ 25,716              | 1.3x        | -        | \$ 4,772,118         | 1.6x        | \$ 4,797,834         | 1.6x        | n/a          | 17%        |
| Mezzanine II (Nov 2011 / Nov 2016)                       | 4,120,000            | 1,146,274             | 2,034,118              | 1.0x        | -        | 4,526,585            | 1.6x        | 6,560,703            | 1.3x        | n/a          | 12%        |
| Mezzanine III (Sep 2016 / Sep 2021)                      | 6,639,133            | 2,589,498             | 3,573,397              | 1.1x        | -        | 1,003,295            | 1.6x        | 4,576,692            | 1.1x        | n/a          | 11%        |
| Stressed / Distressed Investing I (Sep 2009 / May 2013)  | 3,253,143            | 135,000               | 228,105                | 0.4x        | -        | 5,732,348            | 1.6x        | 5,960,453            | 1.4x        | n/a          | 11%        |
| Stressed / Distressed Investing II (Jun 2013 / Jun 2018) | 5,125,000            | 570,214               | 2,119,618              | 0.9x        | -        | 3,597,716            | 1.4x        | 5,717,334            | 1.2x        | n/a          | 8%         |
| Stressed / Distressed Investing III (Dec 2017/ Dec 2022) | 7,356,380            | 6,007,292             | 1,356,095              | 1.0x        | -        | 302,613              | 1.3x        | 1,658,708            | 1.1x        | n/a          | n/a        |
| Energy Select Opportunities (Nov 2015 / Nov 2018)        | 2,856,867            | 943,281               | 1,968,152              | 1.1x        | -        | 544,630              | 1.7x        | 2,512,782            | 1.2x        | n/a          | 13%        |
| <b>Euro</b>  |                      |                       |                        |             |          |                      |             |                      |             |              |            |
| European Senior Debt Fund (Feb 2015 / Feb 2019)          | € 1,964,689          | € 1,503,470           | € 2,045,708            | 1.0x        | -        | € 842,857            | 1.6x        | € 2,888,565          | 1.1x        | n/a          | 9%         |
| <b>Total Credit</b>                                      | <b>\$ 33,616,933</b> | <b>\$ 13,207,440</b>  | <b>\$ 13,643,752</b>   | <b>1.0x</b> | <b>-</b> | <b>\$ 21,445,271</b> | <b>1.5x</b> | <b>\$ 35,089,023</b> | <b>1.3x</b> | <b>n/a</b>   | <b>12%</b> |

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

- n/m Not meaningful.
- n/a Not applicable.
- (a) Preliminary.
- (b) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or callable capital and may include leverage, less invested capital. This amount is not reduced by outstanding commitments to investments.
- (c) Multiple of Invested Capital ("MOIC") represents carrying value, before management fees, expenses and Performance Revenues, divided by invested capital.
- (d) Net Internal Rate of Return ("IRR") represents the annualized inception to December 31, 2018 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.
- (e) The 8% Realized Net IRR and 8% Total Net IRR exclude investors that opted out of the Hilton investment opportunity. Overall BREP International II performance reflects a 7% Realized Net IRR and a 6% Total Net IRR.
- (f) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment's realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.
- (g) BPP represents the core+ real estate funds which invest with a more modest risk profile and lower leverage. Excludes BREIT.
- (h) Realizations are treated as return of capital until fully recovered and therefore unrealized and realized MOICs are not meaningful.
- (i) BCEP, or Blackstone Core Equity Partners, is a core private equity fund which invests with a more modest risk profile and longer hold period.
- (j) Returns for Other Funds and Co-Investment are not meaningful as these funds have limited transaction activity.
- (k) BSCH, or Blackstone Strategic Capital Holdings, is focused on acquiring strategic minority positions in alternative asset managers.
- (l) Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the eight credit drawdown funds presented.

## Unitholder Distribution

- ▶ Generated \$0.57 of Distributable Earnings per common unit during the quarter, bringing the full year amount to \$2.17 per common unit.
- ▶ Blackstone declared a quarterly distribution of \$0.58 per common unit, which includes a \$0.10 special cash distribution, to record holders as of February 11, 2019; payable on February 19, 2019.

| (Dollars in Thousands, Except per Unit Data)                  | 4Q'17          | 1Q'18          | 2Q'18          | 3Q'18          | 4Q'18          | % Change     |                | % Change       |              |
|---|----------------|----------------|----------------|----------------|----------------|--------------|----------------|----------------|--------------|
|   |                |                |                |                |                | vs. 4Q'17    | FY'17          | FY'18          | vs. FY'17    |
| Distributable Earnings  | \$ 1,239,146   | \$ 502,055     | \$ 700,142     | \$ 769,284     | \$ 722,081     | (42)%        | \$ 3,876,215   | \$ 2,693,562   | (31)%        |
| Add: Other Payables Attributable to Common Unitholders        | 52,216         | 7,028          | 29,379         | 22,980         | 43,345         | (17)%        | 98,104         | 102,732        | 5%           |
| DE before Certain Payables                                    | 1,291,362      | 509,083        | 729,521        | 792,264        | 765,426        | (41)%        | 3,974,319      | 2,796,294      | (30)%        |
| Percent to Common Unitholders                                 | 56%            | 56%            | 57%            | 56%            | 56%            |              | 56%            | 56%            |              |
| DE before Certain Payables Attributable to Common Unitholders | 720,124        | 285,633        | 414,071        | 447,516        | 429,433        | (40)%        | 2,208,092      | 1,576,653      | (29)%        |
| Less: Other Payables Attributable to Common Unitholders       | (52,216)       | (7,028)        | (29,379)       | (22,980)       | (43,345)       | (17)%        | (98,104)       | (102,732)      | 5%           |
| DE Attributable to Common Unitholders                         | 667,908        | 278,605        | 384,692        | 424,536        | 386,088        | (42)%        | 2,109,988      | 1,473,921      | (30)%        |
| <b>DE per Common Unit</b>                                     | <b>\$ 1.00</b> | <b>\$ 0.41</b> | <b>\$ 0.56</b> | <b>\$ 0.63</b> | <b>\$ 0.57</b> | <b>(43)%</b> | <b>\$ 3.17</b> | <b>\$ 2.17</b> | <b>(32)%</b> |
| Less: Retained Capital per Common Unit                        | \$ (0.15)      | \$ (0.06)      | \$ (0.08)      | \$ (0.09)      | \$ (0.09)      | (40)%        | \$ (0.47)      | \$ (0.32)      | (32)%        |
| Special Cash Distribution per Common Unit                     | \$ -           | \$ -           | \$ 0.10        | \$ 0.10        | \$ 0.10        | n/m          | \$ -           | \$ 0.30        | n/m          |
| <b>Actual Distribution per Common Unit</b>                    | <b>\$ 0.85</b> | <b>\$ 0.35</b> | <b>\$ 0.58</b> | <b>\$ 0.64</b> | <b>\$ 0.58</b> | <b>(32)%</b> | <b>\$ 2.70</b> | <b>\$ 2.15</b> | <b>(20)%</b> |
| Record Date   |                |                |                |                | Feb 11, 2019   |              |                |                |              |
| Payable Date  |                |                |                |                | Feb 19, 2019   |              |                |                |              |

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on pages 30-31, Definitions and Distribution Policy. DE before Certain Payables represents Distributable Earnings before the deduction for the Payable Under Tax Receivable Agreement and tax expense (benefit) of wholly-owned subsidiaries. Per Unit calculations are based on end of period Participating Common Units (page 23, Unit Summary); actual distributions are paid to unitholders as of the applicable record date. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$61 million for 4Q'18 and \$217 million for FY'18.

## Unit Summary

- ▶ Blackstone repurchased 7.8 million common units in the quarter, resulting in Distributable Earnings Units Outstanding of 1,199 million units.
  - Over the full year, Blackstone repurchased 16.0 common million units and DE units outstanding remained at the same level as the fourth quarter of 2017.
  - Available authorization remaining was \$458 million at December 31, 2018.

|   | 4Q'17                | 1Q'18                | 2Q'18                | 3Q'18                | 4Q'18                |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Participating Common Units                      | 668,733,356          | 676,168,743          | 682,801,258          | 678,771,864          | 672,755,818          |
| Participating Partnership Units                 | 530,472,212          | 528,967,264          | 520,175,306          | 522,898,542          | 526,370,654          |
| <b>Distributable Earnings Units Outstanding</b> | <b>1,199,205,568</b> | <b>1,205,136,007</b> | <b>1,202,976,564</b> | <b>1,201,670,406</b> | <b>1,199,126,472</b> |

Common Unitholders receive tax benefits from deductions taken by Blackstone's corporate tax paying subsidiaries and bear responsibility for the deduction from Distributable Earnings of Blackstone the Payable Under Tax Receivable Agreement and certain other tax-related payables. Participating Common Units and Participating Partnership Units include both issued and outstanding units and unvested units that participate in distributions.

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# Reconciliations and Disclosures

Blackstone

## Reconciliation of GAAP to Non-GAAP Measures

| (Dollars in Thousands)  | 4Q'17               | 1Q'18             | 2Q'18               | 3Q'18             | 4Q'18              | FY'17               | FY'18               |
|---|---------------------|-------------------|---------------------|-------------------|--------------------|---------------------|---------------------|
| <b>Net Income (Loss) Attributable to The Blackstone Group L.P.</b>                              | <b>\$ 304,138</b>   | <b>\$ 367,872</b> | <b>\$ 742,042</b>   | <b>\$ 442,742</b> | <b>\$ (10,868)</b> | <b>\$ 1,471,374</b> | <b>\$ 1,541,788</b> |
| Net Income Attributable to Non-Controlling Interests in Blackstone Holdings                     | 359,438             | 320,208           | 678,952             | 360,576           | 5,253              | 1,392,323           | 1,364,989           |
| Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities            | 132,364             | 155,499           | 129,078             | 143,101           | (68,800)           | 497,439             | 358,878             |
| Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities | 7,600               | (1,275)           | 905                 | 2,569             | (4,303)            | 13,806              | (2,104)             |
| <b>Net Income (Loss)</b>  | <b>\$ 803,540</b>   | <b>\$ 842,304</b> | <b>\$ 1,550,977</b> | <b>\$ 948,988</b> | <b>\$ (78,718)</b> | <b>\$ 3,374,942</b> | <b>\$ 3,263,551</b> |
| Provision for Taxes   | 596,590             | 54,495            | 138,731             | 26,798            | 29,366             | 743,147             | 249,390             |
| <b>Income (Loss) Before Provision for Taxes</b>   | <b>\$ 1,400,130</b> | <b>\$ 896,799</b> | <b>\$ 1,689,708</b> | <b>\$ 975,786</b> | <b>\$ (49,352)</b> | <b>\$ 4,118,089</b> | <b>\$ 3,512,941</b> |
| Transaction-Related Charges (a)   | (347,055)           | 52,489            | (470,078)           | 79,242            | 76,431             | (176,531)           | (261,916)           |
| Amortization of Intangibles (b)   | 14,265              | 14,873            | 14,873              | 14,856            | 15,392             | 48,297              | 59,994              |
| Impact of Consolidation (c)   | (139,964)           | (154,224)         | (129,983)           | (145,670)         | 73,103             | (511,245)           | (356,774)           |
| Unrealized Performance Revenues (d)   | 484,486             | (628,339)         | (440,424)           | (298,931)         | 806,531            | 105,432             | (561,163)           |
| Unrealized Performance Allocations Compensation (e)   | (166,183)           | 254,435           | 189,991             | 178,184           | (302,868)          | 103,794             | 319,742             |
| Unrealized Principal Investment (Income) Loss (f)   | 16,488              | (13,978)          | (52,126)            | (28,704)          | 160,659            | 131,206             | 65,851              |
| Other Revenues (g)  | 35,151              | 60,894            | (94,416)            | (9,092)           | (46,854)           | 140,051             | (89,468)            |
| Equity-Based Compensation (h)   | 21,396              | 44,148            | 34,394              | 36,576            | 43,102             | 107,110             | 158,220             |
| Taxes and Related Payables (i)  | (79,568)            | (25,042)          | (41,797)            | (32,963)          | (54,063)           | (189,988)           | (153,865)           |
| <b>Distributable Earnings</b>   | <b>\$ 1,239,146</b> | <b>\$ 502,055</b> | <b>\$ 700,142</b>   | <b>\$ 769,284</b> | <b>\$ 722,081</b>  | <b>\$ 3,876,215</b> | <b>\$ 2,693,562</b> |
| Taxes and Related Payables (i)  | 79,568              | 25,042            | 41,797              | 32,963            | 54,063             | 189,988             | 153,865             |
| Net Interest (Income) Loss (j)  | 29,509              | 1,853             | (2,842)             | (9,013)           | (11,923)           | 49,918              | (21,925)            |
| <b>Total Segment Distributable Earnings</b>   | <b>\$ 1,348,223</b> | <b>\$ 528,950</b> | <b>\$ 739,097</b>   | <b>\$ 793,234</b> | <b>\$ 764,221</b>  | <b>\$ 4,116,121</b> | <b>\$ 2,825,502</b> |
| Realized Performance Revenues (k)   | (1,496,798)         | (278,371)         | (477,544)           | (572,159)         | (483,697)          | (3,647,807)         | (1,811,771)         |
| Realized Performance Compensation (l)   | 573,299             | 114,829           | 172,894             | 190,773           | 199,645            | 1,297,611           | 678,141             |
| Realized Principal Investment Income (m)  | (72,225)            | (28,693)          | (94,647)            | (65,620)          | (47,098)           | (436,194)           | (236,058)           |
| <b>Fee Related Earnings</b>   | <b>\$ 352,499</b>   | <b>\$ 336,715</b> | <b>\$ 339,800</b>   | <b>\$ 346,228</b> | <b>\$ 433,071</b>  | <b>\$ 1,329,731</b> | <b>\$ 1,455,814</b> |
| <b>Adjusted EBITDA Reconciliation</b>   |                     |                   |                     |                   |                    |                     |                     |
| <b>Distributable Earnings</b>   | <b>\$ 1,239,146</b> | <b>\$ 502,055</b> | <b>\$ 700,142</b>   | <b>\$ 769,284</b> | <b>\$ 722,081</b>  | <b>\$ 3,876,215</b> | <b>\$ 2,693,562</b> |
| Interest Expense (n)  | 72,345              | 38,238            | 38,885              | 40,923            | 41,792             | 192,838             | 159,838             |
| Taxes and Related Payables (i)  | 79,568              | 25,042            | 41,797              | 32,963            | 54,063             | 189,988             | 153,865             |
| Depreciation and Amortization   | 6,593               | 6,251             | 5,986               | 5,681             | 5,964              | 25,228              | 23,882              |
| <b>Adjusted EBITDA</b>  | <b>\$ 1,397,652</b> | <b>\$ 571,586</b> | <b>\$ 786,810</b>   | <b>\$ 848,851</b> | <b>\$ 823,900</b>  | <b>\$ 4,284,269</b> | <b>\$ 3,031,147</b> |

Notes on pages 26-27.

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## Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See pages 30-31, Definitions and Distribution Policy.

- (a) This adjustment removes Transaction-Related Charges, which are excluded from Blackstone's segment presentation. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures, and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.
- (b) This adjustment removes the amortization of transaction-related intangibles, which are excluded from Blackstone's segment presentation. This amount includes amortization of intangibles associated with Blackstone's investment in Pátria, which is accounted for under the equity method.
- (c) This adjustment reverses the effect of consolidating Blackstone Funds, which are excluded from Blackstone's segment presentation. This adjustment includes the elimination of Blackstone's interest in these funds, the increase to revenue representing the reimbursement of certain expenses by Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the segment presentation, and the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- (d) This adjustment removes Unrealized Performance Revenues on a segment basis. The Segment Adjustment represents the add back of performance revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.

|   | 4Q'17        | 1Q'18      | 2Q'18      | 3Q'18      | 4Q'18        | FY'17        | FY'18      |
|---|--------------|------------|------------|------------|--------------|--------------|------------|
| GAAP Unrealized Performance Allocations | \$ (483,033) | \$ 628,089 | \$ 440,351 | \$ 299,238 | \$ (806,305) | \$ (105,473) | \$ 561,373 |
| Segment Adjustment                      | (1,453)      | 250        | 73         | (307)      | (226)        | 41           | (210)      |
| Unrealized Performance Revenues         | \$ (484,486) | \$ 628,339 | \$ 440,424 | \$ 298,931 | \$ (806,531) | \$ (105,432) | \$ 561,163 |

- (e) This adjustment removes Unrealized Performance Allocations Compensation.
- (f) This adjustment removes Unrealized Principal Investment Income (Loss) on a segment basis. The Segment Adjustment represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.

|  | 4Q'17       | 1Q'18      | 2Q'18      | 3Q'18     | 4Q'18        | FY'17        | FY'18       |
|--|-------------|------------|------------|-----------|--------------|--------------|-------------|
| GAAP Unrealized Principal Investment Income (Loss) | \$ (20,567) | \$ 111,774 | \$ 103,468 | \$ 52,840 | \$ (218,165) | \$ 42,605    | \$ 49,917   |
| Segment Adjustment                                 | 4,079       | (97,796)   | (51,342)   | (24,136)  | 57,506       | (173,811)    | (115,768)   |
| Unrealized Principal Investment Income (Loss)      | \$ (16,488) | \$ 13,978  | \$ 52,126  | \$ 28,704 | \$ (160,659) | \$ (131,206) | \$ (65,851) |

- (g) This adjustment removes Other Revenues on a segment basis. The Segment Adjustment represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of certain Transaction-Related Charges. For the year ended December 31, 2018, Transaction-Related Charges included \$580.9 million of Other Revenues received upon the conclusion of Blackstone's investment sub-advisory relationship with FS Investments' funds.

|                    | 4Q'17       | 1Q'18       | 2Q'18      | 3Q'18    | 4Q'18     | FY'17        | FY'18      |
|--------------------|-------------|-------------|------------|----------|-----------|--------------|------------|
| GAAP Other Revenue | \$ (33,781) | \$ (59,317) | \$ 675,343 | \$ 9,368 | \$ 46,923 | \$ (133,229) | \$ 672,317 |
| Segment Adjustment | (1,370)     | (1,577)     | (580,927)  | (276)    | (69)      | (6,822)      | (582,849)  |
| Other Revenues     | \$ (35,151) | \$ (60,894) | \$ 94,416  | \$ 9,092 | \$ 46,854 | \$ (140,051) | \$ 89,468  |

- (h) This adjustment removes Equity-Based Compensation on a segment basis.

Continued...



## Reconciliation of GAAP to Non-GAAP Measures – Notes Continued

- (i) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and adjusted to exclude the tax impact of any divestitures. Related Payables represent tax-related payables including the amount payable under the Tax Receivable Agreement.

|                            | 4Q'17     | 1Q'18     | 2Q'18     | 3Q'18     | 4Q'18     | FY'17      | FY'18      |
|----------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Taxes                      | \$ 36,006 | \$ 18,228 | \$ 20,026 | \$ 12,793 | \$ 38,975 | \$ 101,531 | \$ 90,022  |
| Related Payables           | 43,562    | 6,814     | 21,771    | 20,170    | 15,088    | 88,457     | 63,843     |
| Taxes and Related Payables | \$ 79,568 | \$ 25,042 | \$ 41,797 | \$ 32,963 | \$ 54,063 | \$ 189,988 | \$ 153,865 |

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

|                                    | 4Q'17       | 1Q'18      | 2Q'18     | 3Q'18     | 4Q'18     | FY'17       | FY'18      |
|------------------------------------|-------------|------------|-----------|-----------|-----------|-------------|------------|
| GAAP Interest and Dividend Revenue | \$ 40,524   | \$ 35,385  | \$ 40,073 | \$ 48,604 | \$ 47,885 | \$ 139,696  | \$ 171,947 |
| Segment Adjustment                 | 2,312       | 1,000      | 1,654     | 1,332     | 5,830     | 3,224       | 9,816      |
| Interest and Dividend Revenue      | \$ 42,836   | \$ 36,385  | \$ 41,727 | \$ 49,936 | \$ 53,715 | \$ 142,920  | \$ 181,763 |
| GAAP Interest Expense              | \$ 74,606   | \$ 38,671  | \$ 39,320 | \$ 41,355 | \$ 44,644 | \$ 197,486  | \$ 163,990 |
| Segment Adjustment                 | (2,261)     | (433)      | (435)     | (432)     | (2,852)   | (4,648)     | (4,152)    |
| Interest Expense                   | \$ 72,345   | \$ 38,238  | \$ 38,885 | \$ 40,923 | \$ 41,792 | \$ 192,838  | \$ 159,838 |
| Net Interest Income (Loss)         | \$ (29,509) | \$ (1,853) | \$ 2,842  | \$ 9,013  | \$ 11,923 | \$ (49,918) | \$ 21,925  |

- (k) This adjustment removes the total segment amounts of Realized Performance Revenues.  
(l) This adjustment removes the total segment amounts of Realized Performance Compensation.  
(m) This adjustment removes the total segment amount of Realized Principal Investment Income.  
(n) This adjustment adds back Interest Expense on a segment basis.

## Reconciliation of GAAP Common Units Outstanding to Distributable Earnings Units Outstanding

|  | 4Q'17         | 1Q'18         | 2Q'18         | 3Q'18         | 4Q'18         |
|--|---------------|---------------|---------------|---------------|---------------|
| GAAP Common Units Outstanding            | 659,526,093   | 666,812,752   | 673,544,082   | 669,411,215   | 663,212,830   |
| Unvested Participating Common Units      | 9,207,263     | 9,355,991     | 9,257,176     | 9,360,649     | 9,542,988     |
| Participating Common Units               | 668,733,356   | 676,168,743   | 682,801,258   | 678,771,864   | 672,755,818   |
| Participating Partnership Units          | 530,472,212   | 528,967,264   | 520,175,306   | 522,898,542   | 526,370,654   |
| Distributable Earnings Units Outstanding | 1,199,205,568 | 1,205,136,007 | 1,202,976,564 | 1,201,670,406 | 1,199,126,472 |

## Disclosure of Weighted-Average Units Outstanding

|  | 4Q'17       | 1Q'18         | 2Q'18       | 3Q'18         | 4Q'18       |
|--|-------------|---------------|-------------|---------------|-------------|
| Total GAAP Weighted-Average Common Units Outstanding - Basic | 668,781,321 | 674,479,140   | 681,794,492 | 682,435,177   | 676,629,572 |
| Weighted-Average Unvested Deferred Restricted Common Units   | 702,960     | 198,934       | 216,118     | 230,759       | -           |
| Weighted-Average Blackstone Holdings Partnership Units       | -           | 535,895,780   | -           | 523,212,047   | -           |
| Total GAAP Weighted-Average Units Outstanding - Diluted      | 669,484,281 | 1,210,573,854 | 682,010,610 | 1,205,877,983 | 676,629,572 |

## Reconciliation of GAAP to Total Segment Measures

| (Dollars in Thousands)  | 4Q'17               | 1Q'18             | 2Q'18             | 3Q'18             | 4Q'18             | FY'17               | FY'18               |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Management and Advisory Fees, Net</b>  |                     |                   |                   |                   |                   |                     |                     |
| GAAP  | \$ 729,059          | \$ 728,849        | \$ 721,384        | \$ 780,009        | \$ 797,554        | \$ 2,751,322        | \$ 3,027,796        |
| Segment Adjustment (a)  | 3,333               | 7,195             | 1,610             | (790)             | 641               | 19,469              | 8,656               |
| <b>Total Segment</b>  | <b>\$ 732,392</b>   | <b>\$ 736,044</b> | <b>\$ 722,994</b> | <b>\$ 779,219</b> | <b>\$ 798,195</b> | <b>\$ 2,770,791</b> | <b>\$ 3,036,452</b> |
| <b>GAAP Realized Performance Revenues to Total Segment Fee Related Performance Revenues</b> |                     |                   |                   |                   |                   |                     |                     |
| GAAP  |                     |                   |                   |                   |                   |                     |                     |
| Realized Incentive Fees   | 120,187             | 12,566            | 19,378            | 9,799             | 15,797            | 242,514             | 57,540              |
| Investment Income - Realized Performance Allocations  | 1,422,262           | 269,640           | 503,376           | 592,103           | 511,388           | 3,571,811           | 1,876,507           |
| GAAP  | \$ 1,542,449        | \$ 282,206        | \$ 522,754        | \$ 601,902        | \$ 527,185        | \$ 3,814,325        | \$ 1,934,047        |
| Total Segment   |                     |                   |                   |                   |                   |                     |                     |
| Less: Realized Performance Revenues   | (1,496,798)         | (278,371)         | (477,544)         | (572,159)         | (483,697)         | (3,647,807)         | (1,811,771)         |
| Segment Adjustment (b)  | 2,438               | 2                 | 305               | 556               | 697               | 2,927               | 1,560               |
| <b>Total Segment</b>  | <b>\$ 48,089</b>    | <b>\$ 3,837</b>   | <b>\$ 45,515</b>  | <b>\$ 30,299</b>  | <b>\$ 44,185</b>  | <b>\$ 169,445</b>   | <b>\$ 123,836</b>   |
| <b>GAAP Compensation to Total Segment Fee Related Compensation</b>                          |                     |                   |                   |                   |                   |                     |                     |
| GAAP  |                     |                   |                   |                   |                   |                     |                     |
| Compensation  | 364,484             | 389,403           | 427,479           | 419,285           | 373,790           | 1,442,485           | 1,609,957           |
| Realized Incentive Fees Compensation  | 43,450              | 6,662             | 9,743             | 7,251             | 10,260            | 105,279             | 33,916              |
| Realized Performance Allocations Compensation   | 557,244             | 112,062           | 186,398           | 200,442           | 212,174           | 1,281,965           | 711,076             |
| GAAP  | \$ 965,178          | \$ 508,127        | \$ 623,620        | \$ 626,978        | \$ 596,224        | \$ 2,829,729        | \$ 2,354,949        |
| Total Segment   |                     |                   |                   |                   |                   |                     |                     |
| Less: Realized Performance Compensation   | (573,299)           | (114,829)         | (172,894)         | (190,773)         | (199,645)         | (1,297,611)         | (678,141)           |
| Less: Equity-Based Compensation   | (21,396)            | (44,148)          | (34,394)          | (36,576)          | (43,102)          | (107,110)           | (158,220)           |
| Segment Adjustment (c)  | (58,450)            | (53,076)          | (110,089)         | (65,084)          | (74,193)          | (239,369)           | (302,442)           |
| <b>Total Segment</b>  | <b>\$ 312,033</b>   | <b>\$ 296,074</b> | <b>\$ 306,243</b> | <b>\$ 334,545</b> | <b>\$ 279,284</b> | <b>\$ 1,185,639</b> | <b>\$ 1,216,146</b> |
| <b>GAAP General, Administrative and Other to Total Segment Other Operating Expenses</b>     |                     |                   |                   |                   |                   |                     |                     |
| GAAP  | \$ 138,608          | \$ 126,713        | \$ 145,828        | \$ 168,813        | \$ 153,519        | \$ 488,582          | \$ 594,873          |
| Segment Adjustment (d)  | (22,659)            | (19,621)          | (23,362)          | (40,068)          | (23,494)          | (63,716)            | (106,545)           |
| <b>Total Segment</b>  | <b>\$ 115,949</b>   | <b>\$ 107,092</b> | <b>\$ 122,466</b> | <b>\$ 128,745</b> | <b>\$ 130,025</b> | <b>\$ 424,866</b>   | <b>\$ 488,328</b>   |
| <b>Realized Performance Revenues</b>  |                     |                   |                   |                   |                   |                     |                     |
| GAAP  |                     |                   |                   |                   |                   |                     |                     |
| Realized Incentive Fees   | 120,187             | 12,566            | 19,378            | 9,799             | 15,797            | 242,514             | 57,540              |
| Investment Income - Realized Performance Allocations  | 1,422,262           | 269,640           | 503,376           | 592,103           | 511,388           | 3,571,811           | 1,876,507           |
| GAAP  | \$ 1,542,449        | \$ 282,206        | \$ 522,754        | \$ 601,902        | \$ 527,185        | \$ 3,814,325        | \$ 1,934,047        |
| Total Segment   |                     |                   |                   |                   |                   |                     |                     |
| Less: Fee Related Performance Revenues  | (48,089)            | (3,837)           | (45,515)          | (30,299)          | (44,185)          | (169,445)           | (123,836)           |
| Segment Adjustment (b)  | 2,438               | 2                 | 305               | 556               | 697               | 2,927               | 1,560               |
| <b>Total Segment</b>  | <b>\$ 1,496,798</b> | <b>\$ 278,371</b> | <b>\$ 477,544</b> | <b>\$ 572,159</b> | <b>\$ 483,697</b> | <b>\$ 3,647,807</b> | <b>\$ 1,811,771</b> |

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## Reconciliation of GAAP to Total Segment Measures – Continued

| (Dollars in Thousands)   | 4Q'17              | 1Q'18             | 2Q'18             | 3Q'18             | 4Q'18             | FY'17               | FY'18             |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| <b>Realized Performance Compensation</b>   |                    |                   |                   |                   |                   |                     |                   |
| GAAP   |                    |                   |                   |                   |                   |                     |                   |
| Realized Incentive Fee Compensation  | \$ 43,450          | \$ 6,662          | \$ 9,743          | \$ 7,251          | \$ 10,260         | \$ 105,279          | \$ 33,916         |
| Realized Performance Allocations Compensation  | 557,244            | 112,062           | 186,398           | 200,442           | 212,174           | 1,281,965           | 711,076           |
| <b>GAAP</b>  | <b>\$ 600,694</b>  | <b>\$ 118,724</b> | <b>\$ 196,141</b> | <b>\$ 207,693</b> | <b>\$ 222,434</b> | <b>\$ 1,387,244</b> | <b>\$ 744,992</b> |
| Total Segment  |                    |                   |                   |                   |                   |                     |                   |
| Less: Fee Related Performance Compensation   | (23,176)           | 5                 | (20,336)          | (13,858)          | (19,655)          | (75,933)            | (53,844)          |
| Less: Equity-Based Compensation - Performance Compensation   | (4,219)            | (3,900)           | (2,911)           | (3,062)           | (3,134)           | (13,700)            | (13,007)          |
| <b>Total Segment</b>   | <b>\$ 573,299</b>  | <b>\$ 114,829</b> | <b>\$ 172,894</b> | <b>\$ 190,773</b> | <b>\$ 199,645</b> | <b>\$ 1,297,611</b> | <b>\$ 678,141</b> |
| <b>Realized Principal Investment Income</b>  |                    |                   |                   |                   |                   |                     |                   |
| GAAP   | \$ 184,562         | \$ 42,145         | \$ 129,197        | \$ 134,619        | \$ 109,901        | \$ 635,769          | \$ 415,862        |
| Segment Adjustment (e)   | (112,337)          | (13,452)          | (34,550)          | (68,999)          | (62,803)          | (199,575)           | (179,804)         |
| <b>Total Segment</b>   | <b>\$ 72,225</b>   | <b>\$ 28,693</b>  | <b>\$ 94,647</b>  | <b>\$ 65,620</b>  | <b>\$ 47,098</b>  | <b>\$ 436,194</b>   | <b>\$ 236,058</b> |
| <b>GAAP Interest and Dividend Revenue net of Interest Expense to Total Segment Net Interest Income</b> |                    |                   |                   |                   |                   |                     |                   |
| GAAP   |                    |                   |                   |                   |                   |                     |                   |
| Interest and Dividend Revenue  | 40,524             | 35,385            | 40,073            | 48,604            | 47,885            | 139,696             | 171,947           |
| Interest Expense   | (74,606)           | (38,671)          | (39,320)          | (41,355)          | (44,644)          | (197,486)           | (163,990)         |
| <b>GAAP</b>  | <b>\$ (34,082)</b> | <b>\$ (3,286)</b> | <b>\$ 753</b>     | <b>\$ 7,249</b>   | <b>\$ 3,241</b>   | <b>\$ (57,790)</b>  | <b>\$ 7,957</b>   |
| Segment Adjustment (f)   | 4,573              | 1,433             | 2,089             | 1,764             | 8,682             | 7,872               | 13,968            |
| <b>Total Segment</b>   | <b>\$ (29,509)</b> | <b>\$ (1,853)</b> | <b>\$ 2,842</b>   | <b>\$ 9,013</b>   | <b>\$ 11,923</b>  | <b>\$ (49,918)</b>  | <b>\$ 21,925</b>  |

This analysis reconciles the components of Total Segment Distributable Earnings (page 3) to their equivalent GAAP measures, reported on the Consolidated Statement of Operations (page 1). Segment basis presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages and excludes the amortization of intangibles, the expense of equity-based awards and Transaction-Related Charges.

- (a) Represents (1) the add back of net management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- (b) Represents the add back of Performance Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.
- (c) Represents the removal of Transaction-Related Charges that are not recorded in the Total Segment measures.
- (d) Represents the removal of (1) the amortization of transaction-related intangibles, and (2) certain expenses reimbursed by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- (e) Represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- (f) Represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of interest expense associated with the Tax Receivable Agreement.

## Definitions and Distribution Policy

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Blackstone discloses the following operating metrics and financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“non-GAAP”) in this presentation:

- **Segment Distributable Earnings**, or “**Segment DE**”, is Blackstone’s segment profitability measure used to make operating decisions and assess performance across Blackstone’s four segments. Segment DE represents the net realized earnings of Blackstone’s segments and is the sum of Fee Related Earnings and Net Realizations for each segment. Blackstone’s segments are presented on a basis that deconsolidates Blackstone Funds, eliminates non-controlling ownership interests in Blackstone’s consolidated Operating Partnerships, removes the amortization of intangible assets and removes Transaction-Related Charges. Segment DE excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
  - **Net Realizations** is presented on a segment basis and is the sum of Realized Principal Investment Income and Realized Performance Revenues (which refers to Realized Performance Revenues excluding Fee Related Performance Revenues), less Realized Performance Compensation (which refers to Realized Performance Compensation excluding Fee Related Performance Compensation and Equity-Based Performance Compensation).
- **Distributable Earnings**, or “**DE**”, is derived from Blackstone’s segment reported results, and is used to assess performance and amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships. DE is the sum of Segment DE plus Net Interest Income (Loss) less Taxes and Related Payables. DE excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
  - **Net Interest Income (Loss)** is presented on a segment basis and is equal to Interest and Dividend Revenue less Interest Expense, adjusted for the impact of consolidation of Blackstone Funds, and interest expense associated with the Tax Receivable Agreement.
  - **Taxes and Related Payables** represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes excluding the tax impact of any divestitures and including the Payable under the Tax Receivable Agreement.
- **Fee Related Earnings**, or “**FRE**” is a performance measure used to assess Blackstone’s ability to generate profits from revenues that are measured and received on a recurring basis and not subject to future realization events. FRE equals management and advisory fees (net of management fee reductions and offsets) plus Fee Related Performance Revenues, less (a) Fee Related Compensation on a segment basis, and (b) Other Operating Expenses. FRE is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
  - **Fee Related Compensation** is presented on a segment basis and refers to the compensation expense, excluding Equity-Based Compensation, directly related to Management and Advisory Fees, Net and Fee Related Performance Revenues.
  - **Fee Related Performance Revenues** refers to the realized portion of Performance Revenues from Perpetual Capital that are (a) measured and received on a recurring basis, and (b) not dependent on realization events from the underlying investments.
  - **Fee Related Performance Compensation** is included in Fee Related Compensation on a segment basis and refers to compensation expense directly related to Fee Related Performance Revenues.
  - **Perpetual Capital** refers to the component of assets under management with an indefinite term, that is not in liquidation, and for which there is no requirement to return capital to investors through redemption requests in the ordinary course of business, except where funded by new capital inflows. Includes co-investment capital with an investor right to convert into Perpetual Capital.

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## Definitions and Distribution Policy – Continued

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- **Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization**, or “ **Adjusted EBITDA** ”, is a supplemental measure used to assess performance derived from Blackstone’s segment results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents Distributable Earnings plus the addition of (a) Interest Expense on a segment basis, (b) Taxes and Related Payables, and (c) Depreciation and Amortization. Adjusted EBITDA is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
- **Performance Revenues** collectively refers to: (a) Incentive Fees, and (b) Performance Allocations.
- **Performance Compensation** collectively refers to: (a) Incentive Fee Compensation, and (b) Performance Allocations Compensation.
- **Transaction-Related Charges** arise from corporate actions including acquisitions, divestitures, and Blackstone’s initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.

Distribution Policy. Blackstone’s intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P.’s share of Distributable Earnings, subject to adjustment by amounts determined by Blackstone’s general partner to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders for any ensuing quarter. The amount to be distributed could also be adjusted upward in any one quarter. All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of Blackstone’s general partner and may change its distribution policy at any time, including, without limitation, to eliminate such distributions entirely.

## Forward-Looking Statements

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This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations, financial performance and unit repurchase and distribution activities. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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