

PRIVATE REAL ESTATE

Diversifying Investor Portfolios

Private real estate is the third-largest asset class in the US⁽¹⁾ and can be an important allocation because of its potential diversification benefits,⁽²⁾ which can be especially important during times of market volatility and dislocation. Today, global demographic, consumer and information trends can provide tailwinds for commercial real estate across the sectors that benefit from these secular shifts. As real estate values continue to recover after bottoming at the end of 2023,* we believe Blackstone's scale, experience, and global reach position its real estate platform to invest thematically and with conviction in the areas it believes are best aligned to these tailwinds, amid current global macro uncertainty.

We believe today private real estate can offer:

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Values at Inflection Point

02

Diversification and Downside Mitigation

03

Inflation Protection with Reliable Cash Yield

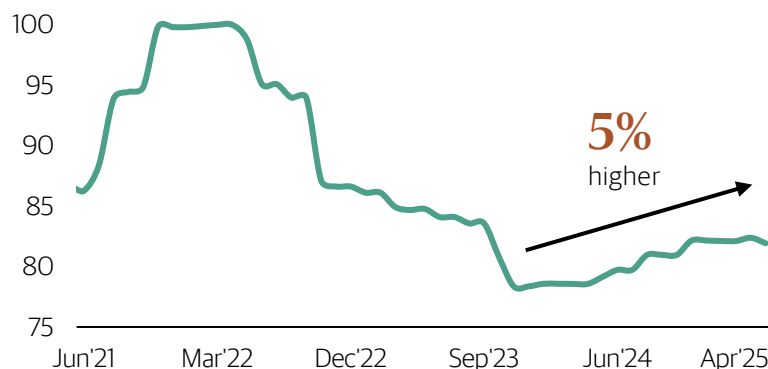
In today's volatile market, investors can consider an allocation to private real estate in their own portfolios.

Real Estate Values at an Inflection Point

Private real estate performance is primarily driven by underlying real estate fundamentals and cash flow growth, not public market forces like sentiment or geopolitical uncertainty. We believe that private real estate offers attractive relative value today because values have already reset, while public markets have rallied over the last few years.*

Real Estate Recovery Is Just Getting Started

Green Street Commercial Property Price Index, April 2022 = 100



Attractive Relative Value

Cumulative Returns

S&P 500

+71%
since Oct'22 trough*

Corporate Bonds

+31%
since Sep'22 trough*

Any product is subject to the risk of capital loss. Diversification does not ensure a profit or protect against losses. There is no guarantee that any product will achieve its aims or objectives or avoid substantial losses. There is no assurance that any product will effectively hedge inflation.

* S&P 500 reflects total gross return, as of May 13, 2025. Oct'22 Trough refers to October 12, 2022. Corporate bonds reflect the total return of the ICE BofA U.S. High Yield Index, as of May 13, 2025. Sep'22 Trough refers to September 29, 2022. Real estate values reflect Green Street Advisors, as of April 30, 2025. Reflects the Commercial Property Price Index for All Property, which captures the prices at which U.S. commercial real estate transactions are currently being negotiated and contracted. 5% reflects increase from November 30, 2023 trough. During the period from September 30, 2022 to May 13, 2025, S&P 500 total returns were 70.7% and corporate bonds total returns were 30.9%. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. See "Important Disclosure Information-Index Definitions".

Low Correlation to Other Asset Classes

Investors looking to mitigate risk in their portfolios can do so by investing in non-correlated assets: over the last 20 years, private real estate has had a 0.0 correlation to equities and a -0.2 correlation to fixed income.⁽³⁾

Asset Class	US Private Real Estate	Global Equities	Global Investment Grade Bonds	Global Public REITs
Global Equities	0.0	1.0		
Global Investment Grade Bonds	-0.2	0.3	1.0	
Global Public REITs	0.1	0.8	0.4	1.0

Represents Blackstone's view of the current market environment as of the date appearing in this material only. Past performance does not predict future returns. Diversification does not assure a profit or protect against a loss in a declining market. Indices are meant to illustrate general market performance. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. Correlation measures how one investment performs in relation to another, with a coefficient of +1 being a perfect, positive correlation and a coefficient of -1 being a perfect, negative correlation. When two asset classes have a correlation of +1, they will both move up or down by the same amount in the same direction. Conversely, a correlation of -1 indicates that when one asset class moves up or down, the other moves in the opposite direction by the same amount. In general, asset classes with a correlation of less than 0.70 or greater than -0.70 are considered to have relatively low correlation. Private Real Estate is represented by the NFI-ODCE Index. Global Equities are represented by the MSCI ACWI Index, including dividends. Global Investment Grade Bonds are represented by the Bloomberg Global Aggregate Bond Index. Global Public REITs are represented by the MSCI World Real Estate Index. See "Index Definitions" and "Important Disclosure Information-Trends".

Diversification in Action

Of the ten calendar years since 1988 when the MSCI ACWI has posted negative returns, private real estate has delivered positive returns in eight of those years.⁽⁴⁾

Calendar Years Since 1988 (Earliest Common Inception) When the MSCI ACWI Generated a Negative Return

	1990	2000	2001	2002	2011	2015	2018	2022	1992	2008
MSCI ACWI										
Private Real Estate										

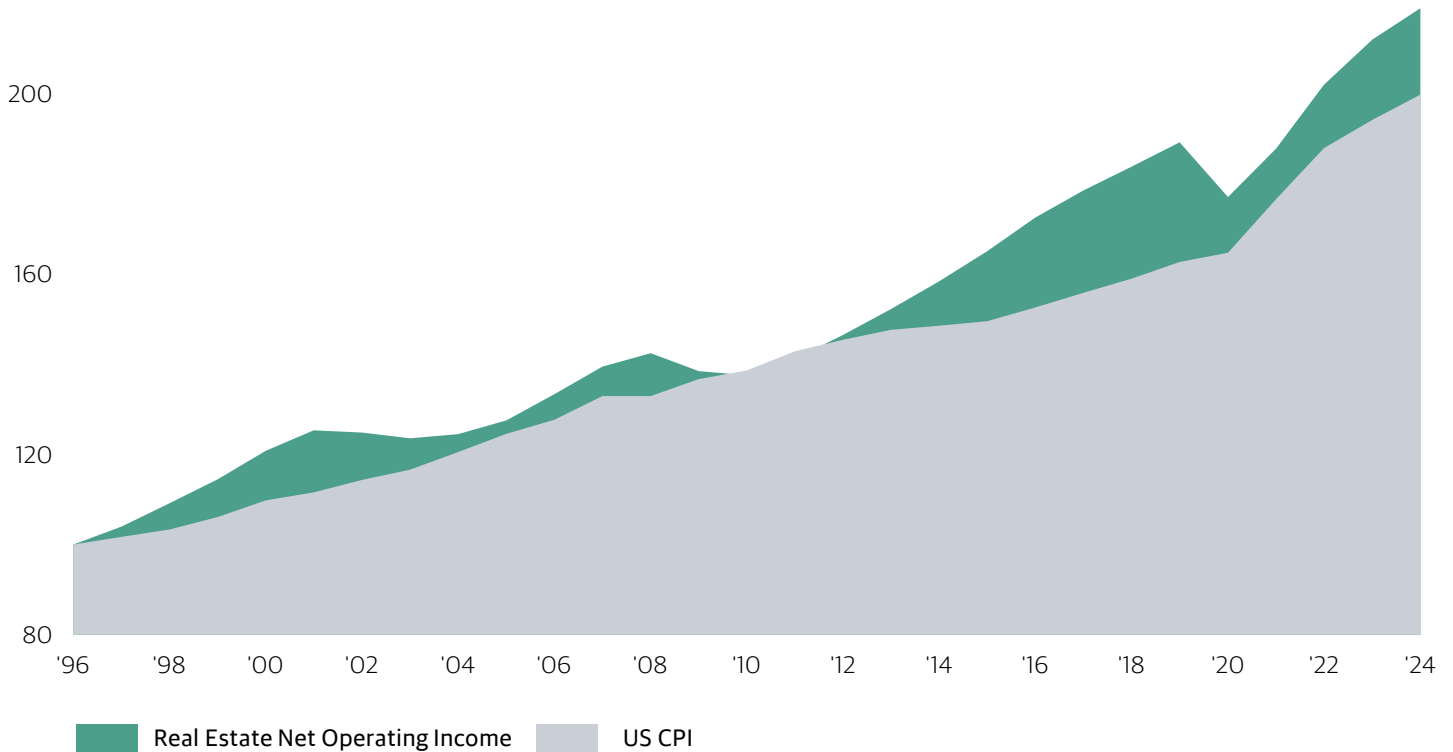
Private real estate outperformance: 8 of 10 years

Represents Blackstone's view of the current market environment as of the date appearing in this material only. Past performance does not predict future returns. The strategy does not trade on a national securities exchange, and therefore, is generally illiquid. The volatility and risk profile of the indices presented are likely to be materially different from that of the strategy including that the strategy's fees and expenses may be higher and shares in the strategy are significantly less liquid than publicly traded REITs. There can be no assurance that any fund or investment will be able to implement its investment strategy, achieve its objectives or avoid substantial losses. Diversification does not assure a profit or protect against loss in a declining market.

Note: There can be no assurance that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict, or guarantee, and are not necessarily indicative of, future events or results. Please see Endnotes on page 3 and "Important Disclosure Information" including "Index Comparison" and "Index Definitions."

Income and Inflation Hedge

Private real estate has offered consistent and attractive income over the past 20 years. Growth in net operating income from real estate has generally outpaced inflation, especially in sectors with outsized growth potential, as rents reset to prevailing market rates.⁽⁵⁾



Represents Blackstone's view of the current market environment as of the date appearing in this material only. There can be no assurance that any Blackstone fund or investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. There is no assurance that any Blackstone fund or strategy will effectively hedge inflation. Past performance does not predict future returns.

Considerations Before Allocating

Ultimately, private market investing means entrusting capital to a manager who takes active ownership of less liquid assets and creates value over time in an arena that is far more expansive than the public markets. With private real estate, a broad set of return drivers, evolving access to the market and a diverse opportunity set all underscore the importance of purposeful asset selection and partnering with the right private markets manager. Key differentiating attributes include scale, staying power and a long track record.

Note: There can be no assurance that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict, or guarantee, and are not necessarily indicative of, future events or results. Please see Endnotes on page 3 and "Important Disclosure Information" including "Index Comparison" and "Index Definitions."

Endnotes

- (1) Federal Reserve, as of June 30, 2024. Represents the US commercial real estate market.
- (2) Diversification does not ensure a profit or protect against losses.
- (3) Morningstar Direct, NCREIF, 20-year period ending December 31, 2024.
- (4) Morningstar, NCREIF, as of December 31, 2024. In the other 29 calendar-year periods since 1988 the MSCI ACWI has generated a positive return, and this is not meant to imply that the MSCI ACWI has outperformed private real estate across all of these periods. Private real estate reflects the NFI-ODCE index, which reflects total returns of various private real estate funds and should not be considered reflective of the performance of any one fund or strategy. Indices are meant to illustrate general market performance. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. Over the last 20 years, (2005-2024), the MSCI ACWI and NFI-ODCE index have had a 0.0 correlation. See "Important Disclosure Information -Index Definitions" and "-Trends".
- (5) Note: Net operating income ("NOI") reflects Green Street Advisors data, as of December 31, 2024. 2024 NOI growth represents year-end estimate as of February 05, 2025. U.S. CPI reflects Bureau of Labor Statistics data, as of December 31, 2024. NOI growth represents the average NOI growth by year across the equal-weighted average of the asset-weighted average of the multifamily, industrial, mall, office and shopping center sectors. Multifamily refers to apartment; shopping center refers to strip retail. The Consumer Price Index (CPI) measures changes in the prices paid by urban consumers for a representative basket of goods and services. NOI may not be correlated to or continue to keep pace with inflation. See "Important Disclosure Information-Trends".

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Important Disclosure Information (Cont'd)

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Trends. There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

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Bloomberg Global Aggregate Bond Index: The index measures the performance of global investment grade fixed-rate debt markets, including the U.S. Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, Global Treasury, Eurodollar, Euro-Yen, Canadian, and Investment Grade 144A index-eligible securities.

Consumer Price Index for All Urban Consumers (All Items in U.S. City Average): The Consumer Price Index for All Urban Consumers: All Items (CPIAUCSL) is a price index of a basket of goods and services paid by urban consumers. Percent changes in the price index measure the inflation rate between any two time periods. The most common inflation metric is the percent change from one year ago. It can also represent the buying habits of urban consumers. This particular index includes roughly 88% of the total population, accounting for wage earners, clerical workers, technical workers, self-employed, short-term workers, unemployed, retirees, and those not in the labor force.

Green Street Commercial Property Price Index: The index is a time series of unleveraged US commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on high-quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.

ICE BofA US High Yield Index: A market-capitalization-weighted index that measures the performance of US-dollar denominated, below-investment-grade corporate debt publicly issued in the US domestic market.

MSCI ACWI Index: MSCI ACWI Index represents all global public equity markets. The MSCI ACWI ex US Index excludes the US equity market. "ACWI" is an acronym for All Country World Index.

MSCI World Real Estate Index: The index measures the performance of the large- and mid-cap real estate (industry group) segments of world equity securities. It is constructed using GICS-Global Industry Classification Standard.

NFI-ODCE Index: The National Council of Real Estate Investment Fiduciaries Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 38 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. NCREIF will calculate the overall aggregated Index return.

S&P 500 Index: The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

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