



## Blackstone Reports First Quarter 2018 Results

**New York, April 19, 2018:** Blackstone (NYSE:BX) today reported its first quarter 2018 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Amid declining global markets and a sharp increase in volatility, Blackstone continued to protect and grow our investors’ capital in the first quarter, delivering strong outperformance across strategies. Investors in the institutional, retail and insurer channels are allocating more capital to our firm, resulting in more than \$18 billion of inflows during the quarter and driving our total assets under management to a new record of \$450 billion, up 22% year over year.”

Mr. Schwarzman also said, “Our financial strength continues to build, and our A+ rated balance sheet gives us the flexibility and firepower to enhance our capital return to unitholders. Today I am pleased to announce we have increased our unit repurchase authorization to \$1 billion. We also intend to make a special distribution of \$0.30 per unit in 2018 representing a portion of the proceeds received in connection with the conclusion of our direct lending sub-advisory relationship.”

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

### Distribution

Blackstone has declared a quarterly distribution of \$0.35 per common unit to record holders of common units at the close of business on April 30, 2018. This distribution will be paid on May 7, 2018.

### Quarterly Investor Call Details

Blackstone will host a conference call on April 19, 2018 at 11:00 a.m. ET to discuss first quarter 2018 results. The conference call can be accessed via the Investors 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 994 507 16#.

## **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 \$450 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).

## **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**

Joan Solotar  
Blackstone  
Tel: +1 (212) 583-5068  
[solotar@blackstone.com](mailto:solotar@blackstone.com)

Weston Tucker  
Blackstone  
Tel: +1 (212) 583-5231  
[tucker@blackstone.com](mailto:tucker@blackstone.com)

Christine Anderson  
Blackstone  
Tel: +1 (212) 583-5182  
[Christine.Anderson@blackstone.com](mailto:Christine.Anderson@blackstone.com)

# Blackstone's First Quarter 2018 Earnings

April 19, 2018

## Blackstone's First Quarter 2018 GAAP Results

- GAAP Net Income was \$842 million for the quarter, and \$3.2 billion over the last twelve months ("LTM"). GAAP Net Income Attributable to The Blackstone Group L.P. was \$368 million for the quarter and \$1.4 billion over the LTM.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
<b>Revenues</b>						
Management and Advisory Fees, Net	\$ 645,484	\$ 728,849	13%	\$ 2,497,356	\$ 2,834,687	14%
Incentive Fees	46,511	12,566	(73)%	168,432	208,569	24%
Investment Income (Loss)						
Performance Allocations						
Realized	1,111,905	269,640	(76)%	2,376,023	2,729,546	15%
Unrealized	(124,621)	628,089	n/m	348,981	647,237	85%
Principal Investment Income						
Realized	251,344	42,145	(83)%	542,082	426,570	(21)%
Unrealized	(40,188)	111,774	n/m	33,633	194,567	479%
Total Investment Income	1,198,440	1,051,648	(12)%	3,300,719	3,997,920	21%
Interest and Dividend Revenue	28,495	35,385	24%	101,144	146,586	45%
Other	(4,212)	(59,317)	n/m	56,153	(188,334)	n/m
<b>Total Revenues</b>	<b>1,914,718</b>	<b>1,769,131</b>	<b>(8)%</b>	<b>6,123,804</b>	<b>6,999,428</b>	<b>14%</b>
<b>Expenses</b>						
Compensation and Benefits						
Compensation	351,589	389,403	11%	1,340,994	1,480,299	10%
Incentive Fee Compensation	22,465	6,662	(70)%	77,601	89,476	15%
Performance Allocations Compensation						
Realized	366,478	112,062	(69)%	772,766	1,027,549	33%
Unrealized	7,533	254,435	n/m	306,860	350,696	14%
Total Compensation and Benefits	748,065	762,562	2%	2,498,221	2,948,020	18%
General, Administrative and Other	109,386	126,713	16%	524,453	505,909	(4)%
Interest Expense	40,246	38,671	(4)%	155,544	195,911	26%
Fund Expenses	24,076	54,985	128%	71,028	163,696	130%
<b>Total Expenses</b>	<b>921,773</b>	<b>982,931</b>	<b>7%</b>	<b>3,249,246</b>	<b>3,813,536</b>	<b>17%</b>
<b>Other Income</b>						
Reduction of Tax Receivable Agreement Liability	-	-	n/m	-	403,855	n/m
Net Gains from Fund Investment Activities	66,132	110,599	67%	231,740	366,064	58%
<b>Income Before Provision for Taxes</b>	<b>\$ 1,059,077</b>	<b>\$ 896,799</b>	<b>(15)%</b>	<b>\$ 3,106,298</b>	<b>\$ 3,955,811</b>	<b>27%</b>
Provision for Taxes	57,437	54,495	(5)%	180,653	740,205	310%
<b>Net Income</b>	<b>\$ 1,001,640</b>	<b>\$ 842,304</b>	<b>(16)%</b>	<b>\$ 2,925,645</b>	<b>\$ 3,215,606</b>	<b>10%</b>
<b>Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities</b>	<b>2,000</b>	<b>(1,275)</b>	<b>n/m</b>	<b>12,378</b>	<b>10,531</b>	<b>(15)%</b>
<b>Net Income Attributable to Non-Controlling Interests in Consolidated Entities</b>	<b>138,685</b>	<b>155,499</b>	<b>12%</b>	<b>344,751</b>	<b>514,253</b>	<b>49%</b>
<b>Net Income Attributable to Non-Controlling Interests in Blackstone Holdings</b>	<b>409,046</b>	<b>320,208</b>	<b>(22)%</b>	<b>1,237,667</b>	<b>1,303,485</b>	<b>5%</b>
<b>Net Income Attributable to The Blackstone Group L.P. ("BX")</b>	<b>\$ 451,909</b>	<b>\$ 367,872</b>	<b>(19)%</b>	<b>\$ 1,330,849</b>	<b>\$ 1,387,337</b>	<b>4%</b>
<b>Net Income per Common Unit, Basic</b>	<b>\$ 0.68</b>	<b>\$ 0.55</b>	<b>(19)%</b>	<b>\$ 2.04</b>	<b>\$ 2.07</b>	<b>1%</b>
<b>Net Income per Common Unit, Diluted</b>	<b>\$ 0.68</b>	<b>\$ 0.53</b>	<b>(22)%</b>	<b>\$ 2.00</b>	<b>\$ 2.07</b>	<b>3%</b>

n/m = not meaningful. Effective January 1, 2018, Blackstone adopted new GAAP guidance regarding revenue recognition (see page 2). All prior periods have been conformed to the new guidance. Please see Blackstone's 4Q'17 Supplemental Financial Data (Updated) available at [ir.blackstone.com](http://ir.blackstone.com) for additional historical periods.

## Revenue Recognition: New GAAP Guidance

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- ▶ Effective January 1, 2018, Blackstone adopted new GAAP guidance on revenue recognition and implemented a change in accounting principle related to Carried Interest and Incentive Allocations.
  - The new GAAP guidance resulted in changes to the recognition of contractual Incentive Fees and their separate presentation in our results.
  - Carried Interest and Incentive Allocations will now be accounted for under the GAAP guidance for equity method investments and be presented as Investment Income – Performance Allocations.
- ▶ Blackstone adopted the new revenue guidance on a full retrospective basis and all prior periods have been conformed to the new guidance.
  - Adoption of the new guidance resulted in changes to GAAP Net Income Attributable to The Blackstone Group L.P. and Economic Income which were not material.
  - The new guidance resulted in no change to Blackstone’s non-GAAP measures of Fee Related Earnings and Distributable Earnings.
  - Performance Revenues in our segment results and non-GAAP measures collectively refer to Realized Incentive Fees and Performance Allocations.

## Blackstone's First Quarter 2018 Segment Highlights

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- ▶ Economic Net Income (“ENI”) was \$792 million (\$0.65/unit) in the quarter, on \$1.7 billion of Total Segment Revenues.
  - ENI was \$3.2 billion (\$2.65/unit) for the LTM, up 7% year-over-year, on \$6.6 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$502 million (\$0.41/unit) in the quarter, driven by \$282 million of Realized Performance Revenues, comprised of Realized Incentive Fees and Realized Performance Allocations.
  - DE was \$3.1 billion (\$2.56/unit) for the LTM on \$2.9 billion of Realized Performance Revenues.
- ▶ Fee Related Earnings (“FRE”) was \$333 million in the quarter, up 14% year-over-year, on \$736 million of Net Management and Advisory Fees.
  - FRE was \$1.3 billion for the LTM, up 20% year-over-year, on \$2.9 billion of Net Management and Advisory Fees.
- ▶ Total Assets Under Management (“AUM”) grew to a record \$449.6 billion, up 22% year-over-year, through a combination of continued fundraising and fund appreciation.
  - Inflows were \$18.2 billion in the quarter, bringing LTM inflows to a record \$112.2 billion.
  - Fee-Earning AUM increased 23% year-over-year to \$344.7 billion.
- ▶ Quarterly and LTM capital deployed were \$10.1 billion and \$49.0 billion, respectively.
- ▶ Blackstone increased its unit repurchase authorization to \$1 billion and announced \$0.30 per unit special distribution to be paid out over the next three quarters.
- ▶ Blackstone declared a first quarter distribution of \$0.35 per common unit payable on May 7, 2018.

## **Additional Highlights**

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### **\$1 Billion Unit Repurchase Authorization**

- ▶ Our Board of Directors has authorized the repurchase of up to \$1 billion of common units and Blackstone Holdings partnership units, nearly tripling the \$335.8 million of repurchase authorization remaining under the prior authorization.
- ▶ While the repurchase authorization is broad-based, Blackstone anticipates unit repurchases will largely be used to offset the dilutive effect from annual equity awards.
- ▶ Units may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of units repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The unit repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

### **Special Cash Distribution**

- ▶ In April 2018, Blackstone received approximately \$580 million of pre-tax proceeds in connection with concluding GSO's investment sub-advisory relationship with FS Investments.
- ▶ Blackstone intends to distribute a portion of the after-tax proceeds to unitholders – resulting in an anticipated incremental \$0.30 per unit to be distributed over the next three quarters.

## Blackstone's First Quarter 2018 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
Management and Advisory Fees, Net	\$ 649,581	\$ 736,044	13%	\$ 2,499,373	\$ 2,857,254	14%
Performance Revenues	1,034,381	910,547	(12)%	2,896,103	3,587,986	24%
Principal Investment Income	103,959	42,671	(59)%	350,899	243,700	(31)%
Interest, Dividend and Other Revenue	20,209	(24,509)	n/m	154,422	(41,849)	n/m
<b>Total Revenues</b>	<b>1,808,130</b>	<b>1,664,753</b>	<b>(8)%</b>	<b>5,900,797</b>	<b>6,647,091</b>	<b>13%</b>
Total Expenses	821,415	854,816	4%	2,821,246	3,345,259	19%
Taxes	18,805	18,228	(3)%	94,274	100,954	7%
<b>Economic Net Income</b>	<b>\$ 967,910</b>	<b>\$ 791,709</b>	<b>(18)%</b>	<b>\$ 2,985,277</b>	<b>\$ 3,200,878</b>	<b>7%</b>
<i>ENI per Unit</i>	<i>\$ 0.81</i>	<i>\$ 0.65</i>	<i>(20)%</i>	<i>\$ 2.49</i>	<i>\$ 2.65</i>	<i>6%</i>
<b>Fee Related Earnings</b>	<b>\$ 290,742</b>	<b>\$ 332,873</b>	<b>14%</b>	<b>\$ 1,065,763</b>	<b>\$ 1,278,350</b>	<b>20%</b>
<i>FRE per Unit</i>	<i>\$ 0.24</i>	<i>\$ 0.28</i>	<i>17%</i>	<i>\$ 0.90</i>	<i>\$ 1.07</i>	<i>19%</i>
<b>Distributable Earnings</b>	<b>\$ 1,230,138</b>	<b>\$ 502,055</b>	<b>(59)%</b>	<b>\$ 2,957,498</b>	<b>\$ 3,148,132</b>	<b>6%</b>
<i>DE per Common Unit</i>	<i>\$ 1.02</i>	<i>\$ 0.41</i>	<i>(60)%</i>	<i>\$ 2.42</i>	<i>\$ 2.56</i>	<i>6%</i>
Total AUM	\$ 368,196,917	\$ 449,613,826	22%	\$ 368,196,917	\$ 449,613,826	22%
Fee-Earning AUM	\$ 280,215,551	\$ 344,650,797	23%	\$ 280,215,551	\$ 344,650,797	23%

Performance Revenues collectively refer to Realized Incentive Fees and Performance Allocations.



## Private Equity

- ▶ Corporate Private Equity carrying value increased 6.4% in the quarter, driven by strong appreciation in the private portfolio.
- ▶ Invested \$4.0 billion in the quarter, including a new Corporate Private Equity investment in Paysafe, as well as deployments in Tactical Opportunities and Strategic Partners.
  - Landmark Thomson Reuters investment was committed but not yet deployed during the quarter.
- ▶ Realizations of \$1.0 billion in the quarter were driven by activity across Corporate Private Equity, Strategic Partners and Tactical Opportunities, bringing LTM realizations to \$10.6 billion.
- ▶ Completed an initial public offering of BCP VI's largest investment, Gates Industrial, on January 25, 2018.
- ▶ Total AUM inflows of \$3.5 billion and portfolio appreciation in the quarter drove Total AUM to \$111.4 billion.
  - Fee-Earning AUM increased 6% year-over-year to \$72.4 billion.

(Dollars in Thousands)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
Management and Advisory Fees, Net	\$ 180,692	\$ 190,862	6%	\$ 608,038	\$ 774,605	27%
Performance Revenues	398,203	474,439	19%	965,005	1,220,210	26%
Principal Investment Income	40,772	23,706	(42)%	109,473	86,354	(21)%
Interest, Dividend and Other Revenue	4,861	(7,865)	n/m	46,011	(15,550)	n/m
<b>Total Revenues</b>	<b>624,528</b>	<b>681,142</b>	<b>9%</b>	<b>1,728,527</b>	<b>2,065,619</b>	<b>20%</b>
Compensation	83,603	99,729	19%	313,297	378,800	21%
Performance Compensation	142,277	211,847	49%	392,373	545,209	39%
Interest Expense	10,427	10,133	(3)%	47,440	50,835	7%
Other Operating Expenses	27,761	31,151	12%	126,466	124,387	(2)%
<b>Total Expenses</b>	<b>264,068</b>	<b>352,860</b>	<b>34%</b>	<b>879,576</b>	<b>1,099,231</b>	<b>25%</b>
<b>Economic Income</b>	<b>\$ 360,460</b>	<b>\$ 328,282</b>	<b>(9)%</b>	<b>\$ 848,951</b>	<b>\$ 966,388</b>	<b>14%</b>
Total AUM	\$ 99,707,057	\$ 111,414,214	12%	\$ 99,707,057	\$ 111,414,214	12%
Fee-Earning AUM	\$ 68,227,286	\$ 72,398,415	6%	\$ 68,227,286	\$ 72,398,415	6%

6.4%

1Q'18 Increase in Corporate  
Private Equity Carrying Value

\$1.0 billion

1Q'18 Realizations

\$111.4 billion

Total AUM up 12% YoY

## Real Estate

- ▶ Opportunistic funds' carrying value increased 3.5% during the quarter primarily driven by gains in private investment values; core+ funds' carrying values increased 3.4% in the quarter.
- ▶ Active investing quarter with \$6.7 billion invested or committed, with 50% outside of North America.
  - Includes \$1.3 billion for the purchase of a majority stake in the Banco Popular Spanish real estate portfolio, along with a commitment to purchase a public Canadian industrial REIT in core+ expected to close in the second quarter of 2018.
- ▶ Realizations of \$2.7 billion in the quarter driven by proceeds from Invitation Homes and BioMed Realty Trust.
- ▶ Total AUM up 17% and Fee-Earning AUM up 21% year-over-year to \$119.6 billion and \$87.3 billion, respectively.
  - Total AUM inflows of \$3.6 billion in the quarter driven by fundraising across the core+ platform, including \$691 million in BPP Europe and co-invest, \$623 million in BREIT and \$460 million in BPP U.S.
  - Global core+ Total AUM up 87% year-over-year to \$29.7 billion, four years after launching the business.

(Dollars in Thousands)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
Management Fees, Net	\$ 215,608	\$ 247,946	15%	\$ 866,665	\$ 971,376	12%
Performance Revenues	514,709	382,126	(26)%	1,433,414	1,945,102	36%
Principal Investment Income	35,726	17,377	(51)%	146,481	115,334	(21)%
Interest, Dividend and Other Revenue	8,944	(6,369)	n/m	56,298	(8,654)	n/m
<b>Total Revenues</b>	<b>774,987</b>	<b>641,080</b>	<b>(17)%</b>	<b>2,502,858</b>	<b>3,023,158</b>	<b>21%</b>
Compensation	102,702	112,824	10%	387,476	437,333	13%
Performance Compensation	199,081	135,563	(32)%	528,368	741,118	40%
Interest Expense	14,635	14,149	(3)%	52,194	70,855	36%
Other Operating Expenses	30,864	29,417	(5)%	136,621	134,595	(1)%
<b>Total Expenses</b>	<b>347,282</b>	<b>291,953</b>	<b>(16)%</b>	<b>1,104,659</b>	<b>1,383,901</b>	<b>25%</b>
<b>Economic Income</b>	<b>\$ 427,705</b>	<b>\$ 349,127</b>	<b>(18)%</b>	<b>\$ 1,398,199</b>	<b>\$ 1,639,257</b>	<b>17%</b>
Total AUM	\$ 102,070,930	\$ 119,575,884	17%	\$ 102,070,930	\$ 119,575,884	17%
Fee-Earning AUM	\$ 71,904,741	\$ 87,284,578	21%	\$ 71,904,741	\$ 87,284,578	21%

3.5%

1Q'18 Increase in Opportunistic  
Funds' Carrying Value

\$2.7 billion

1Q'18 Realizations

\$119.6 billion

Total AUM up 17% YoY

Carrying value for core+ funds excludes BREIT.

## Hedge Fund Solutions

- ▶ The BPS Composite gross return was 1.3% in the quarter (1.1% net), and 6.7% for the LTM (5.8% net), despite the volatility in the markets, continuing positive momentum in returns for hedge fund strategies.
- ▶ Total AUM inflows of \$3.9 billion during the quarter and \$12.4 billion for the LTM, driven by customized solutions and individual investor and specialized solutions.
  - Net inflows of \$2.8 billion represent the largest quarterly amount since 2014.
  - April 1 subscriptions of \$698 million are not yet included in Total AUM.
- ▶ Total AUM increased 7% year-over-year to a record \$78.7 billion, driven primarily by appreciation across strategies.
  - Total AUM for BAAM's individual investor solutions platform reached \$9.0 billion, up 34% year-over-year.
  - Fee-Earning AUM up 7% year-over-year to \$73.6 billion.

(Dollars in Thousands)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
Management Fees, Net	\$ 128,727	\$ 129,573	1%	\$ 520,823	\$ 519,781	(0)%
Performance Revenues	33,499	15,238	(55)%	75,624	144,426	91%
Principal Investment Income	17,661	1,080	(94)%	42,935	33,505	(22)%
Interest, Dividend and Other Revenue	2,387	(5,476)	n/m	22,721	(10,718)	n/m
<b>Total Revenues</b>	<b>182,274</b>	<b>140,415</b>	<b>(23)%</b>	<b>662,103</b>	<b>686,994</b>	<b>4%</b>
Compensation	47,604	50,300	6%	178,755	179,478	0%
Performance Compensation	13,739	8,635	(37)%	32,232	51,361	59%
Interest Expense	6,543	6,271	(4)%	25,020	31,346	25%
Other Operating Expenses	16,379	18,785	15%	74,142	70,671	(5)%
<b>Total Expenses</b>	<b>84,265</b>	<b>83,991</b>	<b>(0)%</b>	<b>310,149</b>	<b>332,856</b>	<b>7%</b>
<b>Economic Income</b>	<b>\$ 98,009</b>	<b>\$ 56,424</b>	<b>(42)%</b>	<b>\$ 351,954</b>	<b>\$ 354,138</b>	<b>1%</b>
Total AUM	\$ 73,303,381	\$ 78,657,551	7%	\$ 73,303,381	\$ 78,657,551	7%
Fee-Earning AUM	\$ 68,812,528	\$ 73,570,498	7%	\$ 68,812,528	\$ 73,570,498	7%

**1.3%**  
1Q'18 BPS Composite Gross Return

**\$3.9 billion**  
1Q'18 Total AUM Inflows

**\$78.7 billion**  
Total AUM up 7% YoY

The BPS Composite gross and net returns are based on the BAAM Principal Solutions ("BPS") Composite, which does not include BAAM's individual investor solutions (liquid alternatives), ventures (seeding and minority interests), strategic opportunities (co-invests), and advisory (non-discretionary) platforms, except for investments by BPS funds directly into those platforms. BAAM-managed funds in liquidation and non fee-paying assets (net returns only) are also excluded. The funds/accounts that comprise the BPS Composite are not managed within a single fund or account and are managed with different mandates. There is no guarantee that BAAM would have made the same mix of investments in a stand-alone fund/account. The BPS Composite is not an investible product and, as such, the performance of the Composite does not represent the performance of an actual fund or account.

## Credit

- ▶ Composite gross returns of 3.2% for Performing Credit and (0.3)% for Distressed Strategies for the quarter.
- ▶ Investment pace remained strong with \$1.7 billion of capital deployed or committed during the quarter and \$9.3 billion over the LTM, predominantly capitalizing on distressed and European opportunities.
- ▶ Continued strong realization activity across funds of \$2.5 billion in the quarter and \$11.7 billion for the LTM.
- ▶ Total AUM increased 50% year-over-year to a record \$140.0 billion, driven by inflows from the new Blackstone Insurance Solutions platform launch and Harvest acquisition, both of which occurred in the fourth quarter of last year.
  - Total AUM for Blackstone Insurance Solutions reached \$24.1 billion at quarter end, including \$1.0 billion invested in other Blackstone products.
  - Raised \$678 million of capital in the quarter for the successor flagship distressed fund, with the final close occurring in the second quarter bringing the total fund size to \$7.5 billion.
  - Concluded the first close for a successor credit alpha fund for \$476 million.
  - Launched ten CLOs (six U.S. and four European) in the LTM totaling \$6.8 billion, including \$1.6 billion in the first quarter.

(Dollars in Thousands)	1Q'17	1Q'18	% Change vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	% Change vs. 1Q'17 LTM
Management Fees, Net	\$ 124,554	\$ 167,663	35%	\$ 503,847	\$ 591,492	17%
Performance Revenues	87,970	38,744	(56)%	422,060	278,248	(34)%
Principal Investment Income	9,800	508	(95)%	52,010	8,507	(84)%
Interest, Dividend and Other Revenue	4,017	(4,799)	n/m	29,392	(6,927)	n/m
<b>Total Revenues</b>	<b>226,341</b>	<b>202,116</b>	<b>(11)%</b>	<b>1,007,309</b>	<b>871,320</b>	<b>(14)%</b>
Compensation	55,118	73,474	33%	205,312	254,805	24%
Performance Compensation	41,379	17,114	(59)%	204,254	130,033	(36)%
Interest Expense	7,845	7,685	(2)%	26,321	38,590	47%
Other Operating Expenses	21,458	27,739	29%	90,975	105,843	16%
<b>Total Expenses</b>	<b>125,800</b>	<b>126,012</b>	<b>0%</b>	<b>526,862</b>	<b>529,271</b>	<b>0%</b>
<b>Economic Income</b>	<b>\$ 100,541</b>	<b>\$ 76,104</b>	<b>(24)%</b>	<b>\$ 480,447</b>	<b>\$ 342,049</b>	<b>(29)%</b>
Total AUM	\$ 93,115,549	\$ 139,966,177	50%	\$ 93,115,549	\$ 139,966,177	50%
Fee-Earning AUM	\$ 71,270,996	\$ 111,397,306	56%	\$ 71,270,996	\$ 111,397,306	56%

### 1Q'18 Composite Gross Returns

Performing Credit	3.2%
Distressed	(0.3)%

**\$7.1 billion**

1Q'18 Total AUM Inflows

**\$140.0 billion**

Total AUM up 50% YoY

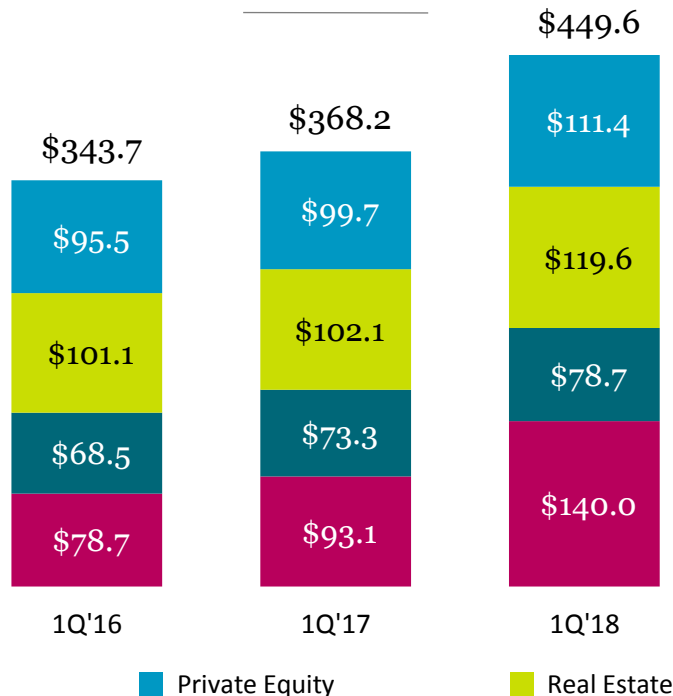
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include credit alpha strategies, stressed / distressed funds and energy strategies. The composite gross returns represent a weighted-average 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 Strategies' net composite returns were 2.3% and 5.5% for 1Q'18 and 1Q'18 LTM. Distressed Strategies' net composite returns were (0.6)% and 2.5% for 1Q'18 and 1Q'18 LTM. The breakdown of Total AUM for 1Q'18 is as follows: Distressed Strategies \$27.0 billion (14% Incentive Fee, 86% Performance Allocations), Performing Credit Strategies \$39.8 billion (5% Incentive Fee, 95% Performance Allocations), Long Only \$40.3 billion, Blackstone Insurance Solutions \$23.1 billion, and Harvest \$9.9 billion. The breakdown of Fee-Earning AUM for 1Q'18 is as follows: Distressed Strategies \$12.3 billion (29% Incentive Fee, 71% Performance Allocations), Performing Credit Strategies \$27.6 billion (10% Incentive Fee, 90% Performance Allocations), Long Only \$38.6 billion, Blackstone Insurance Solutions \$23.1 billion, and Harvest \$9.8 billion.

## Assets Under Management

- ▶ Total AUM increased \$81.4 billion, or 22%, year-over-year to \$449.6 billion driven by \$112.2 billion of inflows.
  - Total AUM increased despite realizations of \$44.8 billion during the LTM.
- ▶ Fee-Earning AUM of \$344.7 billion up 23% year-over-year as \$101.7 billion of inflows outpaced \$45.6 billion of realizations and outflows.

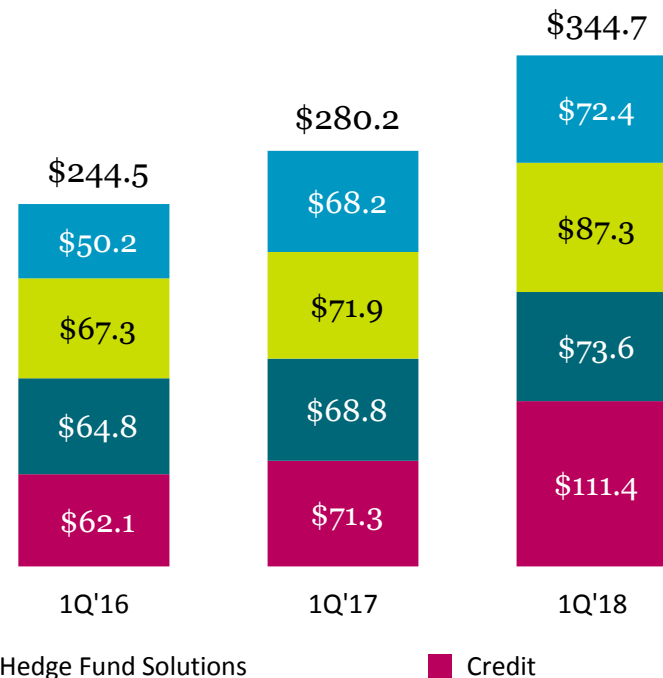
### Total AUM by Segment

(Dollars in Billions)



### Fee-Earning AUM by Segment

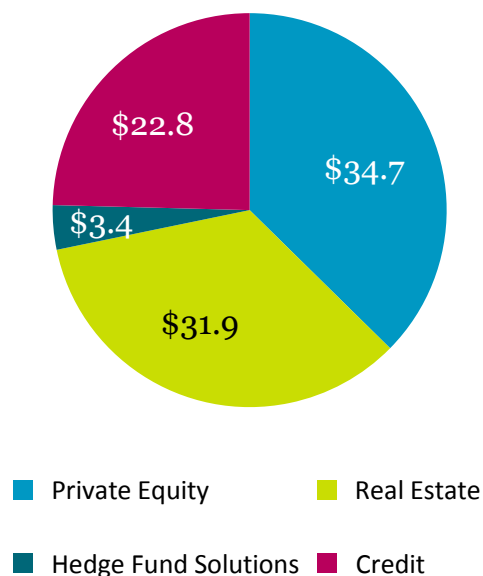
(Dollars in Billions)



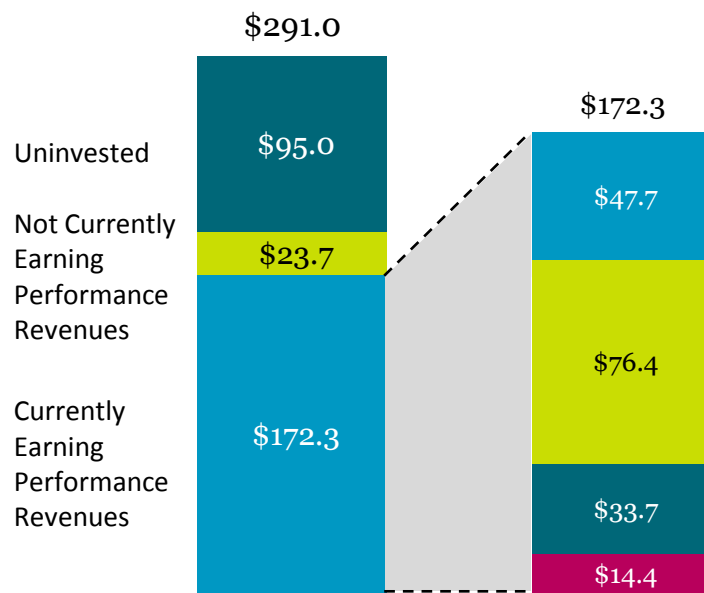
## Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$92.8 billion, despite \$49.0 billion of capital deployed over the LTM.
  - 80% of Total Dry Powder was raised since the beginning of 2015.
- ▶ Performance Revenue Eligible AUM reached \$291.0 billion at quarter end, up 7% year-over-year, despite significant realizations in the Real Estate, Private Equity, and Credit segments.

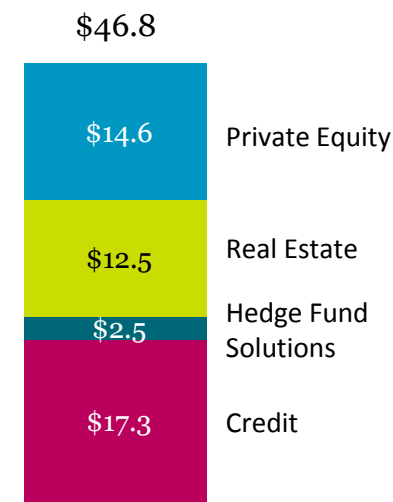
### \$93 billion 1Q'18 Total Dry Powder



### \$291 billion Performance Revenue Eligible AUM



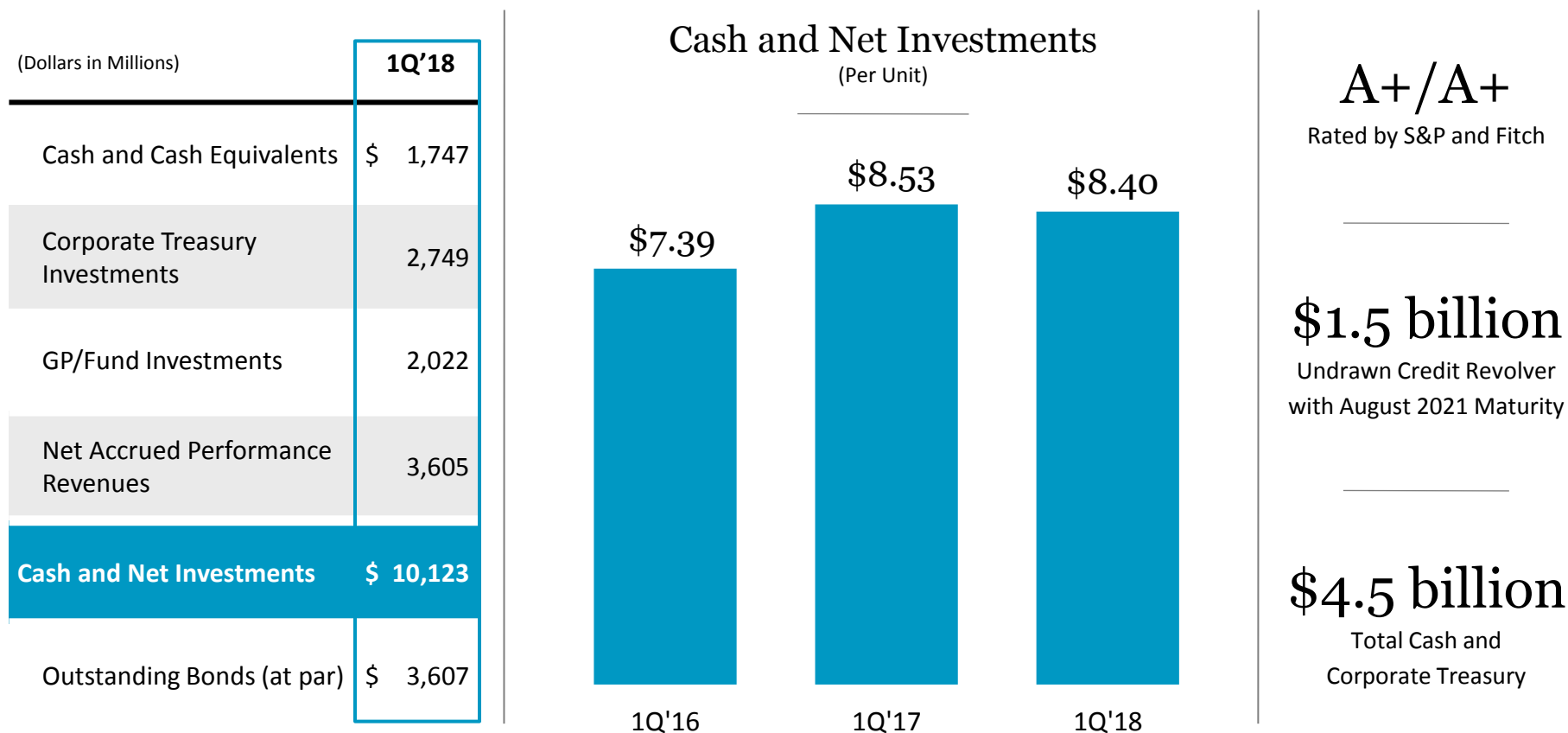
### \$47 billion Not Currently Earning Management Fees



Performance Revenue Eligible AUM Currently Earning Performance Revenues of \$172.3 billion includes \$47.7 billion for Private Equity (Corporate Private Equity \$28.2 billion, Tactical Opportunities \$12.3 billion, Strategic Partners \$7.2 billion), \$76.4 billion for Real Estate (BREP \$44.3 billion, core+ \$24.3 billion, BREDS \$7.8 billion), \$33.7 billion for Hedge Fund Solutions, and \$14.4 billion for Credit (Distressed Strategies \$6.8 billion, Performing Credit Strategies \$7.0 billion, Long Only and Master Limited Partnership (“MLP”) \$584 million).

## Deconsolidated Balance Sheet Highlights

- ▶ At March 31, 2018, Blackstone had \$4.5 billion in total cash, cash equivalents, and corporate treasury investments and \$10.1 billion of cash and net investments, or \$8.40 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintains A+/A+ ratings.



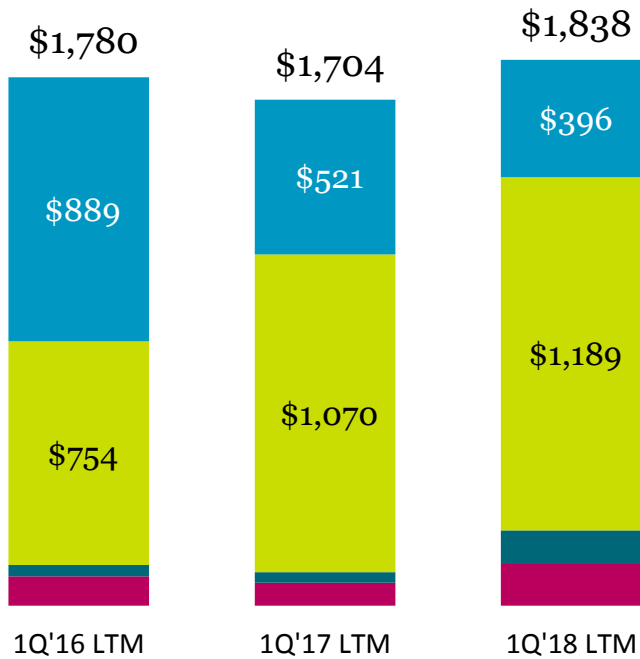
Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. GP/Fund Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$647 million, \$892 million, \$114 million, and \$368 million, respectively, as of March 31, 2018. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding (see page 34, Unit Rollforward).

## Performance Revenues

- ▶ Net Accrued Performance Revenues were \$3.6 billion (\$2.99/unit), increasing 9% year-over-year with strong appreciation generating \$2.1 billion of additional Net Accrued Performance Revenues that offset \$1.8 billion of Net Realized Performance Revenues.

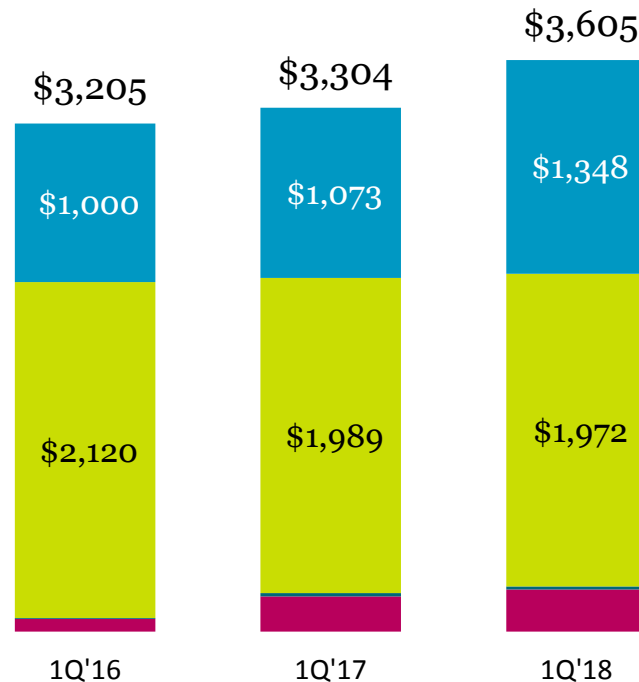
### Net Realized Performance Revenues

(Dollars in Millions)



### Net Accrued Performance Revenues

(Dollars in Millions)



**\$3.6 billion**

Net Accrued Performance Revenues at 1Q'18

**\$2.99**

per unit

Net Accrued Performance Revenues at 1Q'18

■ Private Equity    
 ■ Real Estate    
 ■ Hedge Fund Solutions    
 ■ Credit



# Appendix

# Total Segments

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Revenues</b>							
Management and Advisory Fees, Net							
Base Management Fees	\$ 642,958	\$ 671,368	\$ 669,902	\$ 696,163	\$ 707,156	\$ 2,454,034	\$ 2,744,589
Transaction, Advisory and Other Fees, Net	40,222	38,892	32,295	45,407	37,066	138,481	153,660
Management Fee Offsets	(33,599)	(13,424)	(10,215)	(9,178)	(8,178)	(93,142)	(40,995)
Total Management and Advisory Fees, Net	649,581	696,836	691,982	732,392	736,044	2,499,373	2,857,254
Performance Revenues							
Realized Incentive Fees	46,511	40,303	35,513	122,057	12,566	169,545	210,439
Realized Performance Allocations	1,111,948	603,096	434,994	1,422,830	269,642	2,376,571	2,730,562
Unrealized Performance Allocations	(124,078)	95,707	407,425	(484,486)	628,339	349,987	646,985
Total Performance Revenues	1,034,381	739,106	877,932	1,060,401	910,547	2,896,103	3,587,986
Principal Investment Income (Loss)							
Realized	202,894	100,887	60,188	72,225	28,693	412,864	261,993
Unrealized	(98,935)	(33,167)	17,384	(16,488)	13,978	(61,965)	(18,293)
Total Principal Investment Income	103,959	67,720	77,572	55,737	42,671	350,899	243,700
Interest Income and Dividend Revenue	28,496	33,703	37,885	42,836	36,385	101,749	150,809
Other	(8,287)	(62,469)	(34,144)	(35,151)	(60,894)	52,673	(192,658)
<b>Total Revenues</b>	<b>1,808,130</b>	<b>1,474,896</b>	<b>1,651,227</b>	<b>1,856,215</b>	<b>1,664,753</b>	<b>5,900,797</b>	<b>6,647,091</b>
<b>Expenses</b>							
Compensation	289,027	305,257	302,798	306,034	336,327	1,084,840	1,250,416
Performance Compensation							
Realized Incentive Fees	22,465	21,032	18,332	43,450	6,662	77,601	89,476
Realized Performance Allocations	366,478	195,738	162,505	557,244	112,062	772,766	1,027,549
Unrealized Performance Allocations	7,533	86,910	175,534	(166,183)	254,435	306,860	350,696
Total Compensation and Benefits	685,503	608,937	659,169	740,545	709,486	2,242,067	2,718,137
Interest Expense	39,450	40,294	40,749	72,345	38,238	150,975	191,626
Other Operating Expenses	96,462	105,838	106,617	115,949	107,092	428,204	435,496
<b>Total Expenses</b>	<b>821,415</b>	<b>755,069</b>	<b>806,535</b>	<b>928,839</b>	<b>854,816</b>	<b>2,821,246</b>	<b>3,345,259</b>
<b>Economic Income</b>	<b>\$ 986,715</b>	<b>\$ 719,827</b>	<b>\$ 844,692</b>	<b>\$ 927,376</b>	<b>\$ 809,937</b>	<b>\$ 3,079,551</b>	<b>\$ 3,301,832</b>
<b>Economic Net Income</b>	<b>\$ 967,910</b>	<b>\$ 695,659</b>	<b>\$ 822,140</b>	<b>\$ 891,370</b>	<b>\$ 791,709</b>	<b>\$ 2,985,277</b>	<b>\$ 3,200,878</b>
<b>Fee Related Earnings</b>	<b>\$ 290,742</b>	<b>\$ 311,183</b>	<b>\$ 306,708</b>	<b>\$ 327,586</b>	<b>\$ 332,873</b>	<b>\$ 1,065,763</b>	<b>\$ 1,278,350</b>
<b>Distributable Earnings</b>	<b>\$ 1,230,138</b>	<b>\$ 781,365</b>	<b>\$ 625,566</b>	<b>\$ 1,239,146</b>	<b>\$ 502,055</b>	<b>\$ 2,957,498</b>	<b>\$ 3,148,132</b>
Total Assets Under Management	\$ 368,196,917	\$ 371,056,281	\$ 387,449,746	\$ 434,128,243	\$ 449,613,826	\$ 368,196,917	\$ 449,613,826
Fee-Earning Assets Under Management	\$ 280,215,551	\$ 281,934,511	\$ 285,698,425	\$ 335,343,998	\$ 344,650,797	\$ 280,215,551	\$ 344,650,797
Weighted Average Fee-Earning AUM	\$ 279,582,971	\$ 281,966,547	\$ 284,114,581	\$ 311,353,064	\$ 344,482,808	\$ 271,944,095	\$ 317,684,345
LP Capital Invested	\$ 9,709,930	\$ 7,799,624	\$ 10,043,022	\$ 18,663,837	\$ 9,323,329	\$ 25,616,109	\$ 45,829,812
Total Capital Invested	\$ 11,840,913	\$ 8,382,583	\$ 10,925,170	\$ 19,529,797	\$ 10,119,519	\$ 28,422,948	\$ 48,957,069

See page 2 for information regarding the adoption of new GAAP guidance on revenue recognition.

# Private Equity

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Revenues</b>							
Management and Advisory Fees, Net							
Base Management Fees	\$ 176,706	\$ 177,684	\$ 182,764	\$ 187,664	\$ 182,961	\$ 601,651	\$ 731,073
Transaction, Advisory and Other Fees, Net	16,176	17,289	8,748	15,411	11,094	46,539	52,542
Management Fee Offsets	(12,190)	(3,753)	(1,088)	(976)	(3,193)	(40,152)	(9,010)
Total Management and Advisory Fees, Net	180,692	191,220	190,424	202,099	190,862	608,038	774,605
Performance Revenues							
Realized Performance Allocations	582,681	198,168	101,918	274,421	77,123	797,667	651,630
Unrealized Performance Allocations	(184,478)	9	80,326	90,929	397,316	167,338	568,580
Total Performance Revenues	398,203	198,177	182,244	365,350	474,439	965,005	1,220,210
Principal Investment Income (Loss)							
Realized	81,294	41,168	7,077	25,298	6,338	170,028	79,881
Unrealized	(40,522)	(25,892)	17,300	(2,303)	17,368	(60,555)	6,473
Total Principal Investment Income	40,772	15,276	24,377	22,995	23,706	109,473	86,354
Interest Income and Dividend Revenue	6,661	7,922	9,046	9,209	8,543	25,766	34,720
Other	(1,800)	(16,124)	(8,346)	(9,392)	(16,408)	20,245	(50,270)
<b>Total Revenues</b>	<b>624,528</b>	<b>396,471</b>	<b>397,745</b>	<b>590,261</b>	<b>681,142</b>	<b>1,728,527</b>	<b>2,065,619</b>
<b>Expenses</b>							
Compensation	83,603	90,676	96,166	92,229	99,729	313,297	378,800
Performance Compensation							
Realized Performance Allocations	181,633	63,060	48,019	111,832	33,045	277,088	255,956
Unrealized Performance Allocations	(39,356)	22,219	45,484	42,748	178,802	115,285	289,253
Total Compensation and Benefits	225,880	175,955	189,669	246,809	311,576	705,670	924,009
Interest Expense	10,427	10,728	10,804	19,170	10,133	47,440	50,835
Other Operating Expenses	27,761	28,592	32,166	32,478	31,151	126,466	124,387
<b>Total Expenses</b>	<b>264,068</b>	<b>215,275</b>	<b>232,639</b>	<b>298,457</b>	<b>352,860</b>	<b>879,576</b>	<b>1,099,231</b>
<b>Economic Income</b>	<b>\$ 360,460</b>	<b>\$ 181,196</b>	<b>\$ 165,106</b>	<b>\$ 291,804</b>	<b>\$ 328,282</b>	<b>\$ 848,951</b>	<b>\$ 966,388</b>
Total Assets Under Management	\$ 99,707,057	\$ 100,019,716	\$ 102,453,979	\$ 105,560,576	\$ 111,414,214	\$ 99,707,057	\$ 111,414,214
Fee-Earning Assets Under Management	\$ 68,227,286	\$ 68,029,670	\$ 67,538,062	\$ 70,140,883	\$ 72,398,415	\$ 68,227,286	\$ 72,398,415
Weighted Average Fee-Earning AUM	\$ 68,613,668	\$ 68,194,287	\$ 67,606,365	\$ 68,815,882	\$ 71,881,372	\$ 68,415,122	\$ 68,184,390
LP Capital Invested	\$ 4,736,388	\$ 3,846,841	\$ 3,725,919	\$ 4,614,237	\$ 3,301,949	\$ 10,314,297	\$ 15,488,946
Total Capital Invested	\$ 6,748,859	\$ 4,221,479	\$ 4,279,062	\$ 4,929,609	\$ 3,955,198	\$ 12,685,979	\$ 17,385,348

# Real Estate

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 197,879	\$ 227,865	\$ 224,048	\$ 222,399	\$ 226,526	\$ 793,133	\$ 900,838
Transaction and Other Fees, Net	21,279	16,087	20,616	24,799	23,088	80,809	84,590
Management Fee Offsets	(3,550)	(5,018)	(4,232)	(3,134)	(1,668)	(7,277)	(14,052)
Total Management Fees, Net	215,608	238,934	240,432	244,064	247,946	866,665	971,376
Performance Revenues							
Realized Incentive Fees	2,882	4,878	3,778	20,094	4,375	28,316	33,125
Realized Performance Allocations	519,873	389,441	307,932	971,996	151,309	1,522,852	1,820,678
Unrealized Performance Allocations	(8,046)	89,688	273,731	(498,562)	226,442	(117,754)	91,299
Total Performance Revenues	514,709	484,007	585,441	493,528	382,126	1,433,414	1,945,102
Principal Investment Income (Loss)							
Realized	119,579	57,599	44,449	34,276	14,690	229,316	151,014
Unrealized	(83,853)	(20,519)	(8,319)	(9,529)	2,687	(82,835)	(35,680)
Total Principal Investment Income	35,726	37,080	36,130	24,747	17,377	146,481	115,334
Interest Income and Dividend Revenue	12,094	14,493	15,461	16,036	15,128	41,016	61,118
Other	(3,150)	(22,965)	(13,108)	(12,202)	(21,497)	15,282	(69,772)
<b>Total Revenues</b>	<b>774,987</b>	<b>751,549</b>	<b>864,356</b>	<b>766,173</b>	<b>641,080</b>	<b>2,502,858</b>	<b>3,023,158</b>
<b>Expenses</b>							
Compensation	102,702	110,266	105,753	108,490	112,824	387,476	437,333
Performance Compensation							
Realized Incentive Fees	1,333	2,711	1,967	10,203	2,210	11,223	17,091
Realized Performance Allocations	179,956	124,512	104,112	364,410	54,183	469,564	647,217
Unrealized Performance Allocations	17,792	64,254	105,640	(172,254)	79,170	47,581	76,810
Total Compensation and Benefits	301,783	301,743	317,472	310,849	248,387	915,844	1,178,451
Interest Expense	14,635	14,787	15,028	26,891	14,149	52,194	70,855
Other Operating Expenses	30,864	33,379	33,256	38,543	29,417	136,621	134,595
<b>Total Expenses</b>	<b>347,282</b>	<b>349,909</b>	<b>365,756</b>	<b>376,283</b>	<b>291,953</b>	<b>1,104,659</b>	<b>1,383,901</b>
<b>Economic Income</b>	<b>\$ 427,705</b>	<b>\$ 401,640</b>	<b>\$ 498,600</b>	<b>\$ 389,890</b>	<b>\$ 349,127</b>	<b>\$ 1,398,199</b>	<b>\$ 1,639,257</b>
Total Assets Under Management	\$ 102,070,930	\$ 104,034,287	\$ 111,298,844	\$ 115,340,363	\$ 119,575,884	\$ 102,070,930	\$ 119,575,884
Fee-Earning Assets Under Management	\$ 71,904,741	\$ 73,710,243	\$ 75,081,521	\$ 83,984,824	\$ 87,284,578	\$ 71,904,741	\$ 87,284,578
Weighted Average Fee-Earning AUM	\$ 72,268,792	\$ 73,320,319	\$ 74,340,895	\$ 77,626,395	\$ 86,670,284	\$ 68,760,233	\$ 77,570,231
LP Capital Invested	\$ 2,590,419	\$ 2,371,918	\$ 3,778,790	\$ 10,845,388	\$ 4,254,201	\$ 9,812,984	\$ 21,250,297
Total Capital Invested	\$ 2,651,965	\$ 2,379,922	\$ 3,841,972	\$ 11,008,356	\$ 4,342,936	\$ 10,007,762	\$ 21,573,186

# Hedge Fund Solutions

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 128,468	\$ 128,698	\$ 129,410	\$ 129,472	\$ 129,228	\$ 520,046	\$ 516,808
Transaction and Other Fees, Net	259	1,696	48	977	345	777	3,066
Management Fee Offsets	-	-	(28)	(65)	-	-	(93)
Total Management Fees, Net	128,727	130,394	129,430	130,384	129,573	520,823	519,781
Performance Revenues							
Realized Incentive Fees	14,087	6,548	12,186	74,031	8,171	42,670	100,936
Realized Performance Allocations	597	447	2,031	44,416	2,006	11,507	48,900
Unrealized Performance Allocations	18,815	14,849	10,327	(35,647)	5,061	21,447	(5,410)
Total Performance Revenues	33,499	21,844	24,544	82,800	15,238	75,624	144,426
Principal Investment Income (Loss)							
Realized	(632)	225	1,316	8,165	640	(3,111)	10,346
Unrealized	18,293	11,578	12,723	(1,582)	440	46,046	23,159
Total Principal Investment Income	17,661	11,803	14,039	6,583	1,080	42,935	33,505
Interest Income and Dividend Revenue	3,997	4,674	5,316	7,538	4,812	14,786	22,340
Other	(1,610)	(10,720)	(5,859)	(6,191)	(10,288)	7,935	(33,058)
<b>Total Revenues</b>	<b>182,274</b>	<b>157,995</b>	<b>167,470</b>	<b>221,114</b>	<b>140,415</b>	<b>662,103</b>	<b>686,994</b>
<b>Expenses</b>							
Compensation	47,604	47,361	44,347	37,470	50,300	178,755	179,478
Performance Compensation							
Realized Incentive Fees	7,014	4,097	5,862	20,159	4,034	19,794	34,152
Realized Performance Allocations	303	265	1,022	14,626	2,415	5,057	18,328
Unrealized Performance Allocations	6,422	5,968	3,541	(12,814)	2,186	7,381	(1,119)
Total Compensation and Benefits	61,343	57,691	54,772	59,441	58,935	210,987	230,839
Interest Expense	6,543	6,688	6,763	11,624	6,271	25,020	31,346
Other Operating Expenses	16,379	16,318	17,958	17,610	18,785	74,142	70,671
<b>Total Expenses</b>	<b>84,265</b>	<b>80,697</b>	<b>79,493</b>	<b>88,675</b>	<b>83,991</b>	<b>310,149</b>	<b>332,856</b>
<b>Economic Income</b>	<b>\$ 98,009</b>	<b>\$ 77,298</b>	<b>\$ 87,977</b>	<b>\$ 132,439</b>	<b>\$ 56,424</b>	<b>\$ 351,954</b>	<b>\$ 354,138</b>
Total Assets Under Management	\$ 73,303,381	\$ 72,476,444	\$ 74,219,563	\$ 75,090,834	\$ 78,657,551	\$ 73,303,381	\$ 78,657,551
Fee-Earning Assets Under Management	\$ 68,812,528	\$ 67,824,464	\$ 69,037,961	\$ 69,914,061	\$ 73,570,498	\$ 68,812,528	\$ 73,570,498
Weighted Average Fee-Earning AUM	\$ 68,406,531	\$ 69,301,130	\$ 68,957,501	\$ 71,101,632	\$ 74,251,757	\$ 67,206,240	\$ 71,250,841
LP Capital Invested	\$ 121,857	\$ 89,985	\$ 360,748	\$ 328,640	\$ 755,818	\$ 559,648	\$ 1,535,191
Total Capital Invested	\$ 121,888	\$ 93,191	\$ 363,420	\$ 383,070	\$ 785,874	\$ 566,538	\$ 1,625,555

# Credit

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Revenues</b>							
Management Fees, Net							
Base Management Fees	\$ 139,905	\$ 137,121	\$ 133,680	\$ 156,628	\$ 168,441	\$ 539,204	\$ 595,870
Transaction and Other Fees, Net	2,508	3,820	2,883	4,220	2,539	10,356	13,462
Management Fee Offsets	(17,859)	(4,653)	(4,867)	(5,003)	(3,317)	(45,713)	(17,840)
Total Management Fees, Net	124,554	136,288	131,696	155,845	167,663	503,847	591,492
Performance Revenues							
Realized Incentive Fees	29,542	28,877	19,549	27,932	20	98,559	76,378
Realized Performance Allocations	8,797	15,040	23,113	131,997	39,204	44,545	209,354
Unrealized Performance Allocations	49,631	(8,839)	43,041	(41,206)	(480)	278,956	(7,484)
Total Performance Revenues	87,970	35,078	85,703	118,723	38,744	422,060	278,248
Principal Investment Income (Loss)							
Realized	2,653	1,895	7,346	4,486	7,025	16,631	20,752
Unrealized	7,147	1,666	(4,320)	(3,074)	(6,517)	35,379	(12,245)
Total Principal Investment Income	9,800	3,561	3,026	1,412	508	52,010	8,507
Interest Income and Dividend Revenue	5,744	6,614	8,062	10,053	7,902	20,181	32,631
Other	(1,727)	(12,660)	(6,831)	(7,366)	(12,701)	9,211	(39,558)
<b>Total Revenues</b>	<b>226,341</b>	<b>168,881</b>	<b>221,656</b>	<b>278,667</b>	<b>202,116</b>	<b>1,007,309</b>	<b>871,320</b>
<b>Expenses</b>							
Compensation	55,118	56,954	56,532	67,845	73,474	205,312	254,805
Performance Compensation							
Realized Incentive Fees	14,118	14,224	10,503	13,088	418	46,584	38,233
Realized Performance Allocations	4,586	7,901	9,352	66,376	22,419	21,057	106,048
Unrealized Performance Allocations	22,675	(5,531)	20,869	(23,863)	(5,723)	136,613	(14,248)
Total Compensation and Benefits	96,497	73,548	97,256	123,446	90,588	409,566	384,838
Interest Expense	7,845	8,091	8,154	14,660	7,685	26,321	38,590
Other Operating Expenses	21,458	27,549	23,237	27,318	27,739	90,975	105,843
<b>Total Expenses</b>	<b>125,800</b>	<b>109,188</b>	<b>128,647</b>	<b>165,424</b>	<b>126,012</b>	<b>526,862</b>	<b>529,271</b>
<b>Economic Income</b>	<b>\$ 100,541</b>	<b>\$ 59,693</b>	<b>\$ 93,009</b>	<b>\$ 113,243</b>	<b>\$ 76,104</b>	<b>\$ 480,447</b>	<b>\$ 342,049</b>
Total Assets Under Management	\$ 93,115,549	\$ 94,525,834	\$ 99,477,360	\$ 138,136,470	\$ 139,966,177	\$ 93,115,549	\$ 139,966,177
Fee-Earning Assets Under Management	\$ 71,270,996	\$ 72,370,134	\$ 74,040,881	\$ 111,304,230	\$ 111,397,306	\$ 71,270,996	\$ 111,397,306
Weighted Average Fee-Earning AUM	\$ 70,293,980	\$ 71,150,811	\$ 73,209,820	\$ 93,809,155	\$ 111,679,395	\$ 67,562,500	\$ 100,678,883
LP Capital Invested	\$ 2,261,266	\$ 1,490,880	\$ 2,177,565	\$ 2,875,572	\$ 1,011,361	\$ 4,929,180	\$ 7,555,378
Total Capital Invested	\$ 2,318,201	\$ 1,687,991	\$ 2,440,716	\$ 3,208,762	\$ 1,035,511	\$ 5,162,669	\$ 8,372,980

## Unitholder Distribution

- ▶ Generated \$0.41 of Distributable Earnings per common unit during the quarter, bringing the LTM amount to \$2.56 per common unit.
- ▶ Blackstone declared a quarterly distribution of \$0.35 per common unit to record holders as of April 30, 2018; payable on May 7, 2018.

(Dollars in Thousands, Except per Unit Data)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	% Change		% Change	
						vs. 1Q'17	1Q'17 LTM	1Q'18 LTM	vs. 1Q'17 LTM
Distributable Earnings	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 502,055	(59)%	\$ 2,957,498	\$ 3,148,132	6%
Add: Other Payables Attributable to Common Unitholders	6,632	29,808	9,448	52,216	7,028	6%	88,950	98,500	11%
DE before Certain Payables	1,236,770	811,173	635,014	1,291,362	509,083	(59)%	3,046,448	3,246,632	7%
Percent to Common Unitholders	55%	56%	56%	56%	56%		55%	56%	
DE before Certain Payables Attributable to Common Unitholders	683,473	451,302	353,193	720,124	285,633	(58)%	1,671,908	1,810,252	8%
Less: Other Payables Attributable to Common Unitholders	(6,632)	(29,808)	(9,448)	(52,216)	(7,028)	6%	(88,950)	(98,500)	11%
DE Attributable to Common Unitholders	676,841	421,494	343,745	667,908	278,605	(59)%	1,582,958	1,711,752	8%
<b>DE per Common Unit</b>	<b>\$ 1.02</b>	<b>\$ 0.63</b>	<b>\$ 0.52</b>	<b>\$ 1.00</b>	<b>\$ 0.41</b>	<b>(60)%</b>	<b>\$ 2.42</b>	<b>\$ 2.56</b>	<b>6%</b>
Less: Retained Capital per Common Unit	\$ (0.15)	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ (0.06)	(60)%	\$ (0.31)	\$ (0.38)	23%
<b>Actual Distribution per Common Unit</b>	<b>\$ 0.87</b>	<b>\$ 0.54</b>	<b>\$ 0.44</b>	<b>\$ 0.85</b>	<b>\$ 0.35</b>	<b>(60)%</b>	<b>\$ 2.11</b>	<b>\$ 2.18</b>	<b>3%</b>
Record Date					Apr 30, 2018				
Payable Date					May 7, 2018				

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 35, 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 Total Common Units Outstanding (page 34, Unit Rollforward); 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 \$41 million for 1Q'18 and \$254 million for 1Q'18 LTM.

## Total Assets Under Management

### 1Q'18 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'17	\$ 105,561	\$ 115,340	\$ 75,091	\$ 138,136	\$ 434,128
Inflows	3,534	3,623	3,941	7,081	18,179
Outflows	(379)	(148)	(1,127)	(1,960)	(3,614)
Realizations	(1,042)	(2,667)	(56)	(2,492)	(6,257)
Net Inflows	2,114	808	2,758	2,629	8,309
Market Activity	3,740	3,428	809	(799)	7,177
1Q'18	\$ 111,414	\$ 119,576	\$ 78,658	\$ 139,966	\$ 449,614
QoQ Increase	6%	4%	5%	1%	4%

### 1Q'18 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'17	\$ 99,707	\$ 102,071	\$ 73,303	\$ 93,116	\$ 368,197
Inflows	13,542	24,138	12,406	62,092	112,178
Outflows	(1,386)	(1,338)	(9,286)	(6,038)	(18,049)
Realizations	(10,635)	(20,510)	(1,963)	(11,718)	(44,826)
Net Inflows	1,520	2,290	1,157	44,336	49,304
Market Activity	10,187	15,215	4,197	2,514	32,113
1Q'18	\$ 111,414	\$ 119,576	\$ 78,658	\$ 139,966	\$ 449,614
YoY Increase	12%	17%	7%	50%	22%

### 1Q'18 Highlights

#### Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$1.9 billion); Strategic Partners (\$786 million); multi-asset product (\$460 million); Corporate Private Equity (\$398 million).
- ▶ **Realizations:** Strategic Partners (\$466 million); Corporate Private Equity (\$354 million); Tactical Opportunities (\$221 million).
- ▶ **Market Activity:** Carrying value increase of 6.4% within Corporate Private Equity.

#### Real Estate

- ▶ **Inflows:** Second Asian opportunistic fund (\$1.2 billion); BPP Europe and co-invest (\$691 million); BREIT (\$623 million); BPP U.S. (\$460 million); BREDS (\$362 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$1.9 billion); BREDS (\$478 million); core+ funds (\$256 million).
- ▶ **Market Activity:** Carrying value increases of 3.5% and 3.4% within the opportunistic and core+ funds, respectively.

#### Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$1.8 billion); individual investor and specialized solutions (\$1.7 billion); commingled products (\$430 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$851 million); customized solutions (\$298 million); commingled products (\$33 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.3% gross (1.1% net) during the quarter.

#### Credit

- ▶ **Inflows:** Distressed strategies (\$2.0 billion); long only and MLP (\$2.0 billion); two new CLOs (\$1.6 billion); Blackstone Insurance Solutions (\$1.2 billion).
- ▶ **Outflows and Realizations:** Distressed strategies (\$1.7 billion); long only and MLP (\$1.4 billion); capital returned to investors for CLOs outside investment periods (\$559 million); mezzanine funds (\$381 million).

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. In the Real Estate segment, carrying value for core+ funds excludes BREIT.



## Fee-Earning Assets Under Management

### 1Q'18 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'17	\$ 70,141	\$ 83,985	\$ 69,914	\$ 111,304	\$ 335,344
Inflows	3,404	3,550	3,816	5,552	16,323
Outflows	(469)	(211)	(902)	(2,045)	(3,627)
Realizations	(736)	(1,494)	(56)	(1,995)	(4,281)
Net Inflows	2,199	1,845	2,858	1,513	8,415
Market Activity	59	1,454	798	(1,420)	891
<b>1Q'18</b>	<b>\$ 72,398</b>	<b>\$ 87,285</b>	<b>\$ 73,570</b>	<b>\$ 111,397</b>	<b>\$ 344,651</b>
QoQ Increase	3%	4%	5%	0%	3%

### 1Q'18 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'17	\$ 68,227	\$ 71,905	\$ 68,813	\$ 71,271	\$ 280,216
Inflows	10,552	24,981	10,936	55,206	101,674
Outflows	(1,661)	(2,887)	(8,410)	(5,598)	(18,557)
Realizations	(5,132)	(10,566)	(1,791)	(9,594)	(27,083)
Net Inflows	3,759	11,527	735	40,013	56,034
Market Activity	412	3,853	4,023	113	8,401
<b>1Q'18</b>	<b>\$ 72,398</b>	<b>\$ 87,285</b>	<b>\$ 73,570</b>	<b>\$ 111,397</b>	<b>\$ 344,651</b>
YoY Increase	6%	21%	7%	56%	23%

### 1Q'18 Highlights

#### Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$1.7 billion); multi-asset product (\$1.0 billion); Strategic Partners (\$435 million); Corporate Private Equity (\$230 million).
- ▶ **Realizations:** Strategic Partners (\$471 million); Tactical Opportunities (\$177 million); Corporate Private Equity (\$89 million).

#### Real Estate

- ▶ **Inflows:** BREP opportunistic funds and co-invest (\$1.4 billion); BPP Europe and co-invest (\$811 million); BREIT (\$623 million); BREDS (\$400 million); BPP U.S. (\$242 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$779 million); BREDS (\$486 million); core+ funds (\$222 million).

#### Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$1.8 billion); individual investor and specialized solutions (\$1.5 billion); commingled products (\$424 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$697 million); customized solutions (\$231 million); commingled products (\$30 million).

#### Credit

- ▶ **Inflows:** Long only and MLP (\$1.8 billion); two new CLOs (\$1.6 billion); Blackstone Insurance Solutions (\$1.2 billion); distressed strategies (\$610 million); mezzanine funds (\$336 million).
- ▶ **Outflows and Realizations:** Long only and MLP (\$1.3 billion); distressed strategies (\$1.0 billion); capital returned to investors for CLOs outside investment periods (\$559 million); mezzanine funds (\$227 million).

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.

## Net Accrued Performance Revenues

Net Accrued Performance Revenues					
	4Q'17	1Q'18	1Q'18 Per Unit	QoQ Change	
(Dollars in Millions, Except per Unit Data)					
<b>Private Equity</b>					
BCP IV	\$ 87	\$ 70	\$ 0.06	\$	(17)
BCP V	73	70	0.06		(3)
BCP VI	668	783	0.65		115
BCP VII	16	59	0.05		43
BEP I	95	91	0.08		(4)
BEP II	5	34	0.03		29
Tactical Opportunities	104	138	0.11		34
Strategic Partners	66	81	0.07		15
BTAS	13	19	0.02		6
Other	3	3	-		-
<b>Total Private Equity</b>	<b>\$ 1,130</b>	<b>\$ 1,348</b>	<b>\$ 1.13</b>	<b>\$</b>	<b>218</b>
<b>Real Estate</b>					
BREP IV	9	10	0.01		1
BREP V	203	205	0.17		2
BREP VI	190	184	0.15		(6)
BREP VII	587	606	0.50		19
BREP VIII	255	288	0.24		33
BREP Europe III	67	61	0.05		(6)
BREP Europe IV	207	220	0.18		13
BREP Europe V	25	41	0.03		16
BREP Asia I	102	112	0.09		10
BPP	134	174	0.14		40
BREIT	10	14	0.01		4
BREDS	35	32	0.03		(3)
BTAS	16	25	0.02		9
<b>Total Real Estate</b>	<b>\$ 1,840</b>	<b>\$ 1,972</b>	<b>\$ 1.62</b>	<b>\$</b>	<b>132</b>
<b>Total Hedge Fund Solutions</b>	<b>\$ 89</b>	<b>\$ 19</b>	<b>\$ 0.02</b>	<b>\$</b>	<b>(70)</b>
<b>Total Credit</b>	<b>\$ 289</b>	<b>\$ 266</b>	<b>\$ 0.22</b>	<b>\$</b>	<b>(23)</b>
<b>Net Accrued Performance Revenue</b>	<b>\$ 3,348</b>	<b>\$ 3,605</b>	<b>\$ 2.99</b>	<b>\$</b>	<b>257</b>
<i>Memo: Net Realized Performance Revenues</i>	<i>\$ 222</i>	<i>\$ 50</i>	<i>\$ 0.04</i>	<i>\$</i>	<i>(172)</i>

**\$3.6 billion**

Net Accrued Performance Revenues at 1Q'18

**\$2.99 per unit**

Net Accrued Performance Revenues at 1Q'18

**\$537 million**

Increase to Receivable from Net Performance Revenues in 1Q'18

**\$280 million**

Decrease to Receivable from Net Realized Distributions in 1Q'18

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 34 Unit Rollforward).

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

(Dollars in Thousands, Except Where Noted)

Fund (Investment Period Beginning Date / Ending Date)	Committed		Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
	Capital	Available Capital (b)	Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
<b>Private Equity</b>											
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	17,393	1.4x	-	2,953,649	1.4x	2,971,042	1.4x	7%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	209,294	702,682	0.7x	48%	20,677,725	3.2x	21,380,407	2.8x	42%	36%
BCP V (Dec 2005 / Jan 2011)	21,026,008	1,056,606	2,256,174	1.1x	42%	35,892,518	2.0x	38,148,692	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,190,284	1,807,564	16,676,954	1.7x	31%	8,567,871	2.0x	25,244,825	1.8x	22%	14%
BEP I (Aug 2011 / Feb 2015)	2,437,617	159,896	2,513,248	1.5x	31%	1,384,179	2.0x	3,897,427	1.6x	29%	12%
BEP II (Feb 2015 / Feb 2021) (e)	4,868,538	1,831,339	2,621,584	1.3x	-	55,898	2.5x	2,677,482	1.3x	n/m	13%
BCP VII (May 2016 / May 2022)	18,551,468	12,824,126	5,233,973	1.3x	-	282,579	1.1x	5,516,552	1.3x	n/m	15%
BCP Asia (Dec 2017 / Dec 2023) (f)	1,797,100	1,627,752	103	n/m	-	-	n/a	103	n/m	n/a	n/m
<b>Total Corporate Private Equity</b>	<b>\$ 78,969,130</b>	<b>\$ 19,541,152</b>	<b>\$ 30,022,111</b>	<b>1.4x</b>	<b>24%</b>	<b>\$ 83,997,664</b>	<b>2.2x</b>	<b>\$ 114,019,775</b>	<b>1.9x</b>	<b>17%</b>	<b>15%</b>
Tactical Opportunities	17,551,322	7,729,918	10,003,228	1.2x	-	4,653,915	1.7x	14,657,143	1.4x	23%	12%
Tactical Opportunities Co-Investment and Other	5,257,448	1,449,306	3,823,716	1.2x	-	1,130,175	1.6x	4,953,891	1.2x	n/a	15%
Strategic Partners I-V and Co-Investment (g)	11,862,592	1,743,623	2,154,396	n/m	-	15,360,143	n/m	17,514,539	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (g)	7,402,171	2,345,359	3,362,791	n/m	-	2,540,056	n/m	5,902,847	1.4x	n/a	21%
Strategic Partners VII (g)	7,669,970	2,685,945	4,204,924	n/m	-	281,924	n/m	4,486,848	1.3x	n/a	63%
Strategic Partners RA II (g)	1,806,807	1,465,246	251,324	n/m	-	5,582	n/m	256,906	1.2x	n/a	n/m
BCEP (Jan 2017 / Jan 2021) (h)	4,755,133	3,376,278	1,451,222	1.1x	-	-	n/a	1,451,222	1.1x	n/a	4%
Other Funds and Co-Investment (i)	1,129,258	513	66,087	0.9x	-	639,492	0.9x	705,579	0.9x	n/m	n/m
<b>Real Estate</b>											
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	-	356,962	0.4x	39%	4,193,319	2.2x	4,550,281	1.7x	35%	12%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	1,757,545	2.0x	30%	11,571,333	2.4x	13,328,878	2.3x	13%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	556,442	2,031,419	2.0x	26%	25,400,275	2.6x	27,431,694	2.5x	14%	13%
BREP VII (Aug 2011 / Apr 2015)	13,495,014	2,063,162	12,300,534	1.7x	18%	16,197,932	2.1x	28,498,466	1.9x	29%	18%
BREP VIII (Apr 2015 / Oct 2020)	16,411,403	8,884,917	10,308,128	1.4x	1%	3,700,071	1.5x	14,008,199	1.4x	28%	17%
<b>Total Global BREP</b>	<b>\$ 51,947,442</b>	<b>\$ 11,504,521</b>	<b>\$ 26,754,588</b>	<b>1.5x</b>	<b>13%</b>	<b>\$ 68,597,848</b>	<b>2.3x</b>	<b>\$ 95,352,436</b>	<b>2.0x</b>	<b>20%</b>	<b>16%</b>
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,369,016	2.1x	€ 1,369,016	2.1x	23%	23%
BREP Int'l II (Sep 2005 / Jun 2008) (j)	1,629,748	-	178,866	0.7x	24%	2,242,404	2.0x	2,421,270	1.7x	10%	8%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,167	454,762	1,402,919	1.5x	-	4,965,527	2.5x	6,368,446	2.2x	22%	16%
BREP Europe IV (Sep 2013 / Dec 2016)	6,709,008	1,296,578	5,053,183	1.5x	9%	5,855,191	2.0x	10,908,374	1.7x	28%	18%
BREP Europe V (Dec 2016 / Jun 2022)	7,855,508	4,494,806	3,571,217	1.2x	-	12,559	2.5x	3,583,776	1.2x	n/m	20%
<b>Total Euro BREP</b>	<b>€ 20,223,603</b>	<b>€ 6,246,146</b>	<b>€ 10,206,185</b>	<b>1.3x</b>	<b>5%</b>	<b>€ 14,444,697</b>	<b>2.1x</b>	<b>€ 24,650,882</b>	<b>1.7x</b>	<b>18%</b>	<b>14%</b>
BREP Asia I (Jun 2013 / Dec 2017)	\$ 5,095,494	\$ 1,893,763	\$ 4,268,941	1.4x	-	\$ 2,435,863	1.8x	\$ 6,704,804	1.5x	23%	17%
BREP Asia II (Dec 2017 / Jun 2023)	6,911,267	6,755,702	323,200	1.0x	-	-	n/a	323,200	1.0x	n/a	n/a
BREP Co-Investment (k)	6,892,347	146,573	2,311,814	1.8x	55%	11,510,361	2.1x	13,822,175	2.0x	16%	16%
<b>Total BREP</b>	<b>\$ 95,605,403</b>	<b>\$ 28,073,264</b>	<b>\$ 45,861,628</b>	<b>1.5x</b>	<b>12%</b>	<b>\$ 101,124,888</b>	<b>2.2x</b>	<b>\$ 146,986,516</b>	<b>1.9x</b>	<b>19%</b>	<b>16%</b>
BPP (l)	\$ 23,755,472	\$ 3,425,136	\$ 23,531,250	1.2x	-	\$ 1,947,913	n/m	\$ 25,479,163	1.2x	n/m	12%
BREDS (m)	\$ 13,242,063	\$ 5,244,979	\$ 3,094,557	1.1x	-	\$ 8,872,128	1.3x	\$ 11,966,685	1.3x	12%	11%

Continued...

## Investment Records as of March 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>Hedge Fund Solutions</b>												
BSCH (Dec 2013 / Jun 2020) (n)	\$ 3,298,575	\$ 2,351,974	\$ 950,535	1.0x	-	\$ 246,864	n/a	\$ 1,197,399	1.3x	n/a	6%	
BSCH Co-Investment	276,000	164,903	104,812	0.9x	-	22,953	n/a	127,765	1.1x	n/a	11%	
<b>Total Hedge Fund Solutions</b>	<b>\$ 3,574,575</b>	<b>\$ 2,516,877</b>	<b>\$ 1,055,347</b>	<b>1.0x</b>	<b>-</b>	<b>\$ 269,817</b>	<b>n/a</b>	<b>\$ 1,325,164</b>	<b>1.3x</b>	<b>n/a</b>	<b>6%</b>	
<b>Credit (o)</b>												
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 97,114	\$ 44,779	0.8x	-	\$ 4,769,092	1.6x	\$ 4,813,871	1.6x	n/a	17%	
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,159,450	2,539,622	1.1x	-	3,938,808	1.5x	6,478,430	1.3x	n/a	13%	
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	4,074,443	2,546,836	1.1x	-	548,379	1.5x	3,095,215	1.1x	n/a	13%	
Stressed / Distressed Investing I (Sep 2009 / May 2013)	3,253,143	175,000	382,975	0.6x	-	5,541,392	1.5x	5,924,367	1.4x	n/a	11%	
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)	5,125,000	704,060	2,979,367	1.1x	-	2,670,978	1.4x	5,650,345	1.2x	n/a	13%	
Stressed / Distressed Investing III (Dec 2017/ Dec 2022)	7,331,130	6,876,354	454,546	1.1x	-	10,482	n/a	465,028	1.1x	n/a	n/a	
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,867	1,382,309	1,583,917	1.2x	-	383,558	1.7x	1,967,475	1.2x	n/a	19%	
<b>Euro</b>												
European Senior Debt Fund (Feb 2015 / Feb 2019)	€ 1,964,689	€ 1,636,988	€ 1,712,615	1.0x	-	€ 556,585	1.6x	€ 2,269,200	1.1x	n/a	11%	
<b>Total Credit</b>	<b>\$ 33,591,683</b>	<b>\$ 16,482,061</b>	<b>\$ 12,638,301</b>	<b>1.1x</b>	<b>-</b>	<b>\$ 18,496,740</b>	<b>1.5x</b>	<b>\$ 31,135,041</b>	<b>1.3x</b>	<b>n/a</b>	<b>14%</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 Carried Interest, divided by invested capital.

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to March 31, 2018 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) Total Net IRR represents the compound annual rate of return based on actual limited partner cash flows and valuations after management fees (excluding management fees funded using its revolving credit facility), expenses and the general partner’s allocation of profits. Including management fees funded using the revolving credit facility, BEP II’s Total Net IRR would have been 13%. BEP II’s Realized Net IRR is not meaningful.

(f) Includes foreign currency gain or loss on invested undrawn capital, if any.

(g) Realizations are treated as return of capital until fully recovered and therefore unrealized and realized MOICs are not meaningful.

(h) BCEP, or Blackstone Core Equity Partners, is a core private equity fund which invests with a more modest risk profile and longer hold period.

(i) Returns for Other Funds and Co-Investment are not meaningful as these funds have limited transaction activity.

(j) The 10% 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 9% Realized Net IRR and a 6% Total Net IRR.

(k) 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 Carried Interest.

(l) BPP represents the core+ real estate funds which invest with a more modest risk profile and lower leverage. Excludes BREIT.

(m) Excludes Capital Trust drawdown funds.

(n) BSCH, or Blackstone Strategic Capital Holdings, is a permanent capital vehicle focused on acquiring strategic minority positions in alternative asset managers.

(o) 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.

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

(Dollars in Thousands)	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
<b>Net Income Attributable to The Blackstone Group L.P.</b>	\$ 160,074	\$ 198,444	\$ 310,027	\$ 370,469	\$ 451,909	\$ 337,407	\$ 377,920	\$ 304,138	\$ 367,872
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	131,478	201,648	282,798	344,175	409,046	283,637	340,202	359,438	320,208
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	40,086	64,729	82,653	58,684	138,685	112,944	113,446	132,364	155,499
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(6,401)	(2,049)	10,764	1,663	2,000	991	3,215	7,600	(1,275)
<b>Net Income</b>	\$ 325,237	\$ 462,772	\$ 686,242	\$ 774,991	\$ 1,001,640	\$ 734,979	\$ 834,783	\$ 803,540	\$ 842,304
Provision for Taxes	9,146	47,415	27,714	48,087	57,437	29,608	59,512	596,590	54,495
<b>Income Before Provision for Taxes</b>	\$ 334,383	\$ 510,187	\$ 713,956	\$ 823,078	\$ 1,059,077	\$ 764,587	\$ 894,295	\$ 1,400,130	\$ 896,799
Transaction-Related Charges (a)	64,136	69,956	60,029	70,816	56,979	57,831	55,714	(347,055)	52,489
Amortization of Intangibles (b)	23,208	23,208	22,054	15,996	11,344	11,344	11,344	14,265	14,873
(Income) Associated with Non-Controlling Interests of Consolidated Entities (c)	(33,685)	(62,680)	(93,417)	(60,347)	(140,685)	(113,935)	(116,661)	(139,964)	(154,224)
<b>Economic Income</b>	\$ 388,042	\$ 540,671	\$ 702,622	\$ 849,543	\$ 986,715	\$ 719,827	\$ 844,692	\$ 927,376	\$ 809,937
(Taxes) (d)	(16,794)	(21,234)	(20,985)	(33,250)	(18,805)	(24,168)	(22,552)	(36,006)	(18,228)
<b>Economic Net Income</b>	\$ 371,248	\$ 519,437	\$ 681,637	\$ 816,293	\$ 967,910	\$ 695,659	\$ 822,140	\$ 891,370	\$ 791,709
Taxes (d)	16,794	21,234	20,985	33,250	18,805	24,168	22,552	36,006	18,228
Performance Revenues Adjustment (e)	(315,414)	(448,158)	(663,108)	(750,456)	(1,034,381)	(739,106)	(877,932)	(1,060,401)	(910,547)
Principal Investment Income Adjustment (f)	26,650	(59,771)	(87,887)	(99,282)	(103,959)	(67,720)	(77,572)	(55,737)	(42,671)
Other Revenue (g)	6,248	(8,546)	425	(52,839)	8,287	62,469	34,144	35,151	60,894
Net Interest Loss (h)	13,351	13,546	14,184	10,542	10,954	6,591	2,864	29,509	1,853
Performance Compensation and Benefits Adjustment (i)	106,827	179,848	263,224	317,679	396,476	303,680	356,371	434,511	373,159
Equity-Based Compensation - Non-Performance Compensation Related (j)	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177	40,248
<b>Fee Related Earnings</b>	\$ 246,667	\$ 234,442	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 306,708	\$ 327,586	\$ 332,873
Net Realized Performance Revenues (k)	187,794	251,935	352,008	327,053	772,780	429,177	293,339	948,412	167,384
Realized Principal Investment Income (l)	(10,101)	53,670	60,634	95,666	202,894	100,887	60,188	72,225	28,693
Net Interest (Loss) (h)	(13,351)	(13,546)	(14,184)	(10,542)	(10,954)	(6,591)	(2,864)	(29,509)	(1,853)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (m)	(16,794)	(31,588)	(51,089)	(67,678)	(25,324)	(53,291)	(31,805)	(79,568)	(25,042)
<b>Distributable Earnings</b>	\$ 394,215	\$ 494,913	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 502,055
Interest Expense (n)	36,497	36,020	36,419	39,086	39,450	40,294	40,749	72,345	38,238
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (m)	16,794	31,588	51,089	67,678	25,324	53,291	31,805	79,568	25,042
Depreciation and Amortization	6,292	6,331	7,338	12,010	6,216	6,392	6,027	6,593	6,251
<b>Adjusted EBITDA</b>	\$ 453,798	\$ 568,852	\$ 688,299	\$ 757,768	\$ 1,301,128	\$ 881,342	\$ 704,147	\$ 1,397,652	\$ 571,586

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

(Dollars in Thousands)	2013	2014	2015	2016	2017	1Q'17 LTM	1Q'18 LTM
<b>Net Income Attributable to The Blackstone Group L.P.</b>	\$ 1,175,346	\$ 1,588,827	\$ 713,188	\$ 1,039,014	\$ 1,471,374	\$ 1,330,849	\$ 1,387,337
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,343,874	1,705,001	686,529	960,099	1,392,323	1,237,667	1,303,485
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	198,557	335,070	219,900	246,152	497,439	344,751	514,253
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	183,315	74,794	11,145	3,977	13,806	12,378	10,531
<b>Net Income</b>	\$ 2,901,092	\$ 3,703,692	\$ 1,630,762	\$ 2,249,242	\$ 3,374,942	\$ 2,925,645	\$ 3,215,606
Provision for Taxes	255,642	291,173	190,398	132,362	743,147	180,653	740,205
<b>Income Before Provision for Taxes</b>	\$ 3,156,734	\$ 3,994,865	\$ 1,821,160	\$ 2,381,604	\$ 4,118,089	\$ 3,106,298	\$ 3,955,811
Transaction-Related Charges (a)	722,707	856,382	489,563	264,937	(176,531)	257,780	(181,021)
Amortization of Intangibles (b)	106,643	111,254	104,530	84,466	48,297	72,602	51,826
(Income) Associated with Non-Controlling Interests of Consolidated Entities (c)	(381,872)	(409,864)	(231,045)	(250,129)	(511,245)	(357,129)	(524,784)
<b>Economic Income</b>	\$ 3,604,212	\$ 4,552,637	\$ 2,184,208	\$ 2,480,878	\$ 3,478,610	\$ 3,079,551	\$ 3,301,832
(Taxes) (d)	(82,164)	(199,512)	(27,527)	(92,263)	(101,531)	(94,274)	(100,954)
<b>Economic Net Income</b>	\$ 3,522,048	\$ 4,353,125	\$ 2,156,681	\$ 2,388,615	\$ 3,377,079	\$ 2,985,277	\$ 3,200,878
Taxes (d)	82,164	199,512	27,527	92,263	101,531	94,274	100,954
Performance Revenues Adjustment (e)	(3,573,819)	(4,408,748)	(1,810,253)	(2,177,136)	(3,711,820)	(2,896,103)	(3,587,986)
Principal Investment Income Adjustment (f)	(687,805)	(471,628)	(52,849)	(220,290)	(304,988)	(350,899)	(243,700)
Other Revenue (g)	(10,308)	(9,405)	(8,500)	(54,712)	140,051	(52,673)	192,658
Net Interest Loss (h)	32,968	36,511	44,181	51,623	49,918	49,226	40,817
Performance Compensation and Benefits Adjustment (i)	1,422,455	1,294,235	570,324	867,578	1,491,038	1,157,227	1,467,721
Equity-Based Compensation - Non-Performance Compensation Related (j)	130,124	45,133	96,901	73,747	93,410	79,434	107,008
<b>Fee Related Earnings</b>	\$ 917,827	\$ 1,038,735	\$ 1,024,012	\$ 1,021,688	\$ 1,236,219	\$ 1,065,763	\$ 1,278,350
Net Realized Performance Revenues (k)	960,175	1,789,692	2,527,019	1,118,790	2,443,708	1,703,776	1,838,312
Realized Principal Investment Income (l)	170,471	543,425	418,808	199,869	436,194	412,864	261,993
Net Interest (Loss) (h)	(32,968)	(36,511)	(44,181)	(51,623)	(49,918)	(49,226)	(40,817)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (m)	(156,734)	(280,788)	(90,470)	(167,149)	(189,988)	(175,679)	(189,706)
<b>Distributable Earnings</b>	\$ 1,858,771	\$ 3,054,553	\$ 3,835,188	\$ 2,121,575	\$ 3,876,215	\$ 2,957,498	\$ 3,148,132
Interest Expense (n)	103,904	112,563	139,842	148,022	192,838	150,975	191,626
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (m)	156,734	280,788	90,470	167,149	189,988	175,679	189,706
Depreciation and Amortization	35,441	32,300	27,213	31,971	25,228	31,895	25,263
<b>Adjusted EBITDA</b>	\$ 2,154,850	\$ 3,480,204	\$ 4,092,713	\$ 2,468,717	\$ 4,284,269	\$ 3,316,047	\$ 3,554,727

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

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Note: See page 35, Definitions and Distribution Policy.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and certain long-term retention programs outside of annual deferred compensation, adjustments to the Tax Receivable Agreement Liability and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests of Consolidated Entities.
- (d) 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 on any divestitures.
- (e) This adjustment removes from EI the total segment amount of Performance Revenues, comprised of Incentive Fees and Performance Allocations.
- (f) This adjustment removes from EI the total segment amount of Principal Investment Income (Loss).
- (g) This adjustment removes from EI the total segment amount of Other Revenue.
- (h) This adjustment represents Interest Income and Dividend Revenue less Interest Expense.
- (i) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Revenues, including Performance Compensation Related equity-based award expense.
- (j) Represents Non-Performance Compensation Related equity-based award expense and excludes all transaction-related equity-based charges.
- (k) Represents the adjustment for realized Performance Revenues net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto.
- (l) Represents the adjustment for Blackstone's Realized Principal Investment Income (Loss).
- (m) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and to exclude the tax impact on any divestitures and the Payable Under Tax Receivable Agreement.
- (n) Represents Total Segment Interest Expense.

## Reconciliation of GAAP to Total Segment Measures

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Management and Advisory Fees, Net</b>							
GAAP	\$ 645,484	\$ 690,857	\$ 685,922	\$ 729,059	\$ 728,849	\$ 2,497,356	\$ 2,834,687
Consolidation and Elimination Adjustment (a)	4,097	5,979	6,060	3,333	7,195	2,017	22,567
<b>Total Segment</b>	<b>\$ 649,581</b>	<b>\$ 696,836</b>	<b>\$ 691,982</b>	<b>\$ 732,392</b>	<b>\$ 736,044</b>	<b>\$ 2,499,373</b>	<b>\$ 2,857,254</b>
<b>Performance Revenue</b>							
GAAP							
Incentive Fees	46,511	40,303	35,513	120,187	12,566	168,432	208,569
Investment Income - Realized Performance Allocations	1,111,905	602,662	434,982	1,422,262	269,640	2,376,023	2,729,546
Investment Income - Unrealized Performance Allocations	(124,621)	95,532	406,649	(483,033)	628,089	348,981	647,237
GAAP	\$ 1,033,795	\$ 738,497	\$ 877,144	\$ 1,059,416	\$ 910,295	\$ 2,893,436	\$ 3,585,352
Elimination Adjustment (b)	586	609	788	985	252	2,667	2,634
<b>Total Segment</b>	<b>\$ 1,034,381</b>	<b>\$ 739,106</b>	<b>\$ 877,932</b>	<b>\$ 1,060,401</b>	<b>\$ 910,547</b>	<b>\$ 2,896,103</b>	<b>\$ 3,587,986</b>
<b>Principal Investment Income</b>							
GAAP							
Investment Income - Realized Principal Investment Income	251,344	125,058	74,805	184,562	42,145	542,082	426,570
Investment Income - Unrealized Principal Investment Income	(40,188)	7,275	96,085	(20,567)	111,774	33,633	194,567
GAAP	\$ 211,156	\$ 132,333	\$ 170,890	\$ 163,995	\$ 153,919	\$ 575,715	\$ 621,137
Consolidation and Elimination Adjustment (c)	(107,197)	(64,613)	(93,318)	(108,258)	(111,248)	(224,816)	(377,437)
<b>Total Segment</b>	<b>\$ 103,959</b>	<b>\$ 67,720</b>	<b>\$ 77,572</b>	<b>\$ 55,737</b>	<b>\$ 42,671</b>	<b>\$ 350,899</b>	<b>\$ 243,700</b>
<b>Interest, Dividend and Other Revenue</b>							
GAAP							
Interest and Dividend Revenue	28,495	33,703	36,974	40,524	35,385	101,144	146,586
Other	(4,212)	(59,664)	(35,572)	(33,781)	(59,317)	56,153	(188,334)
GAAP	\$ 24,283	\$ (25,961)	\$ 1,402	\$ 6,743	\$ (23,932)	\$ 157,297	\$ (41,748)
Consolidation and Elimination Adjustment (d)	(4,074)	(2,805)	2,339	942	(577)	(2,875)	(101)
<b>Total Segment</b>	<b>\$ 20,209</b>	<b>\$ (28,766)</b>	<b>\$ 3,741</b>	<b>\$ 7,685</b>	<b>\$ (24,509)</b>	<b>\$ 154,422</b>	<b>\$ (41,849)</b>
<b>Total Revenues</b>							
GAAP	\$ 1,914,718	\$ 1,535,726	\$ 1,735,358	\$ 1,959,213	\$ 1,769,131	\$ 6,123,804	\$ 6,999,428
Consolidation and Elimination Adjustment (e)	(106,588)	(60,830)	(84,131)	(102,998)	(104,378)	(223,007)	(352,337)
<b>Total Segment</b>	<b>\$ 1,808,130</b>	<b>\$ 1,474,896</b>	<b>\$ 1,651,227</b>	<b>\$ 1,856,215</b>	<b>\$ 1,664,753</b>	<b>\$ 5,900,797</b>	<b>\$ 6,647,091</b>
<b>Compensation</b>							
GAAP	\$ 351,589	\$ 367,203	\$ 359,209	\$ 364,484	\$ 389,403	\$ 1,340,994	\$ 1,480,299
Consolidation Adjustment (f)	(62,562)	(61,946)	(56,411)	(58,450)	(53,076)	(256,154)	(229,883)
<b>Total Segment</b>	<b>\$ 289,027</b>	<b>\$ 305,257</b>	<b>\$ 302,798</b>	<b>\$ 306,034</b>	<b>\$ 336,327</b>	<b>\$ 1,084,840</b>	<b>\$ 1,250,416</b>

Continued...



## Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	1Q'17 LTM	1Q'18 LTM
<b>Performance Compensation</b>							
GAAP							
Incentive Fee Compensation	\$ 22,465	\$ 21,032	\$ 18,332	\$ 43,450	\$ 6,662	\$ 77,601	\$ 89,476
Performance Allocations Compensation - Realized	366,478	195,738	162,505	557,244	112,062	772,766	1,027,549
Performance Allocations Compensation - Unrealized	7,533	86,910	175,534	(166,183)	254,435	306,860	350,696
<b>GAAP</b>	<b>\$ 396,476</b>	<b>\$ 303,680</b>	<b>\$ 356,371</b>	<b>\$ 434,511</b>	<b>\$ 373,159</b>	<b>\$ 1,157,227</b>	<b>\$ 1,467,721</b>
<b>Total Segment</b>	<b>\$ 396,476</b>	<b>\$ 303,680</b>	<b>\$ 356,371</b>	<b>\$ 434,511</b>	<b>\$ 373,159</b>	<b>\$ 1,157,227</b>	<b>\$ 1,467,721</b>
<b>Interest Expense</b>							
GAAP	\$ 40,246	\$ 41,089	\$ 41,545	\$ 74,606	\$ 38,671	\$ 155,544	\$ 195,911
Consolidation Adjustment (g)	(796)	(795)	(796)	(2,261)	(433)	(4,569)	(4,285)
<b>Total Segment</b>	<b>\$ 39,450</b>	<b>\$ 40,294</b>	<b>\$ 40,749</b>	<b>\$ 72,345</b>	<b>\$ 38,238</b>	<b>\$ 150,975</b>	<b>\$ 191,626</b>
<b>GAAP General, Administrative and Other to Total Segment Other Operating Expenses</b>							
GAAP	\$ 109,386	\$ 119,552	\$ 121,036	\$ 138,608	\$ 126,713	\$ 524,453	\$ 505,909
Consolidation and Elimination Adjustment (h)	(12,924)	(13,714)	(14,419)	(22,659)	(19,621)	(96,249)	(70,413)
<b>Total Segment</b>	<b>\$ 96,462</b>	<b>\$ 105,838</b>	<b>\$ 106,617</b>	<b>\$ 115,949</b>	<b>\$ 107,092</b>	<b>\$ 428,204</b>	<b>\$ 435,496</b>
<b>Total Expenses</b>							
GAAP	\$ 921,773	\$ 881,193	\$ 904,511	\$ 1,044,901	\$ 982,931	\$ 3,249,246	\$ 3,813,536
Less: GAAP Fund Expenses (i)	(24,076)	(49,669)	(26,350)	(32,692)	(54,985)	(71,028)	(163,696)
Consolidation and Elimination Adjustment (i)	(76,282)	(76,455)	(71,626)	(83,370)	(73,130)	(356,972)	(304,581)
<b>Total Segment</b>	<b>\$ 821,415</b>	<b>\$ 755,069</b>	<b>\$ 806,535</b>	<b>\$ 928,839</b>	<b>\$ 854,816</b>	<b>\$ 2,821,246</b>	<b>\$ 3,345,259</b>
<b>GAAP Income Before Provision for Taxes to Total Segment Economic Income</b>							
GAAP							
Revenues Less Expenses	992,945	654,533	830,847	914,312	786,200	2,874,558	3,185,892
Other Income (j)	66,132	110,054	63,448	485,818	110,599	231,740	769,919
<b>GAAP</b>	<b>\$ 1,059,077</b>	<b>\$ 764,587</b>	<b>\$ 894,295</b>	<b>\$ 1,400,130</b>	<b>\$ 896,799</b>	<b>\$ 3,106,298</b>	<b>\$ 3,955,811</b>
Consolidation and Elimination Adjustment (k)	(72,362)	(44,760)	(49,603)	(472,754)	(86,862)	(26,747)	(653,979)
<b>Total Segment</b>	<b>\$ 986,715</b>	<b>\$ 719,827</b>	<b>\$ 844,692</b>	<b>\$ 927,376</b>	<b>\$ 809,937</b>	<b>\$ 3,079,551</b>	<b>\$ 3,301,832</b>

This analysis reconciles the summarized components of Total Segments (pages 5-9) to their respective Total Segment amounts (page 15) and to their equivalent GAAP measures, reported on the Consolidated Statements of Operations (page 1).

- (a) Represents (1) the add back of management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue representing the reimbursement of certain expenses by Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the segments.
- (b) Represents the add back of performance revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.
- (c) Represents (1) the add back of investment income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the inclusion of investment income on non-consolidated Blackstone Funds which in GAAP is recorded as Other Income (Loss) - Net Gains (Losses) from Fund Investment Activities.
- (d) 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 amounts.
- (e) Represents the total consolidation and elimination adjustments for Total Revenues.
- (f) Represents transaction-based equity compensation that is not recorded in the segments.
- (g) Represents interest expense associated with the Tax Receivable Agreement.
- (h) Represents the removal of (1) the amortization of transaction based intangibles, and (2) expenses reimbursed by Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the segments.
- (i) Represents (1) the reversal of Fund Expenses, which are attributable to consolidated Blackstone Funds and not a component of the segments, and (2) total consolidation and elimination adjustments for Total Expenses.
- (j) Represents the inclusion of Other Income (Loss) which is included in GAAP but not as a component of the segments.
- (k) Represents the total consolidation and elimination adjustments between GAAP and Total Segment results.

## Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	1Q'18		1Q'18 LTM		Fee Earnings	Distributable Earnings	Economic Net Income
	Results	Per Unit	Results	Per Unit			
▶ Management and Advisory Fees, Net	\$ 736,044		\$ 2,857,254				
▶ Fee Related Compensation	(296,079)		(1,143,408)				
▶ Other Operating Expenses	(107,092)		(435,496)				
<b>Fee Related Earnings</b>	<b>\$ 332,873</b>	<b>\$ 0.28</b>	<b>\$ 1,278,350</b>	<b>\$ 1.07</b>			
▶ Net Realized Performance Revenues	167,384		1,838,312				
▶ Realized Principal Investment Income	28,693		261,993				
▶ Net Interest (Loss)	(1,853)		(40,817)				
▶ Taxes and Related Payables	(25,042)		(189,706)				
<b>Distributable Earnings</b>	<b>\$ 502,055</b>	<b>\$ 0.41</b>	<b>\$ 3,148,132</b>	<b>\$ 2.56</b>			
▶ Net Unrealized Performance Revenues	373,904		296,289				
▶ Unrealized Principal Investment Income	13,978		(18,293)				
▶ Other Revenue	(60,894)		(192,658)				
▶ Add Back: Related Payables	6,814		88,752				
▶ Less: Equity-Based Compensation	(44,148)		(121,344)				
<b>Economic Net Income</b>	<b>\$ 791,709</b>	<b>\$ 0.65</b>	<b>\$ 3,200,878</b>	<b>\$ 2.65</b>			

See pages 32 and 33, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics for the calculation of the amounts presented herein that are not the respective captions on page 15, Total Segments. 1Q'18 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 1Q'18 DE per Unit is based on DE attributable to Common Unitholders (see page 20, Unitholder Distribution) and end of period Total Common Units Outstanding; and 1Q'18 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 1Q'18 LTM per Unit represents the sum of the last four quarters. See page 34, Unit Rollforward.

## Walkdown of Financial Metrics – Calculation of Non-GAAP Financial Metrics – Quarters

(Dollars in Thousands)	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Compensation	\$(287,403)	\$(286,155)	\$(268,595)	\$(241,063)	\$(289,027)	\$(305,257)	\$(302,798)	\$(306,034)	\$(336,327)
Less: Equity-Based Compensation - Non-Performance Compensation Related (a)	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177	40,248
<b>Fee Related Compensation</b>	<b>\$(266,440)</b>	<b>\$(269,303)</b>	<b>\$(251,971)</b>	<b>\$(221,755)</b>	<b>\$(262,377)</b>	<b>\$(279,815)</b>	<b>\$(278,657)</b>	<b>\$(288,857)</b>	<b>\$(296,079)</b>
Realized Incentive Fees	28,007	29,231	26,992	66,811	46,511	40,303	35,513	122,057	12,566
Realized Performance Allocations	231,352	323,866	507,325	433,432	1,111,948	603,096	434,994	1,422,830	269,642
Less: Realized Incentive Fees Compensation	(13,785)	(14,763)	(13,003)	(27,370)	(22,465)	(21,032)	(18,332)	(43,450)	(6,662)
Less: Realized Performance Allocations Compensation	(58,841)	(88,069)	(170,860)	(147,359)	(366,478)	(195,738)	(162,505)	(557,244)	(112,062)
Plus: Equity-Based Compensation - Performance Compensation Related (a)	1,061	1,670	1,554	1,539	3,264	2,548	3,669	4,219	3,900
<b>Net Realized Performance Revenues</b>	<b>\$ 187,794</b>	<b>\$ 251,935</b>	<b>\$ 352,008</b>	<b>\$ 327,053</b>	<b>\$ 772,780</b>	<b>\$ 429,177</b>	<b>\$ 293,339</b>	<b>\$ 948,412</b>	<b>\$ 167,384</b>
Interest Income and Dividend Revenue	23,146	22,474	22,235	28,544	28,496	33,703	37,885	42,836	36,385
Less: Interest Expense	(36,497)	(36,020)	(36,419)	(39,086)	(39,450)	(40,294)	(40,749)	(72,345)	(38,238)
<b>Net Interest (Loss)</b>	<b>\$ (13,351)</b>	<b>\$ (13,546)</b>	<b>\$ (14,184)</b>	<b>\$ (10,542)</b>	<b>\$ (10,954)</b>	<b>\$ (6,591)</b>	<b>\$ (2,864)</b>	<b>\$ (29,509)</b>	<b>\$ (1,853)</b>
<b>Taxes and Related Payables (b)</b>	<b>\$ (16,794)</b>	<b>\$ (31,588)</b>	<b>\$ (51,089)</b>	<b>\$ (67,678)</b>	<b>\$ (25,324)</b>	<b>\$ (53,291)</b>	<b>\$ (31,805)</b>	<b>\$ (79,568)</b>	<b>\$ (25,042)</b>
Unrealized Performance Allocations	56,055	95,061	128,791	250,213	(124,078)	95,707	407,425	(484,486)	628,339
Less: Unrealized Performance Allocations Compensation	(34,201)	(77,016)	(79,361)	(142,950)	(7,533)	(86,910)	(175,534)	166,183	(254,435)
<b>Net Unrealized Performance Revenues</b>	<b>\$ 21,854</b>	<b>\$ 18,045</b>	<b>\$ 49,430</b>	<b>\$ 107,263</b>	<b>\$(131,611)</b>	<b>\$ 8,797</b>	<b>\$ 231,891</b>	<b>\$(318,303)</b>	<b>\$ 373,904</b>
<b>Related Payables (c)</b>	<b>\$ -</b>	<b>\$ 10,354</b>	<b>\$ 30,104</b>	<b>\$ 34,428</b>	<b>\$ 6,519</b>	<b>\$ 29,123</b>	<b>\$ 9,253</b>	<b>\$ 43,562</b>	<b>\$ 6,814</b>
Equity-Based Compensation - Non-Performance Compensation Related (a)	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177	40,248
Plus: Equity-Based Compensation - Performance Compensation Related (a)	1,061	1,670	1,554	1,539	3,264	2,548	3,669	4,219	3,900
<b>Equity-Based Compensation</b>	<b>\$ 22,024</b>	<b>\$ 18,522</b>	<b>\$ 18,178</b>	<b>\$ 20,847</b>	<b>\$ 29,914</b>	<b>\$ 27,990</b>	<b>\$ 27,810</b>	<b>\$ 21,396</b>	<b>\$ 44,148</b>

Unless otherwise noted, all amounts are the respective captions from the Total Segment information.

(a) Represents equity-based award expense included in Economic Income, which excludes all transaction-related equity-based charges.

(b) See page 26, Reconciliation of GAAP to Non-GAAP Measures – Quarters for this adjustment.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of Taxes and Related Payables.

## Walkdown of Financial Metrics – Calculation of Non-GAAP Financial Metrics – Years

(Dollars in Thousands)	2013	2014	2015	2016	2017	1Q'17 LTM	1Q'18 LTM
Compensation	\$ (1,115,640)	\$ (1,153,511)	\$ (1,189,219)	\$ (1,083,216)	\$ (1,203,116)	\$ (1,084,840)	\$ (1,250,416)
Less: Equity-Based Compensation - Non-Performance Compensation Related (a)	130,124	45,133	96,901	73,747	93,410	79,434	107,008
<b>Fee Related Compensation</b>	<b>\$ (985,516)</b>	<b>\$ (1,108,378)</b>	<b>\$ (1,092,318)</b>	<b>\$ (1,009,469)</b>	<b>\$ (1,109,706)</b>	<b>\$ (1,005,406)</b>	<b>\$ (1,143,408)</b>
Realized Incentive Fees	231,000	173,106	168,554	151,041	244,384	169,545	210,439
Realized Performance Allocations	1,187,291	2,539,235	3,232,068	1,495,975	3,572,868	2,376,571	2,730,562
Less: Realized Incentive Fees Compensation	(102,149)	(78,271)	(77,291)	(68,921)	(105,279)	(77,601)	(89,476)
Less: Realized Performance Allocations Compensation	(355,967)	(847,471)	(802,455)	(465,129)	(1,281,965)	(772,766)	(1,027,549)
Plus: Equity-Based Compensation - Performance Compensation Related (a)	-	3,093	6,143	5,824	13,700	8,027	14,336
<b>Net Realized Performance Revenues</b>	<b>\$ 960,175</b>	<b>\$ 1,789,692</b>	<b>\$ 2,527,019</b>	<b>\$ 1,118,790</b>	<b>\$ 2,443,708</b>	<b>\$ 1,703,776</b>	<b>\$ 1,838,312</b>
Interest Income and Dividend Revenue	70,936	76,052	95,661	96,399	142,920	101,749	150,809
Less: Interest Expense	(103,904)	(112,563)	(139,842)	(148,022)	(192,838)	(150,975)	(191,626)
<b>Net Interest (Loss)</b>	<b>\$ (32,968)</b>	<b>\$ (36,511)</b>	<b>\$ (44,181)</b>	<b>\$ (51,623)</b>	<b>\$ (49,918)</b>	<b>\$ (49,226)</b>	<b>\$ (40,817)</b>
<b>Taxes and Related Payables (b)</b>	<b>\$ (156,734)</b>	<b>\$ (280,788)</b>	<b>\$ (90,470)</b>	<b>\$ (167,149)</b>	<b>\$ (189,988)</b>	<b>\$ (175,679)</b>	<b>\$ (189,706)</b>
Unrealized Performance Allocations	2,155,528	1,696,407	(1,590,369)	530,120	(105,432)	349,987	646,985
Less: Unrealized Performance Allocations Compensation	(964,339)	(368,493)	309,422	(333,528)	(103,794)	(306,860)	(350,696)
<b>Net Unrealized Performance Revenues</b>	<b>\$ 1,191,189</b>	<b>\$ 1,327,914</b>	<b>\$ (1,280,947)</b>	<b>\$ 196,592</b>	<b>\$ (209,226)</b>	<b>\$ 43,127</b>	<b>\$ 296,289</b>
<b>Related Payables (c)</b>	<b>\$ 74,570</b>	<b>\$ 81,276</b>	<b>\$ 62,943</b>	<b>\$ 74,886</b>	<b>\$ 88,457</b>	<b>\$ 81,405</b>	<b>\$ 88,752</b>
Equity-Based Compensation - Non-Performance Compensation Related (a)	130,124	45,133	96,901	73,747	93,410	79,434	107,008
Plus: Equity-Based Compensation - Performance Compensation Related (a)	-	3,093	6,143	5,824	13,700	8,027	14,336
<b>Equity-Based Compensation</b>	<b>\$ 130,124</b>	<b>\$ 48,226</b>	<b>\$ 103,044</b>	<b>\$ 79,571</b>	<b>\$ 107,110</b>	<b>\$ 87,461</b>	<b>\$ 121,344</b>

Unless otherwise noted, all amounts are the respective captions from the Total Segment information.

(a) Represents equity-based award expense included in Economic Income, which excludes all transaction-related equity-based charges.

(b) See page 27, Reconciliation of GAAP to Non-GAAP Measures – Years for this adjustment.

(c) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of Taxes and Related Payables.

## Unit Rollforward

	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Total GAAP Weighted-Average Common Units Outstanding - Basic	660,939,708	664,681,299	667,384,727	668,781,321	674,479,140
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	809,184	998,974	663,474	702,960	198,934
Weighted-Average Blackstone Holdings Partnership Units	537,758,091	534,326,066	532,454,091	-	535,895,780
<b>Total GAAP Weighted-Average Units Outstanding - Diluted</b>	<b>1,199,506,983</b>	<b>1,200,006,339</b>	<b>1,200,502,292</b>	<b>669,484,281</b>	<b>1,210,573,854</b>
<i>Adjustments:</i>					
Weighted-Average Blackstone Holdings Partnership Units	-	-	-	531,139,507	-
<b>Weighted-Average Economic Net Income Adjusted Units</b>	<b>1,199,506,983</b>	<b>1,200,006,339</b>	<b>1,200,502,292</b>	<b>1,200,623,788</b>	<b>1,210,573,854</b>
<b>Economic Net Income Adjusted Units, End of Period</b>	<b>1,199,565,618</b>	<b>1,199,890,628</b>	<b>1,200,559,970</b>	<b>1,200,553,187</b>	<b>1,210,853,058</b>
Total Common Units Outstanding	661,126,963	665,503,840	667,027,762	668,733,356	676,168,743
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	535,206,716	530,678,056	532,235,827	530,472,212	528,967,264
<b>Distributable Earnings Units Outstanding</b>	<b>1,196,333,679</b>	<b>1,196,181,896</b>	<b>1,199,263,589</b>	<b>1,199,205,568</b>	<b>1,205,136,007</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 the Payable Under Tax Receivable Agreement and certain other tax-related payables. Distributable Earnings Units Outstanding excludes units which are not entitled to distributions.

## Definitions and Distribution Policy

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Blackstone discloses the following 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:

- Blackstone uses Economic Income, or “EI”, as a key measure of value creation, a benchmark of its performance and in making resource deployment and compensation decisions across its four segments. EI represents segment net income before taxes excluding transaction-related charges. Transaction-related charges arise from Blackstone’s initial public offering (“IPO”) and certain long-term retention programs outside of annual deferred compensation and other corporate actions, including acquisitions. Transaction-related charges include certain equity-based compensation charges, the amortization of intangible assets and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages.
- Economic Net Income, or “ENI”, represents EI adjusted to include current period taxes. 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.
- Performance Revenues collectively refers to: (a) Realized Incentive Fees, and (b) Performance Allocations. Performance Compensation collectively refers to the related compensation and benefit amounts for: (a) Realized Incentive Fees Compensation, and (b) Performance Allocations.
- Blackstone uses Fee Related Earnings, or “FRE”, which is derived from EI, as a measure to highlight earnings from operations excluding: (a) the income related to performance revenue and related performance compensation, (b) income earned from Blackstone’s investments in the Blackstone Funds, (c) net interest income (loss), (d) equity-based compensation, and (e) Other Revenue. Blackstone uses FRE as a measure to assess whether recurring revenue from its businesses is sufficient to adequately cover all of its operating expenses and generate profits. FRE equals contractual management fee revenues less (a) compensation expenses (which excludes amortization of equity-based awards, and Performance Compensation), and (b) other operating expenses.
- Distributable Earnings, or “DE”, which is derived from Blackstone’s segment reported results, is a supplemental measure 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 intended to show the amount of net realized earnings without the effects of the consolidation of the Blackstone Funds. DE, which is a component of ENI, is the sum across all segments of: (a) Total Management, Advisory and Other Fees, Net, (b) Interest and Dividend Revenue, (c) Realized Incentive Fees, (d) Realized Performance Allocations, and (e) Realized Principal Investment Income (Loss); less (a) Compensation, excluding the expense of equity-based awards, (b) Realized Incentive Fee Compensation, (c) Realized Performance Allocations Compensation, (d) Interest Expense, (e) Other Operating Expenses, and (f) Taxes and Related Payables Under the Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- Blackstone uses Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization, or “Adjusted EBITDA”, as a supplemental non-GAAP measure derived from segment reported results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents DE plus the addition of (a) Interest Expense, (b) Taxes and Related Payables Including Payable Under Tax Receivable Agreement, and (c) Depreciation and Amortization.

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.

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