

Blackstone Group L.P.
Form 10-Q
November 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2018**
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**
Commission File Number: 001-33551

The Blackstone Group L.P.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

345 Park Avenue

New York, New York 10154

(Address of principal executive offices)(Zip Code)

(212) 583-5000

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(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

The number of the Registrant's voting common units representing limited partner interests outstanding as of November 1, 2018 was 662,286,997.

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Forward-Looking Statements

This report 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 our current views with respect to, among other things, our operations, financial performance and unit repurchases 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, version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 and in this report, as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (SEC), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Website and Social Media Disclosure

We use our website (www.blackstone.com), Facebook page (www.facebook.com/blackstone), Twitter (www.twitter.com/blackstone), LinkedIn (www.linkedin.com/company/blackstonegroup), Instagram (www.instagram.com/blackstone), SoundCloud (www.soundcloud.com/blackstone-300250613), PodBean (www.blackstone.podbean.com), Spotify (<https://open.spotify.com/show/1PqaIgd12KgRN8rlijBhE7>) and YouTube (www.youtube.com/user/blackstonegroup) accounts as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about Blackstone when you enroll your e-mail address by visiting the Contact Us/Email Alerts section of our website at <http://ir.blackstone.com>. The contents of our website, any alerts and social media channels are not, however, a part of this report.

In this report, references to Blackstone, the Partnership, we, us or our refer to The Blackstone Group L.P. and its consolidated subsidiaries. Unless the context otherwise requires, references in this report to the ownership of Mr. Stephen A. Schwarzman, our founder, and other Blackstone personnel include the ownership of personal planning vehicles and family members of these individuals.

Blackstone Funds, our funds and our investment funds refer to the private equity funds, real estate funds, funds of hedge funds, credit-focused funds, collateralized loan obligation (CLO), real estate investment trusts and registered investment companies that are managed by Blackstone.

Our carry funds refers to the private equity funds, real estate funds and certain of the hedge fund solutions and credit-focused funds (with multi-year drawdown, commitment-based structures that only pay carry on the realization of an investment) that are managed by Blackstone. We refer to our general corporate private equity funds as Blackstone Capital Partners (BCP) funds, our energy-focused private equity funds as Blackstone Energy Partners (BEP) funds, our core private equity fund as Blackstone Core Equity Partners (BCEP), our opportunistic investment platform that invests globally across asset classes, industries and geographies as Blackstone Tactical Opportunities (Tactical Opportunities), our secondary private equity fund of funds business as Strategic Partners Fund Solutions (Strategic Partners), our infrastructure-focused funds as Blackstone Infrastructure Partners (BIP), our multi-asset investment program for eligible high net worth investors offering exposure to certain of our key illiquid investment strategies through a single commitment as Blackstone Total Alternatives Solution (BTAS) and our capital markets services business as Blackstone Capital Markets (BXCM). We refer to our real estate opportunistic funds as Blackstone Real Estate

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Partners (BREP) funds and our real estate debt investment funds as Blackstone Real Estate Debt Strategies (BREDS) funds. We refer to our core+ real estate funds, which target substantially stabilized assets in prime markets, as Blackstone Property Partners (BPP) funds. We refer to our real estate investment trusts as REITs , to Blackstone Mortgage Trust, Inc., our NYSE-listed REIT, as BXMT , and to Blackstone Real Estate Income Trust, Inc., our non-exchange traded REIT, as BREIT . Our hedge funds refers to our funds of hedge funds, certain of our real estate debt investment funds, including a registered investment company, and certain other credit-focused funds which are managed by Blackstone. BIS refers to Blackstone Insurance Solutions, which partners with insurers to deliver bespoke, capital-efficient investments tailored to each insurer s needs and risk profile.

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

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

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open ended funds in our Hedge Fund Solutions, Credit and Real Estate segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example, annually or quarterly), typically with 30 to 95 days notice, depending on the fund and the liquidity profile of the underlying assets. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days notice.

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

- (a) for our Private Equity segment funds and Real Estate segment carry funds including certain real estate debt investment funds and certain of our Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,

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- (b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,

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- (c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,
- (d) the net asset value of our funds of hedge funds, hedge funds, open ended core+ real estate fund, certain co-investments managed by us, certain registered investment companies, our non-exchange traded REIT, and certain of our Hedge Fund Solutions drawdown funds,
- (e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,
- (f) the net proceeds received from equity offerings and accumulated core earnings of BXMT, subject to certain adjustments,
- (g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and
- (h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

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

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

For our carry funds, total assets under management includes the fair value of the investments held, whereas fee-earning assets under management includes the amount of capital commitments, the remaining amount of invested capital at cost depending on whether the investment period has or has not expired or the fee terms of the fund. As such, fee-earning assets under management may be greater than total assets under management when the aggregate fair value of the remaining investments is less than the cost of those investments.

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

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

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Financial Condition (Unaudited)****(Dollars in Thousands, Except Unit Data)**

	September 30, 2018	December 31, 2017
Assets		
Cash and Cash Equivalents	\$ 1,937,963	\$ 1,992,497
Cash Held by Blackstone Funds and Other	408,561	1,929,531
Investments (including assets pledged of \$231,620 and \$169,746 at September 30, 2018 and December 31, 2017, respectively)	22,094,920	24,434,049
Accounts Receivable	875,647	875,018
Due from Affiliates	2,017,637	2,028,137
Intangible Assets, Net	366,368	409,828
Goodwill	1,778,192	1,778,192
Other Assets	269,470	242,697
Deferred Tax Assets	711,599	725,970
Total Assets	\$ 30,460,357	\$ 34,415,919
Liabilities and Partners' Capital		
Loans Payable	\$ 10,161,886	\$ 14,815,436
Due to Affiliates	981,980	937,158
Accrued Compensation and Benefits	3,414,215	2,623,492
Securities Sold, Not Yet Purchased	166,309	154,380
Repurchase Agreements	199,488	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	829,496	2,043,522
Total Liabilities	15,753,374	20,692,828
Commitments and Contingencies		
Redeemable Non-Controlling Interests in Consolidated Entities	153,504	210,944
Partners' Capital		
The Blackstone Group L.P. Partners' Capital		
Partners' Capital (common units: 669,411,215 issued and outstanding as of September 30, 2018; 659,526,093 issued and outstanding as of December 31, 2017)	7,024,079	6,668,511
Accumulated Other Comprehensive Loss	(36,562)	(34,018)
Total The Blackstone Group L.P. Partners' Capital	6,987,517	6,634,493
Non-Controlling Interests in Consolidated Entities	3,673,135	3,253,148
Non-Controlling Interests in Blackstone Holdings	3,892,827	3,624,506
Total Partners' Capital	14,553,479	13,512,147

Total Liabilities and Partners' Capital	\$ 30,460,357	\$ 34,415,919
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See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Financial Condition (Unaudited)****(Dollars in Thousands)**

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

	September 30, 2018	December 31, 2017
Assets		
Cash Held by Blackstone Funds	\$ 408,278	\$ 1,580,296
Investments	8,493,379	12,948,653
Accounts Receivable	273,966	470,156
Due from Affiliates	8,780	46,112
Other Assets	5,549	5,189
Total Assets	\$ 9,189,952	\$ 15,050,406
Liabilities		
Loans Payable	\$ 6,679,598	\$ 11,300,621
Due to Affiliates	122,836	86,393
Securities Sold, Not Yet Purchased	118,205	89,907
Repurchase Agreements	199,488	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	265,397	1,562,534
Total Liabilities	\$ 7,385,524	\$ 13,158,295

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Operations (Unaudited)****(Dollars in Thousands, Except Unit and Per Unit Data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Management and Advisory Fees, Net	\$ 780,009	\$ 685,922	\$ 2,230,242	\$ 2,022,263
Incentive Fees	9,799	35,513	41,743	122,327
Investment Income				
Performance Allocations				
Realized	592,103	434,982	1,365,119	2,149,549
Unrealized	299,238	406,649	1,367,678	377,560
Principal Investments				
Realized	134,619	74,805	305,961	451,207
Unrealized	52,840	96,085	268,082	63,172
Total Investment Income	1,078,800	1,012,521	3,306,840	3,041,488
Interest and Dividend Revenue	48,604	36,974	124,062	99,172
Other	9,368	(35,572)	625,394	(99,448)
Total Revenues	1,926,580	1,735,358	6,328,281	5,185,802
Expenses				
Compensation and Benefits				
Compensation	419,285	359,209	1,236,167	1,078,001
Incentive Fee Compensation	7,251	18,332	23,656	61,829
Performance Allocations Compensation				
Realized	200,442	162,505	498,902	724,721
Unrealized	178,184	175,534	622,610	269,977
Total Compensation and Benefits	805,162	715,580	2,381,335	2,134,528
General, Administrative and Other	168,813	121,036	441,354	349,974
Interest Expense	41,355	41,545	119,346	122,880
Fund Expenses	2,302	26,350	74,909	100,095
Total Expenses	1,017,632	904,511	3,016,944	2,707,477
Other Income				
Net Gains from Fund Investment Activities	66,838	63,448	250,956	239,634
Income Before Provision for Taxes	975,786	894,295	3,562,293	2,717,959
Provision for Taxes	26,798	59,512	220,024	146,557
Net Income	948,988	834,783	3,342,269	2,571,402
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	2,569	3,215	2,199	6,206

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Net Income Attributable to Non-Controlling Interests in Consolidated Entities	143,101	113,446	427,678	365,075
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	360,576	340,202	1,359,736	1,032,885
Net Income Attributable to The Blackstone Group L.P.	\$ 442,742	\$ 377,920	\$ 1,552,656	\$ 1,167,236
Net Income Per Common Unit				
Common Units, Basic	\$ 0.65	\$ 0.57	\$ 2.28	\$ 1.76
Common Units, Diluted	\$ 0.64	\$ 0.55	\$ 2.27	\$ 1.73
Weighted-Average Common Units Outstanding				
Common Units, Basic	682,435,177	667,384,727	679,598,629	664,331,632
Common Units, Diluted	1,205,877,983	1,200,502,292	1,209,113,244	1,200,092,676

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Comprehensive Income (Unaudited)****(Dollars in Thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net Income	\$ 948,988	\$ 834,783	\$ 3,342,269	\$ 2,571,402
Other Comprehensive Income (Loss), Net of Tax Currency Translation Adjustment	(7,412)	26,761	(33,660)	73,354
Comprehensive Income	941,576	861,544	3,308,609	2,644,756
Less:				
Comprehensive Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	2,569	3,215	2,199	6,206
Comprehensive Income Attributable to Non-Controlling Interests in Consolidated Entities	143,101	127,149	425,288	409,963
Comprehensive Income Attributable to Non-Controlling Interests in Blackstone Holdings	331,850	340,202	1,331,010	1,032,885
Comprehensive Income Attributable to The Blackstone Group L.P.	\$ 464,056	\$ 390,978	\$ 1,550,112	\$ 1,195,702

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P. Accumulated				Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Partners Capital	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Units	Partners Capital	Other Compre- hensive Income (Loss)	Total				
Balance at June 30, 2018	673,544,082	\$ 7,105,225	\$ (57,876)	\$ 7,047,349	\$ 3,492,621	\$ 3,936,827	\$ 14,476,797	\$ 158,799
Net Income		442,742		442,742	143,101	360,576	946,419	2,569
Currency Translation Adjustment			21,314	21,314		(28,726)	(7,412)	
Capital Contributions					193,213		193,213	1,880
Capital Distributions		(395,718)		(395,718)	(154,468)	(377,751)	(927,937)	(9,744)
Transfer of Non-Controlling Interests in Consolidated Entities					(1,332)		(1,332)	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		1,221		1,221			1,221	
Equity-Based Compensation		54,245		54,245		42,775	97,020	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	1,003,987	(3,389)		(3,389)		(2,740)	(6,129)	
Repurchase of Common Units and Blackstone Holdings Partnership Units	(6,000,000)	(218,381)		(218,381)			(218,381)	
Change in The Blackstone Group L.P.'s Ownership Interest		31,601		31,601		(31,601)		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	863,146	6,533		6,533		(6,533)		
Balance at September 30, 2018	669,411,215	\$ 7,024,079	\$ (36,562)	\$ 6,987,517	\$ 3,673,135	\$ 3,892,827	\$ 14,553,479	\$ 153,504

continued

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P. Accumulated				Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Partners Capital	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Units	Partners Capital	Other Compre- hensive Income (Loss)	Total				
Balance at June 30, 2017	653,801,394	\$ 6,540,478	\$ (47,479)	\$ 6,492,999	\$ 3,123,171	\$ 3,414,840	\$ 13,031,010	\$ 190,700
Net Income		377,920		377,920	113,446	340,202	831,568	3,215
Currency Translation Adjustment			13,058	13,058	13,703		26,761	
Capital Contributions					131,693		131,693	8,940
Capital Distributions		(358,828)		(358,828)	(203,927)	(314,155)	(876,910)	(1,478)
Transfer of Non-Controlling Interests in Consolidated Entities					(3,406)		(3,406)	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		706		706			706	
Equity-Based Compensation		47,328		47,328		39,548	86,876	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	3,209,675	(14,598)		(14,598)		(915)	(15,513)	
Change in The Blackstone Group L.P.'s Ownership Interest		(1,029)		(1,029)		1,029		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	626,464	4,053		4,053		(4,053)		
Balance at September 30, 2017	657,637,533	\$ 6,596,030	\$ (34,421)	\$ 6,561,609	\$ 3,174,680	\$ 3,476,496	\$ 13,212,785	\$ 201,377

continued

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners' Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P.							Redeemable
	Common	Partners	Accumulated	Total	Non-	Non-	Total	Non-
	Units	Capital	Other		Controlling	Controlling	Partners	Controlling
			Compre-		Interests in	Interests in	Capital	Interests
			hensive		Consolidated	Blackstone		in
			Income		Entities	Holdings		Consolidated
			(Loss)					Entities
Balance at December 31, 2017	659,526,093	\$ 6,668,511	\$ (34,018)	\$ 6,634,493	\$ 3,253,148	\$ 3,624,506	\$ 13,512,147	\$ 210,944
Transfer Out Due to Deconsolidation of Fund Entities					(197,091)		(197,091)	
Net Income		1,552,656		1,552,656	427,678	1,359,736	3,340,070	2,199
Currency Translation Adjustment			(2,544)	(2,544)	(2,390)	(28,726)	(33,660)	
Capital Contributions					617,345		617,345	2,980
Capital Distributions		(1,202,488)		(1,202,488)	(446,431)	(1,060,315)	(2,709,234)	(62,619)
Transfer of Non-Controlling Interests in Consolidated Entities					20,876		20,876	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		12,143		12,143			12,143	
Equity-Based Compensation		154,764		154,764		122,675	277,439	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	4,036,359	(17,885)		(17,885)		(3,575)	(21,460)	
Repurchase of Common Units and Blackstone Holdings Partnership Units	(8,200,000)	(290,066)		(290,066)			(290,066)	
Change in The Blackstone Group L.P.'s Ownership Interest		32,436		32,436		(32,436)		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	13,298,024	89,038		89,038		(89,038)		
Issuance of Common Units	750,739	24,970		24,970			24,970	
Balance at September 30, 2018	669,411,215	\$ 7,024,079	\$ (36,562)	\$ 6,987,517	\$ 3,673,135	\$ 3,892,827	\$ 14,553,479	\$ 153,504

continued

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P. Accumulated				Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Partners Capital	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Units	Partners Capital	Other Compre- hensive Income (Loss)	Total				
Balance at December 31, 2016	643,459,542	\$ 6,521,531	\$ (62,887)	\$ 6,458,644	\$ 2,428,964	\$ 3,434,483	\$ 12,322,091	\$ 185,390
Net Income		1,167,236		1,167,236	365,075	1,032,885	2,565,196	6,206
Currency Translation Adjustment			28,466	28,466	44,888		73,354	
Consolidation of a Fund Entity					387,006		387,006	
Capital Contributions					507,001		507,001	30,294
Capital Distributions		(1,241,717)		(1,241,717)	(552,440)	(1,068,553)	(2,862,710)	(20,513)
Transfer of Non-Controlling Interests in Consolidated Entities					(5,814)		(5,814)	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		7,992		7,992			7,992	
Equity-Based Compensation		135,292		135,292		112,109	247,401	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	6,985,219	(27,027)		(27,027)		(1,705)	(28,732)	
Change in The Blackstone Group L.P.'s Ownership Interest		(14,850)		(14,850)		14,850		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	7,192,772	47,573		47,573				