

Blackstone Property Partners Europe Holdings

Investor Presentation

May 2019

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Certain Definitions. As used herein:

“**BREP**” reflects Pre-BREP, all BREP funds and BREP co-investments;

“**BREDS**” reflects BREDS I, BREDS II, BREDS III, and separately managed accounts investing alongside those funds, as well as Blackstone Real Estate Debt Strategies High-Grade L.P., Blackstone Mortgage Trust (BXMT) and the BREDS funds and separately managed accounts investing in liquid real estate related debt; and

“**BPP**” reflects BPP U.S., co-investments, supplemental vehicles, separately managed accounts and the BPP global investment vehicles, as well as Blackstone Real Estate Income Trust (BREIT), a vehicle with an income-oriented strategy.

All information is as of 31 December 2018 unless otherwise indicated.

Key Updates

Portfolio

- Continued portfolio growth and diversification
 - €4.0B GAV
 - 240 assets across 6 countries
 - Diversified across the logistics, residential and office sectors
- Strong operational results
 - 98% occupancy
 - 5-year WALL
 - Positive leasing trends

Capital Structure⁽¹⁾

- Successful issuance of third series of unsecured notes in February 2019
 - €500M 2.0% notes due 2024
 - Rated BBB- (positive outlook) by S&P
- Prudent capital structure
 - 48% net LTV
 - 1.8% weighted average interest rate
 - 4.8-year weighted average debt maturity
 - No debt maturities until December 2020
- Improved debt profile
 - 95% unsecured debt
 - 83% fixed rate debt

Note: All metrics in this presentation are as of 31 December 2018, unless otherwise indicated.

(1) Pro forma for €500M unsecured notes issuance, €100M RCF draw, and paydown of €621M acquisition facility debt in February 2019.

Introduction to BPPEH

Overview of Blackstone Property Partners Europe Holdings (“BPPEH”)

BPPEH invests in high-quality, well-located Core+ real estate assets across Europe

Overview & Strategy

- Focused on large, high-quality, substantially stabilised assets in major European markets and key gateway cities
 - Primary sectors include logistics, residential and office
 - Long-term buy and hold strategy complemented by limited asset rotation and capital recycling
- Gross asset value of over €4.0B
- 100% owned by Blackstone Property Partners Europe (“BPPE”)⁽¹⁾, a European Core+ real estate fund with permanent capital
- Managed by Blackstone, the largest real estate asset manager globally with a real estate portfolio of over \$250B
- Strategy similar to that of its US counterpart, Blackstone Property Partners (“BPP US”), which owns/manages a property portfolio of \$33B ⁽²⁾



(1) Includes co-investments from third parties through vehicles controlled by Blackstone affiliates and minority investments by a fund vehicle affiliated with BPPE.
(2) Reflects assets owned by BPP US and includes related co-investments, supplemental vehicles and joint venture partners.

Selected BPPEH Assets



Key Highlights

1

Large, Diversified Portfolio

- High-quality €4.0B portfolio across the logistics, residential and office sectors
 - Well-located assets in markets with strong fundamentals
-

2

Stable Cash Flows with Operational Upside

- Substantially stabilised portfolio – 98% occupied on a 5-year WALL
 - Embedded growth potential with rents 15% below market on average
-

3

Strong Credit Profile

- BBB- rating by S&P with positive outlook
 - Prudent financial policy including 45-50% LTV target
 - Primarily unsecured capital structure with long-dated debt and staggered maturities
 - Permanent equity with excellent access to new growth capital underpinned by strong institutional investor base
-

4

Blackstone Management Platform

- Managed by Blackstone, which has an exceptional track record in real estate and manages a €69B European real estate portfolio
- Globally integrated platform with proprietary insight and knowledge

Portfolio Overview

BPPEH Portfolio Overview

Large, diversified portfolio in Europe's key economies

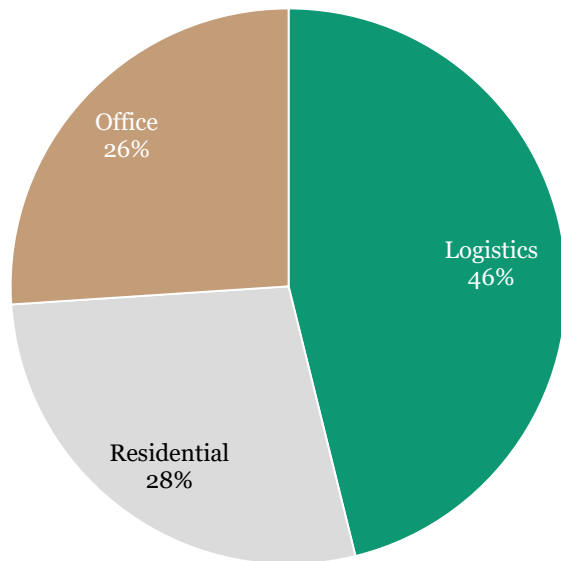
240
Assets

€4.0B
GAV

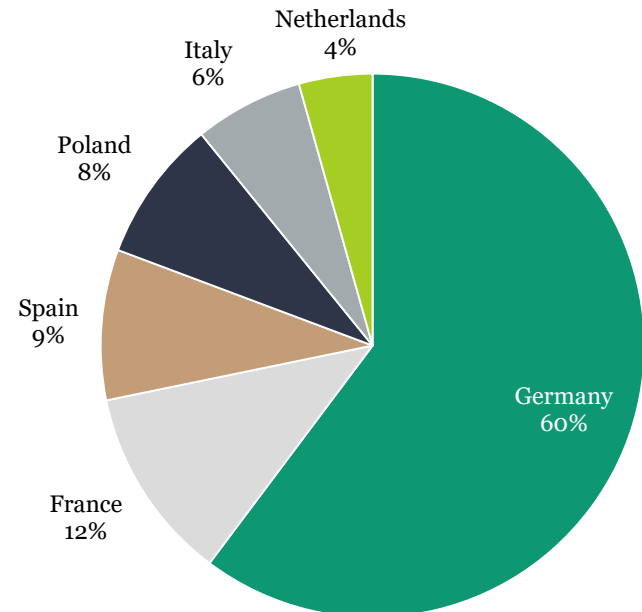
98%
Occupancy

5-Yr
WALL⁽¹⁾

Sector Allocation



Geographic Allocation



Note: Geographic and sector allocations based on GAV.
(1) Excludes residential assets.

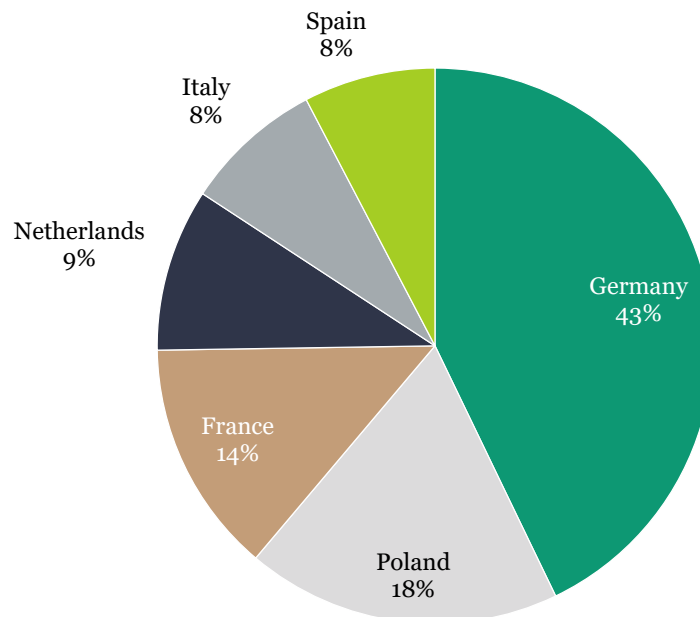
1 Logistics Portfolio

High-quality logistics portfolio comprising 55 properties across 6 countries

Key Metrics

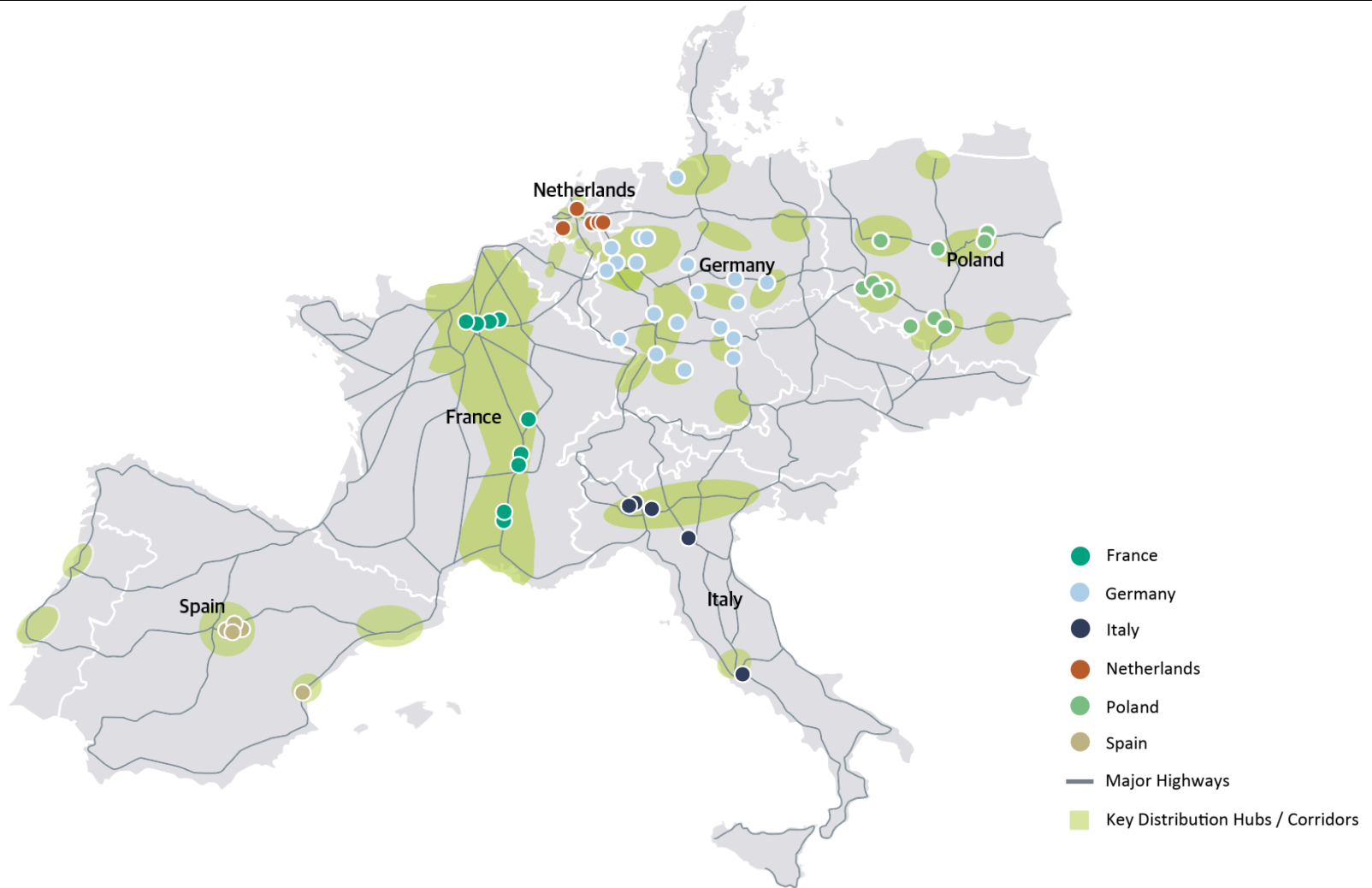


Geographic Allocation



1 Logistics Portfolio

Well-located assets concentrated in key distribution corridors across Europe



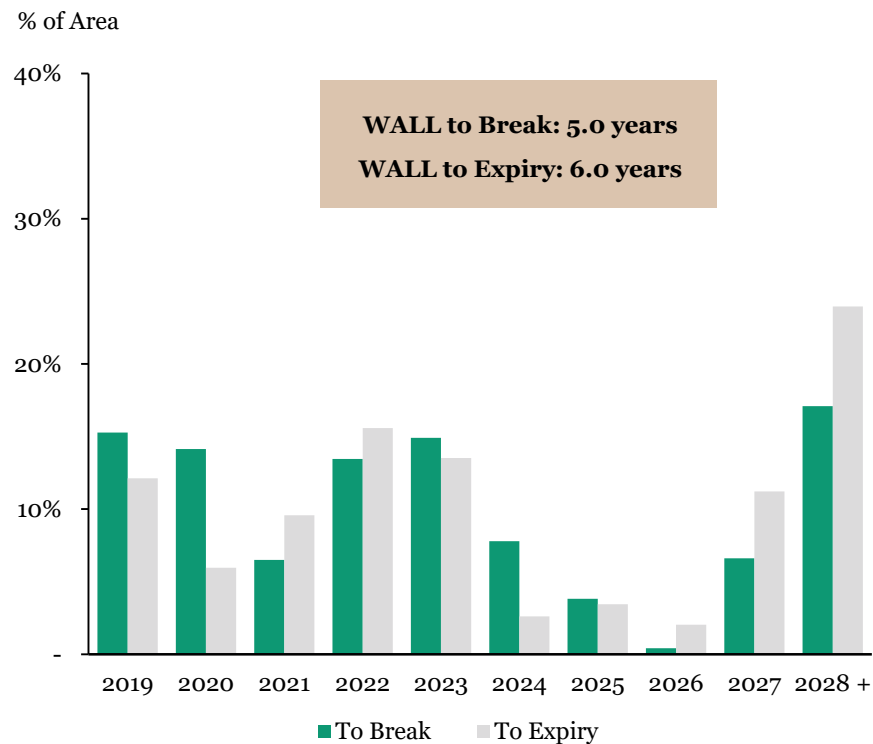
1 Logistics Portfolio

Strong tenant base comprised primarily of large corporates and 3PLs

Key Tenants



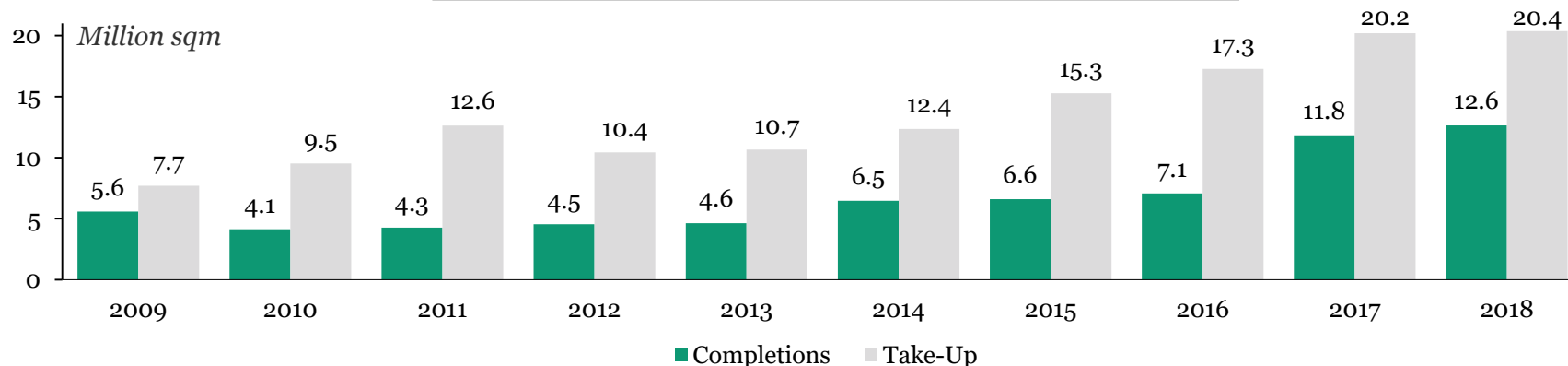
Lease Maturity Profile



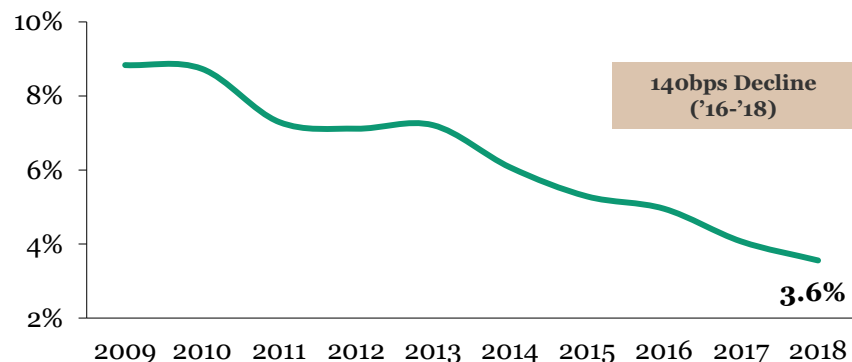
1 Logistics Market Overview

Robust fundamentals across BPPEH's logistics markets

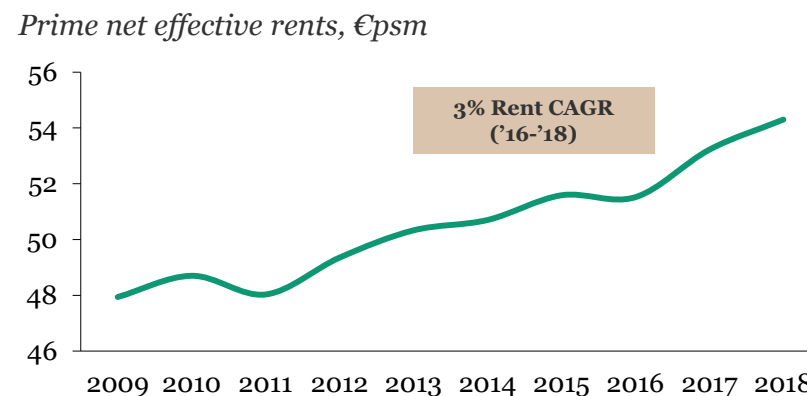
Take-Up Significantly Surpassing Completions⁽¹⁾



Driving Vacancy Down⁽¹⁾



And Supporting Rents⁽²⁾



Note: Includes countries in which BPPEH owns logistics assets. Vacancy and rents weighted by portfolio GAV.

(1) Underlying data from CBRE, as of Q4 2018. Market commentary reflects BPPEH views.

(2) Third party industry sources, as of Q4 2018.

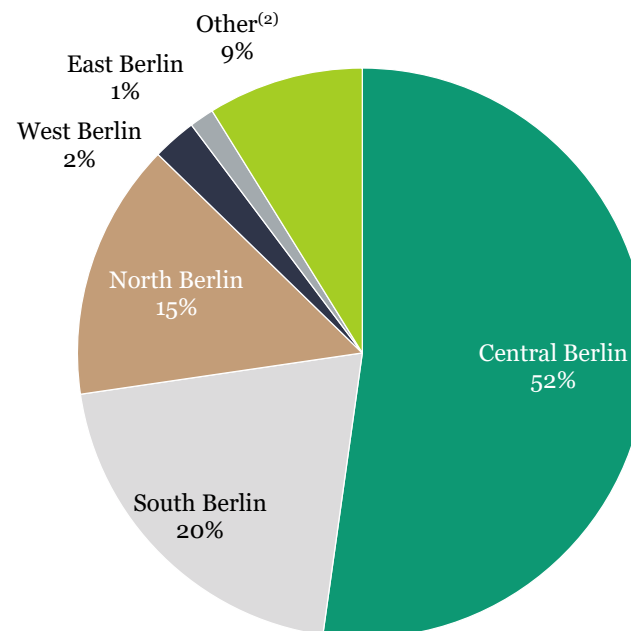
2 Residential Portfolio

High-quality German residential portfolio concentrated in Berlin

Key Metrics



Geographic Allocation



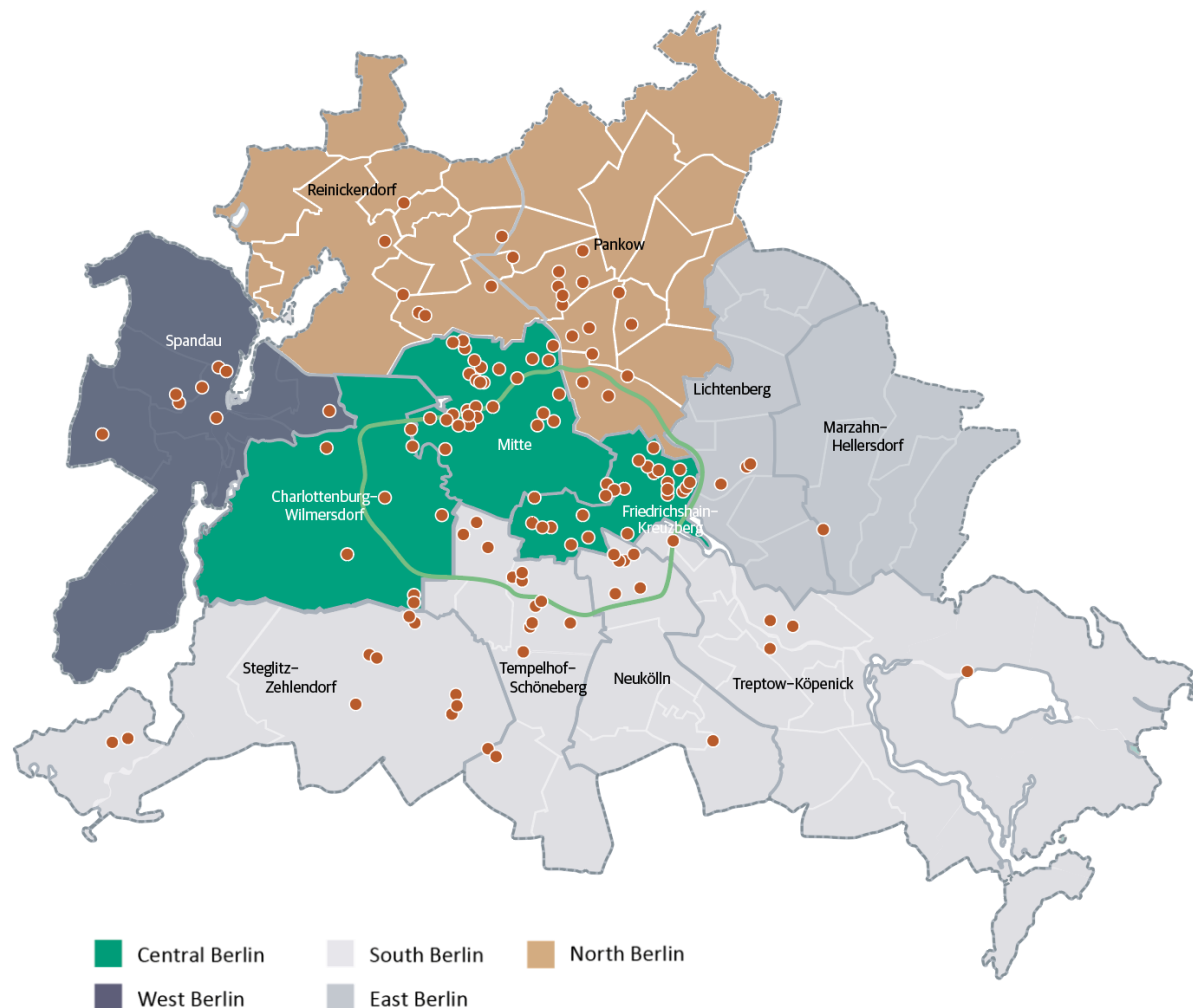
Note: Geographic allocation based on GAV.

(1) Represents occupancy of residential units only. Adjusting for vacancy due to refurbishment, average residential occupancy would be 97%.

(2) Includes Brandenburg, Dresden, Magdeburg, and Potsdam.

2 Residential Portfolio

Strong micro-locations with over half of the portfolio located in prime Central Berlin districts



2 Residential Portfolio

Invested €11M of capex and refurbished over 200 units during 2018

Pre-Renovation



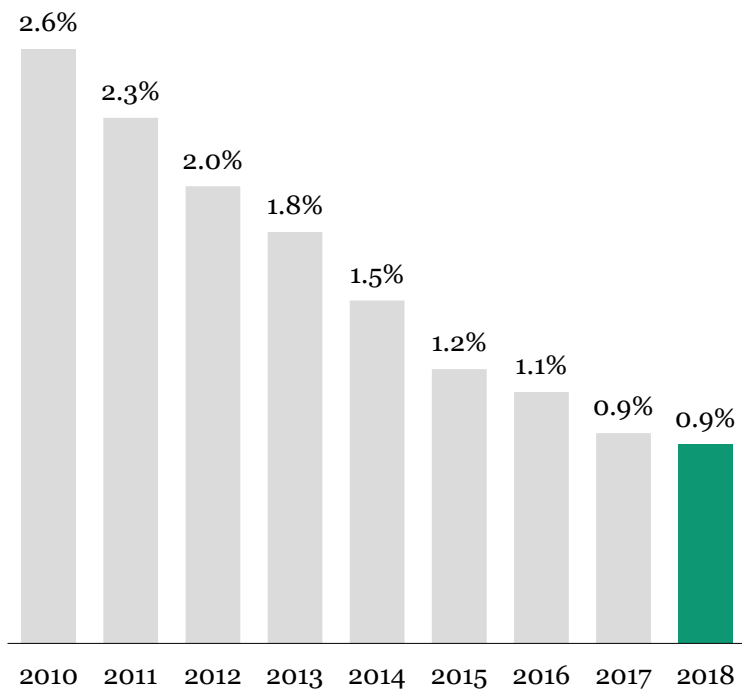
Post-Renovation



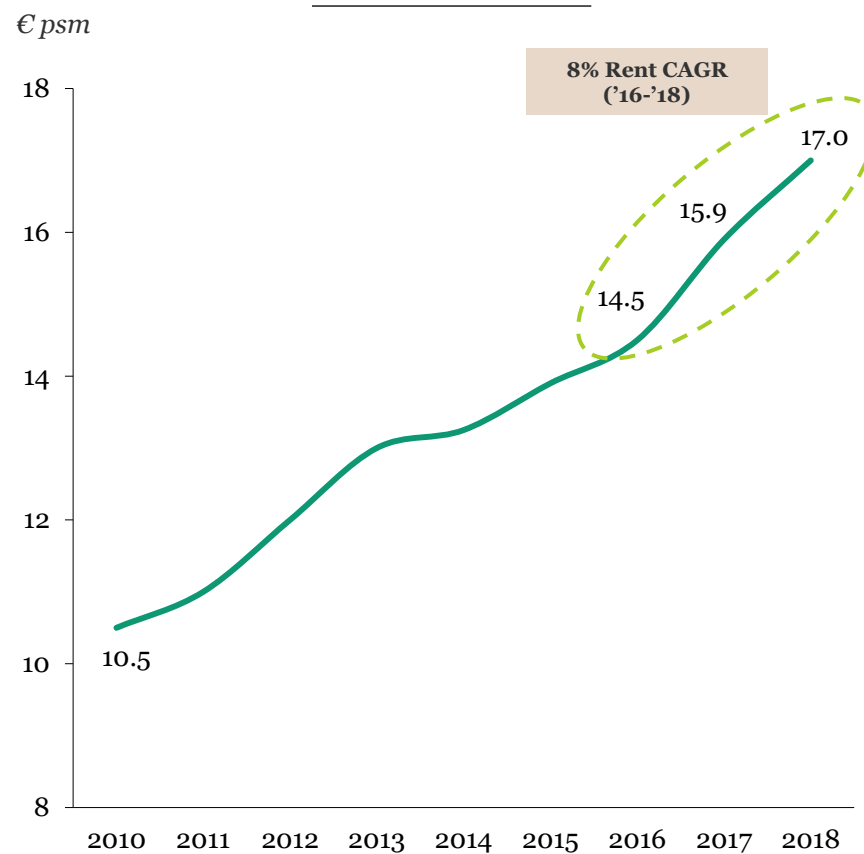
2 Berlin Residential Market Overview

Frictional vacancy levels in Berlin driving strong rental growth

Low and Declining Vacancy



Strong and Stable Rental Growth



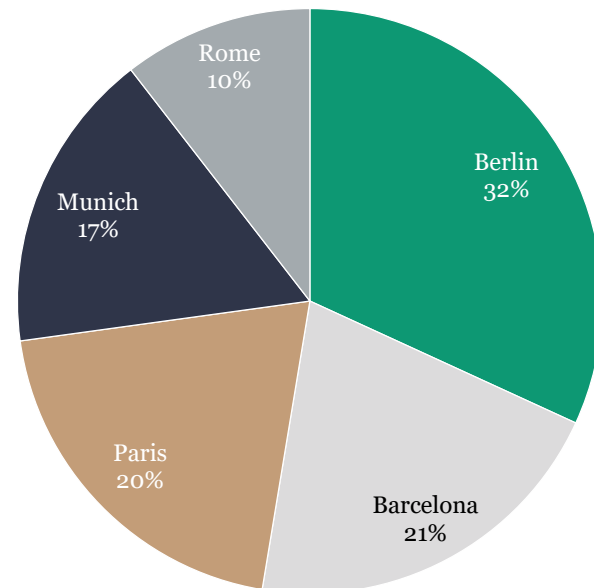
3 Office Portfolio

Office assets located in dynamic, innovation-focused cities across Europe

Key Metrics



Geographic Allocation



3 Office Portfolio

Nine high-quality properties in prime locations



Pariser Platz – Berlin



Leibniz Kolonnaden – Berlin



Leipziger Strasse – Berlin



Avenida Diagonal – Barcelona



Ilot Panhard – Paris



Arabella – Munich



Quirinale – Rome



Quattro Fontane – Rome



Palazzo Luigi Sturzo – Rome

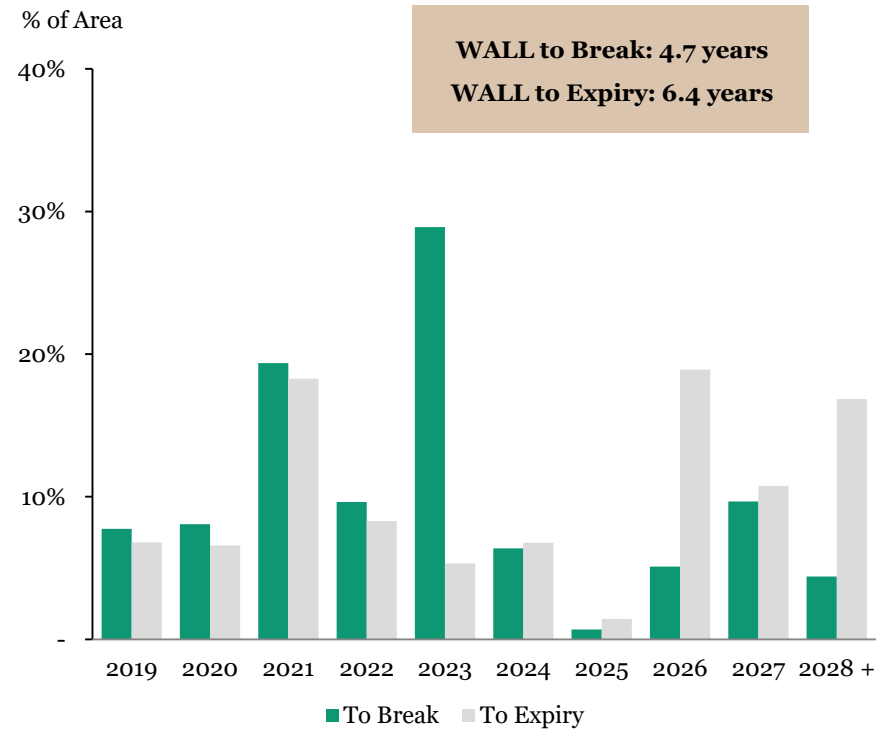
3 Office Portfolio

Well-leased to institutional tenants at rents 30% below market on average

Key Tenants



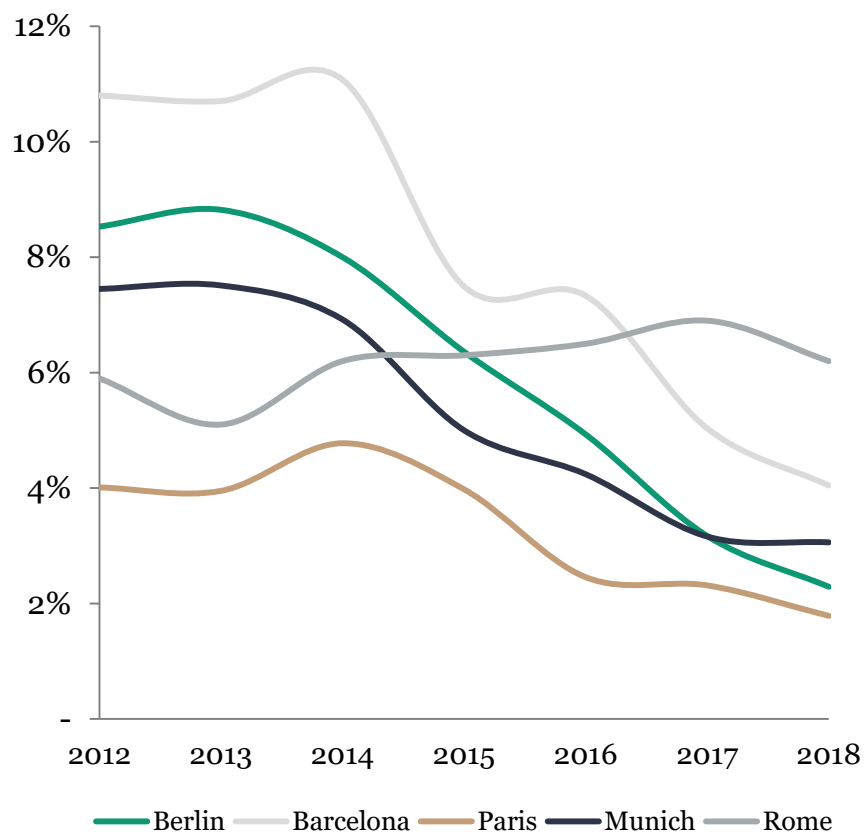
Lease Maturity Profile



3 Office Market Overview

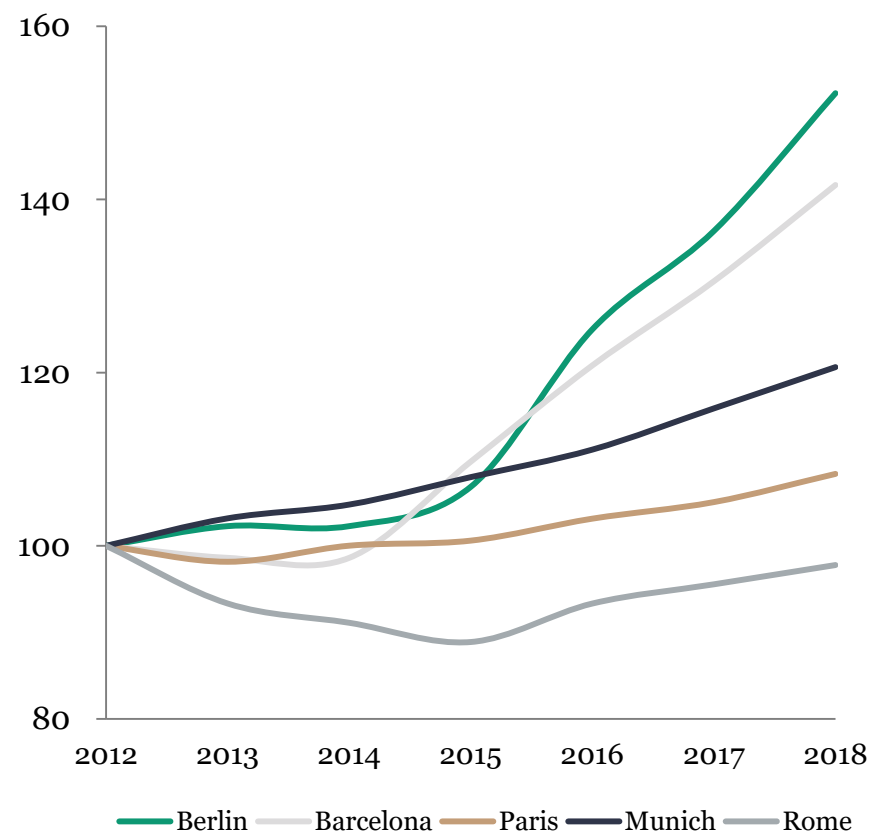
Lower vacancy rates and strong rental growth across key European office markets

Declining Vacancy



Accelerating Rental Growth

Prime rents, indexed to 100



Capital Structure Summary

Capital Structure

Strong capital structure consisting primarily of unsecured notes

Key Metrics

48%
Net LTV

BBB-
(Positive Outlook)
S&P Credit Rating

1.8%
Wtd Avg
Interest Rate

4.8-Yr
Wtd Avg
Maturity

Capital Structure Summary

	€M	Interest Rate ⁽¹⁾	WAM ⁽²⁾ (Years)
Unsecured Notes	€1,750	1.9%	5.1
Acquisition Facilities	210	1.4%	2.9
Mortgage Loans	119	2.6%	4.5
RCF	102	1.1%	2.9
Total Debt	€2,181	1.8%	4.8
Less: Cash	(247)		
Net Debt	€1,934		
GAV	€4,040		
Net LTV	48%		

Note: Pro forma for €500M unsecured notes issuance, €100M RCF draw, and paydown of €621M acquisition facility debt in February 2019.

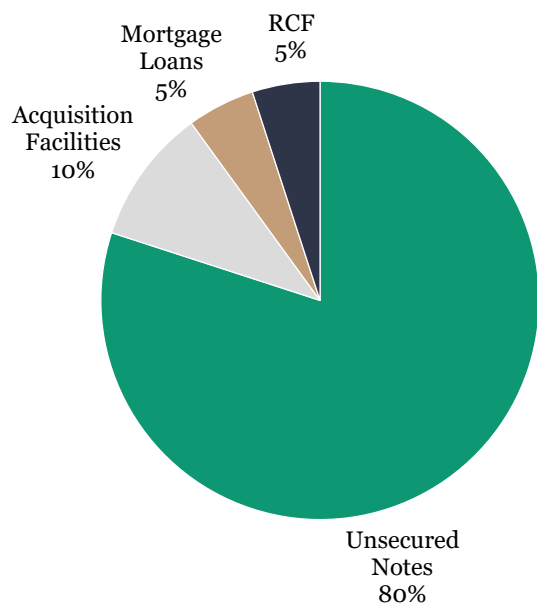
(1) Weighted average all-in interest rate.

(2) Weighted average maturity.

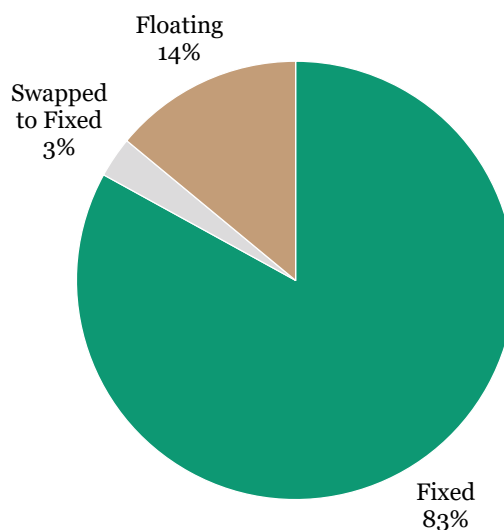
Debt Summary

Improved debt profile with approximately 86% fixed rate debt⁽¹⁾ and only 5% secured debt

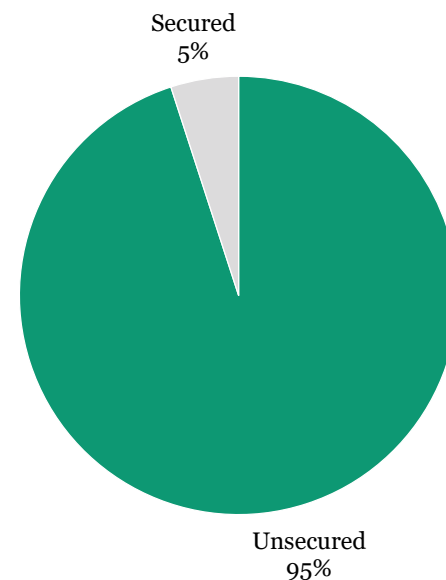
Debt by Type



Fixed vs. Floating



Secured vs. Unsecured

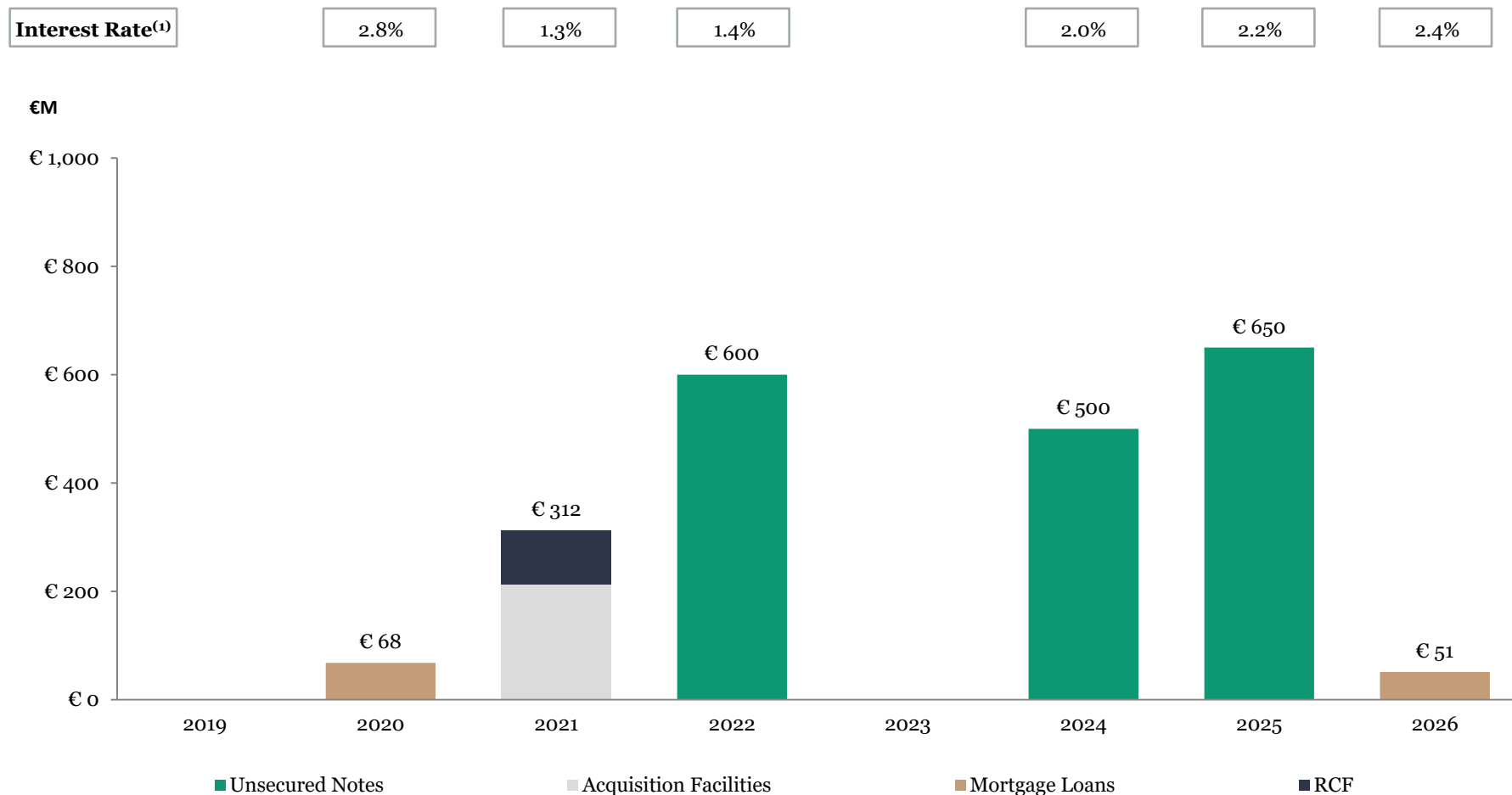


Note: Pro forma for €500M unsecured notes issuance, €100M RCF draw, and paydown of €621M acquisition facility debt in February 2019.

(1) Taking into account interest rate swaps.

Debt Maturity Profile

Staggered maturity profile with no debt maturing until Dec-2020



Note: Pro forma for €500M unsecured notes issuance, €100M RCF draw, and paydown of €621M acquisition facility debt in February 2019. Reflects fully-extended maturity dates and excludes principal amortisation.

(1) Weighted average all-in interest rate.

Credit Facilities

RCF and acquisition facilities provide operational flexibility between bond issuances

	BPPEH Revolving Credit Facility	BPPEH Acquisition Facilities
Amount	€230M	€1.5B
Pricing	E + 1.05%	E + 1.40%
Maturity	3 years / evergreen	3 years
Security / Collateral	Unsecured	Unsecured
Committed / Uncommitted	Committed	Uncommitted
Financial Covenants	Substantially similar to BPPEH bonds	Substantially similar to BPPEH bonds

(1) Financial covenants on BPPEH bonds include: Total Debt to Total Assets < 60%, Secured Debt to Total Assets < 40%, Interest Coverage Ratio > 1.5x, and Unencumbered Assets to Unsecured Debt > 150%.

Blackstone Management Platform

Blackstone Management Platform

Blackstone is a leading asset manager globally and has a €69B European real estate portfolio

Leading Global Asset Manager

- 30+ year investment record
- A+ credit ratings⁽¹⁾
- \$472B of assets under management

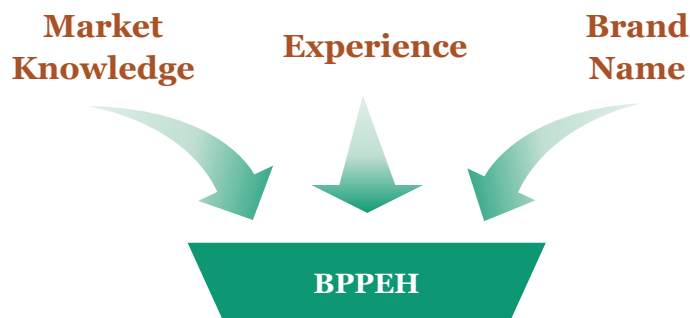
Exceptional Track Record in Real Estate

- BREP Opportunistic: \$84B of investor capital
- BREDS Debt: \$17B of investor capital
- BPP Core+: \$35B of investor capital

Global Integrated Platform Ensures Maximum Experience and Knowledge Transfer

103
Professionals
in Europe

506
Professionals
Globally



Blackstone European Real Estate Portfolio

Premium European real estate platform provides proprietary insight across asset classes

Logistics

271M
Square Feet

Built largest owned
European logistics portfolio



Office

46M
Square Feet

One of the largest office
landlords in Europe



Residential

122k
Units

Major investor across
Europe



Retail

25M
Square Feet

Premier Pan-European
retail owner/operator

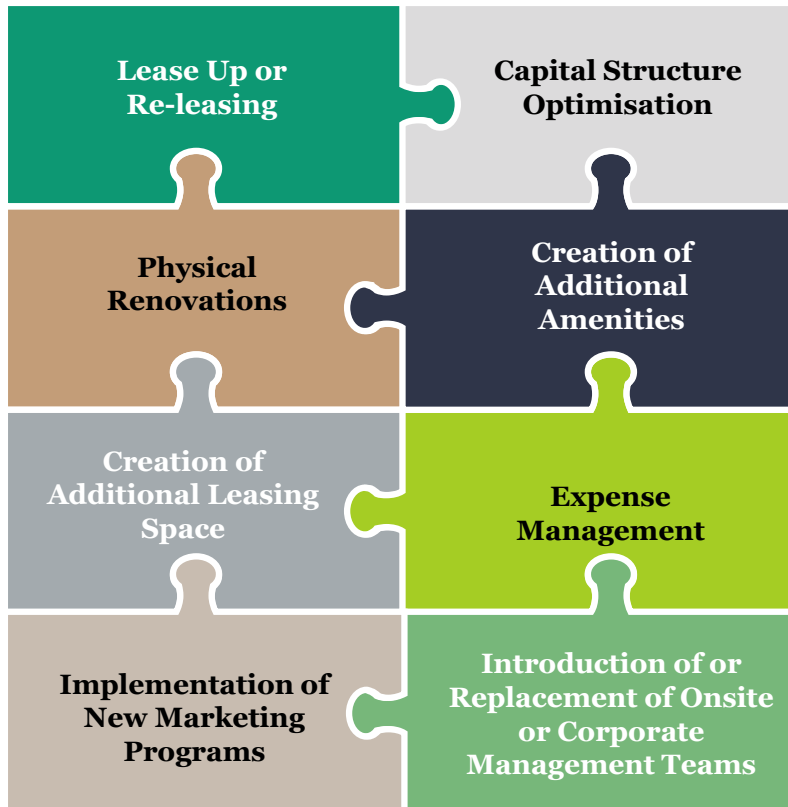


Note: In addition to wholly-owned assets, figures include leased assets, collateral, assets managed through stakes in publicly-traded companies and assets owned through joint-ventures (reflected at 100%), as applicable.

Active Asset Management

Focus on value creation through active asset management

Focus Areas

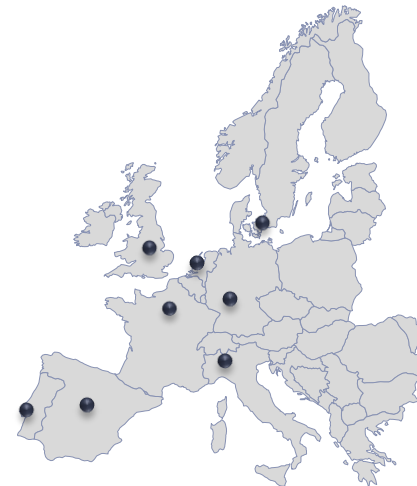


Dedicated Team With Proven Track Record

33
Asset Management
Professionals in
Europe

2,800+
FTEs within
Operating Platforms

Established Operating Partners / Portfolio Companies



LOGICOR

TOG
THE OFFICE GROUP

KRYALOS
SOCIETÀ DI GESTIONE DEL RISPARMIO

FLOW
Real Estate

OFFICEFIRST
IMMOBILIEN

Anticipa
Real Estate

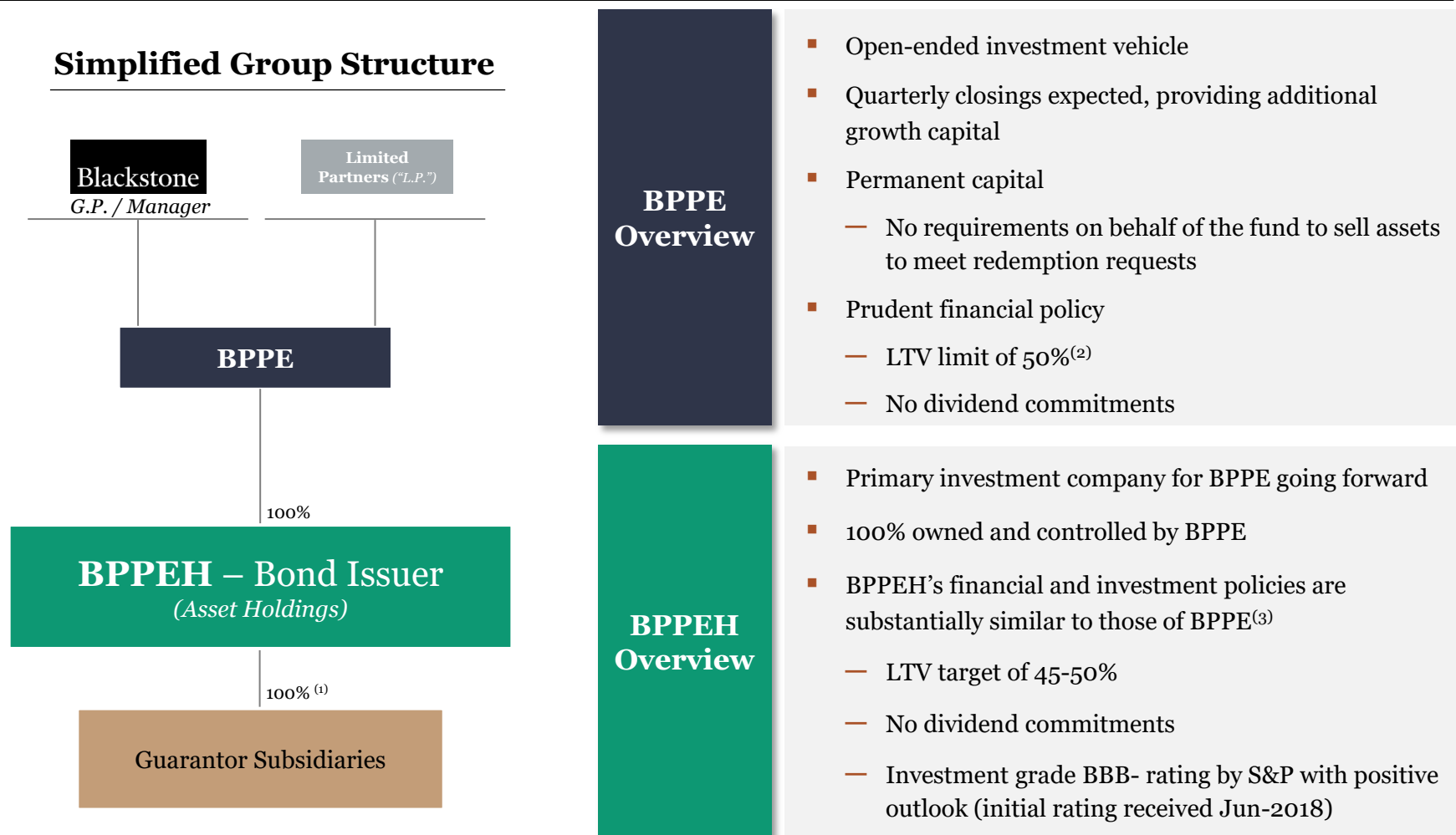
mseven
REAL ESTATE

M
MULTI

Appendix – Supplemental Materials

BPPEH Structure

Wholly owned by BPPE, a perpetual life investment vehicle



Note: This structure chart is provided for informational purposes only on a restricted and confidential basis and is subject to further modification, completion and amendment.

- (1) Includes co-investments from third parties through vehicles controlled by Blackstone affiliates and minority investments by a fund vehicle affiliated with BPPE.
(2) Incurrence based covenant. BPPE may incur additional indebtedness provided there is a clear strategy / plan to reduce leverage to 50% or below within 9 months from the date when the leverage ratio initially exceeded 50%.
(3) BPPEH is additionally subject to financial covenants under the EMTN programme.

Key Metrics

		Logistics	Residential	Office	Total/ Weighted Avg.
Number of Assets	#	55	176	9	240
GLA	kSQM	2,071	336	148	2,555
GAV	€M	1,864	1,125	1,052	4,040
Occupancy Rate	%	99% ⁽¹⁾	91% ⁽²⁾	95%	98%
WALL	Years	5.0	n/a	4.7	5.0 ⁽³⁾
NOI Yield ⁽⁴⁾	%	5.4%	2.1%	3.4%	4.0%

(1) Includes rental guarantees.

(2) Represents occupancy of residential units only. Adjusting for vacancy due to refurbishment, average residential occupancy would be 97%.

(3) Excludes residential assets.

(4) Adjusted NOI divided by GAV. Adjusted NOI represents NOI annualised for investments acquired during the year and including rental guarantees and rent abatement credit provided by sellers.

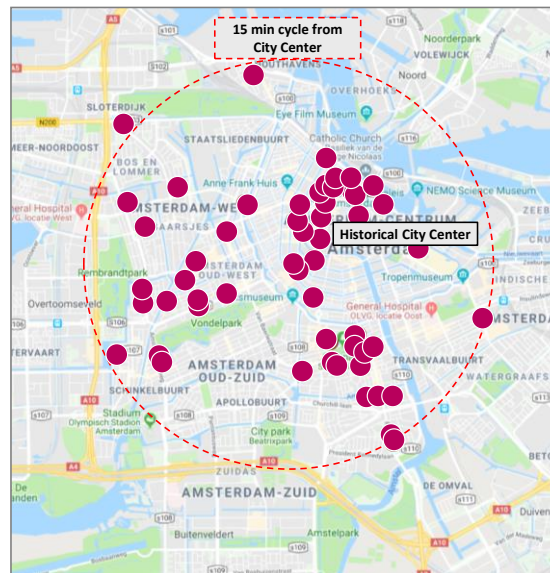
Recent Acquisition: Dutch Residential Portfolio

Acquisition of prime 94-asset Dutch residential portfolio in April 2019

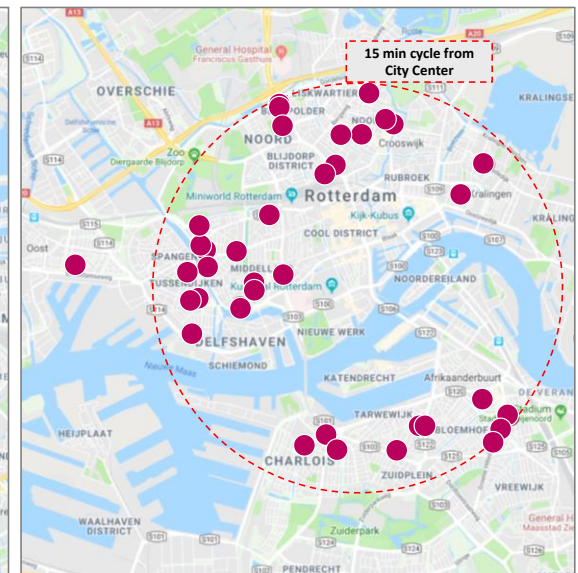
Investment Overview

- Prime portfolio of 496 residential units located in Central Amsterdam (78% of value) and Central Rotterdam (22% of value)
- Exceptionally well-located, with almost all properties situated within a 15-minute bicycle ride of historic city centres
- 92% occupied with significantly below-market rents
- Good physical condition, but historically under-managed and under-capitalized

Amsterdam



Rotterdam



Summary Balance Sheet

Assets as of 31-Dec-2018

	€M
Fixed assets	3,618.7
Tangible fixed assets	3,618.7
Land and buildings	3,618.7
Current assets	610.7
Inventories	117.3
Land and buildings held for resale	117.3
Debtors	224.0
Trade debtors	19.5
Amounts owed by affiliated undertakings	184.1
Other debtors	20.4
Cash at bank and in hand	269.4
Prepayments	25.4
Total assets	4,254.8

Capital, Reserves and Liabilities as of 31-Dec-2018

	€M
Capital and reserves	682.1
Provisions	0.5
Creditors	3,567.3
Bonds	1,260.4
Amounts owed to credit institutions	926.9
Trade creditors	35.2
Amounts owed to affiliated undertakings	1,280.0
Other creditors	64.8
Deferred income	4.9
Total capital, reserves and liabilities	4,254.8

Summary Profit & Loss Account

For the period from 7-Dec-2017 (inception) to 31-Dec-2018

	€M
Net turnover	79.8
Other operating income	19.8
Other external expenses	(13.0)
Staff costs	(0.7)
Value adjustments	(41.8)
Other operating expenses	(32.2)
Other interest receivable and similar income	0.6
Interest payable and similar expenses	
Other interest and similar expenses	(29.7)
Concerning affiliated undertakings	(20.0)
Tax on profit or loss	(2.3)
Loss after taxation	(39.5)
Other taxes not included in the previous captions	(1.0)
Loss for the period	(40.5)
Loss attributable to:	
Owners of BPPEH	(27.5)
Non-controlling interests	(13.0)