

Blackstone Property Partners Europe Holdings S.à r.l.

Green Financing Framework

March 2021





Milan, Italy LEED Gold certified (Above) | Frankfurt, Germany Solar panels installed on roof (Cover)

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Note: While Blackstone believes ESG factors can enhance long-term value, BPPEH does not pursue an ESG-based investment strategy or limit investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify Blackstone's duty to maximise risk-adjusted returns.

Introduction

Company Overview

Blackstone Property Partners Europe Holdings S.à r.l. ("BPPEH" or the "Issuer") invests in high-quality, substantially stabilised real estate assets across Europe. Investments are concentrated in the logistics, residential and office sectors, with a focus on major European markets and key gateway cities. Over the past three years, we have assembled a diversified portfolio of 701 assets in 13 countries with a total GAV of €7.8 billion¹ as of 31 December 2020. BPPEH is 100% owned by Blackstone Property Partners Europe ("BPPE"), an open-ended core+ real estate fund managed by The Blackstone Group, Inc. ("Blackstone").

Blackstone's access to proprietary information from its global portfolio coupled with the breadth and expertise of its team enable BPPEH to identify attractive investment themes on which it can execute in scale. BPPEH is focused on value creation through active asset management, including leasing, physical renovations and expense management.

The value creation is driven by Blackstone's dedicated asset management professionals and over 4,200 employees within Blackstone's real estate portfolio companies across Europe who have deep-rooted expertise in all our major markets.

€7.8B

GAV

13

countries

701

assets



Berlin, Germany BREEAM Very Good certified

1. Calculated at 100% share (including the portion attributable to minority owners).

Our Approach to ESG

Environmental, social and governance ("ESG") principles are at the very core of our business practices. By integrating ESG considerations into every step of our investment process, from acquisition to portfolio management, we seek to create lasting benefits for our portfolio companies, investments and the communities in which we live and work. By sharing expertise across our portfolio, we support our companies and investments and improve performance.



Environment

We believe that companies and properties can increase profitability and long-term growth, not in spite of, but as a result of their sustainability efforts. Our approach to environmental sustainability includes:

- Implementing measurable operational interventions
- Providing technical assistance, tools and expertise gained from implementing sustainability programs at scale across a broad portfolio
- Investing in renewable energy opportunities



Social

We invest in our talented people and the communities in which we live and work. Within Blackstone and throughout our portfolio, we promote:

- Diversity and inclusion
- Tenant and community engagement
- Monitoring and upholding labour and employment standards
- Improving access to quality healthcare
- Economic development and job creation through Blackstone's Charitable Foundation



Governance

Establishing and implementing good governance policies is an integral part of our investment process. We focus on primary drivers of governance, including but not limited to:

- Incorporating guidelines for responsible investing
- Conducting consistent due diligence to promote high standards for investing and transparency
- Directly monitoring our portfolio's adherence to strong governance policies
- Sharing best practices across our portfolio

We have established a systematic approach to sustainability through this Green Financing Framework ("GFF" or the "Framework") that is based on what we target to achieve in the medium- to long-term. This approach is aligned with the UN Sustainable Development Goals ("SDGs") where we believe we can deliver the greatest impact on performance across our portfolio.

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Green Financing Framework

This Framework aligns BPPEH's financing and investment activities with Blackstone's broader ESG initiatives

BPPEH may from time to time issue green bonds ("Green Bonds") or procure other green financing instruments (together with the Green Bonds, the "Green Financing Instruments") in line with the GFF. The Issuer intends to allocate an amount equal to the net proceeds of any Green Financing Instrument to eligible green investments (the "Eligible Green Investments") defined, selected, tracked and reported on in accordance with this Framework. The GFF follows the International Capital Markets Association ("ICMA") Green Bond Principles 2018 and the Loan Market Association ("LMA") Green Loan Principles 2021, which provide guidance in four key areas: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting. The Framework may be modified or amended from time to time at the Issuer's discretion.



Amsterdam, Netherlands Achieved EPC A rating post-renovation

Note: See "Important Disclosure Information" including "ESG".

1. Use of Proceeds

The proceeds of the Green Financing Instruments will be applied in or towards:

- The financing and/or refinancing of any Eligible Green Investments, including, for the avoidance of doubt, the acquisition of any Green Buildings (whether the relevant properties constituted "Green Buildings" at the time of their acquisition or whether such status was or will be subsequently achieved)
- The refinancing of any indebtedness (including, without limitation, accrued interest, hedge termination costs, break costs, prepayment fees and any other fees, costs and expenses in relation thereto) of any member of the proposed financing group to the extent such refinancing is in connection with an Eligible Green Investment
- Any transaction costs incurred in connection with the acquisition, financing and/or refinancing of any Eligible Green Investment, in each case including, without limitation, any fees, costs and expenses and stamp, transfer, registration, notarial and other taxes

The Eligible Green Investments in respect of which the Issuer intends to allocate Green Financing Instrument proceeds will be selected in accordance with the criteria set out in the table below.

Green Buildings



Investments related to the acquisition, financing, refinancing or refurbishment of new and existing properties which meet at least one of the following certifications:

- BREEAM: "Good" or higher
- LEED: "Silver" or higher
- HQE: "Good" or higher
- DGNB: "Silver" or higher
- EPC: "B" or higher
- Other equivalent internationally and/or nationally recognized certifications

Renewable Energy



Investments in or expenditures related to the procurement, acquisition, refurbishment, development, construction and/or installation of new and existing renewable energy projects. Renewable energy projects can include, but are not limited to:

- Solar panel installations
- Geothermal-related energy projects
- Renewable energy power purchase agreements
- Wind-related energy projects
- Selecting green power tariffs for grid-level utilities

Energy Efficiency



New and existing renovations, refurbishments, and/or procurement activities that contribute to the reduction of energy consumption. Energy efficiency projects can include, but are not limited to:

- Installation of LED lighting
- Improvements to HVAC and mechanical systems
- Improvements to thermal performance of the building fabric
- District heating and smart grid systems
- Energy storage systems

Clean Transportation



New and existing investments in or expenditures (including renovations, refurbishments, and / or procurement activities) that support clean transportation. Clean transportation projects can include, but are not limited to:

- Promotion of sustainable mobility options
- Installation and maintenance of electric vehicle ("EV") charging stations
- Transport and cycling facilities (e.g., cycling lanes, cycle storage)

Tenant Relationships



Investments in, or expenditures related to the promotion of, sustainable partnerships and long-term relationships with tenants. Eligible projects can include, but are not limited to:

- Ongoing tenant engagement (e.g., tenant satisfaction surveys)
- Promotion of green lease clauses in commercial leases
- Engagement of ESG consultants
- Enhancements to utility monitoring

Note: See "Important Disclosure Information" including "ESG".

2. Process for Project Evaluation and Selection

BPPEH has set up a cross-functional Green Finance Committee (the "Committee") to oversee the evaluation and selection of Eligible Green Investments to ensure that such investments comply with the eligibility criteria as set forth in the Use of Proceeds section. The Committee is comprised of members of the senior management of the Issuer and professionals from various disciplines and business units. The Committee intends to meet at least quarterly, and additionally as required. The Committee will evaluate and approve investments that are eligible for inclusion in the portfolio of Eligible Green Investments according to the criteria under the Framework.

3. Management of Proceeds

Criteria	Description
Management of Proceeds	<ul style="list-style-type: none">■ The Issuer, under the supervision of the Committee, intends to allocate an amount equal to the net proceeds from the issuance of Green Financing Instruments to the Eligible Green Investments■ The Issuer will strive, as long as the applicable Green Financing Instruments are outstanding, to achieve a level of allocation for the Eligible Green Investments which, after adjustments for "Intervening Circumstances" (including, but not limited to, sales, repayments and possible loss of certifications), matches the balance of net proceeds from its outstanding Green Financing Instruments■ In the case of Intervening Circumstances, for so long as the applicable Green Financing Instruments are outstanding, the Issuer will strive to add Eligible Green Investments to the Issuer's Eligible Green Investments Portfolio to the extent required to ensure that the net proceeds from outstanding Green Financing Instruments will be allocated to Eligible Green Investments■ The Issuer will internally track the allocated proceeds on a portfolio basis
Unallocated Proceeds	<ul style="list-style-type: none">■ Pending the allocation of the net proceeds of a Green Financing Instrument to Eligible Green Investments, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities
Lookback Period	<ul style="list-style-type: none">■ Investments in and expenditures relating to Green Buildings shall qualify for financing or refinancing without a limitation on the lookback period provided that they meet the relevant eligibility criteria■ Investments in and expenditures related to other investments will qualify for financing or refinancing with a maximum three-year lookback period from the date of the issuance of the relevant Green Financing Instruments
Disposals	<ul style="list-style-type: none">■ The Issuer may dispose of buildings that were financed by the Green Financing Instruments■ Under this scenario, the Issuer will endeavour to substitute any Eligible Green Investments that are no longer eligible, or which have been disposed of, with appropriate substitute projects as soon as reasonably practicable

Note: See "Important Disclosure Information" including "ESG".

4. Reporting

BPPEH is committed to transparent and timely disclosure of our ESG activities through our fund reporting as well as participation in the annual GRESB assessment.

The Issuer intends to report on the allocation of net proceeds from the issuance of Green Financing Instruments to the Eligible Green Investments on an annual basis. This reporting will be updated annually until the full allocation of the Green Financing Instrument net proceeds or until the applicable Green Financing Instruments are no longer outstanding. The Issuer intends to report the allocation of the Use of Proceeds to the Eligible Green Investments at least at the category level and on an aggregated basis for all the Issuer's Green Financing Instruments for so long as such Green Financing Instruments remain outstanding.

To the extent practicable, the Issuer will, alongside the allocation report, also detail the associated impact metrics under the eligible categories as set forth in the Use of Proceeds section.

Allocation Reporting

To the extent practicable, the Issuer will provide information such as:

- The total amount of proceeds allocated
- The list of Eligible Green Investments (re)financed
- The balance of any unallocated proceeds

Impact Reporting

To the extent practicable, the Issuer will provide information on the environmental impact under the Use of Proceeds eligible categories. Examples of possible environmental indicators could include:

Green Buildings

- Green certification level

Renewable Energy

- Total installed capacity
- Estimated annual GHG emissions avoided

Energy Efficiency

- Annual energy savings
- Estimated annual GHG emissions avoided

Clean Transportation

- Number of EV charging stations

External Review

Second-Party Opinion

The second-party opinion ("SPO") provider Sustainalytics has reviewed the Framework and certified its alignment with ICMA's Green Bond Principles 2018 and the LMA's Green Loan Principles 2021.

External Assurance

An independent third-party assurer appointed by the Issuer will verify, on an annual basis and until the proceeds of Green Financing Instruments are fully allocated:

- Proceeds allocated to Eligible Green Investments and the remaining balance of unallocated proceeds
- Conformity of the Eligible Green Investments with the eligibility criteria defined under the GFF

The SPO and the relevant ESG reporting materials will be available at: bppeh.blackstone.com/documents

Important Disclosure Information

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Any Eligible Green Investments will be made in accordance with the investment strategy and objectives of Blackstone Property Partners Europe L.P., together with its parallel funds and lower funds (the “**Fund**”). While the general partner of the Fund may consider ESG factors when making an investment decision, the Fund does not pursue an ESG-based investment strategy or limit investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify the general partner of the Fund's duty to maximise risk-adjusted returns. The Issuer also issues from time to time, bonds and other securities, and the proceeds from such offerings may be utilized in relation to activities other than Eligible Green Investments.

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ESG. While Blackstone believes ESG factors can enhance long-term value, BPPEH does not pursue an ESG-based investment strategy or limit investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify Blackstone's duty to maximise risk-adjusted returns.

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