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Blackstone Real Estate Environmental, Social & Governance (ESG) Framework



Stuyvesant Town - New York, NY

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While Blackstone believes ESG factors can enhance long-term value, Blackstone 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 maximize risk-adjusted returns. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses or that these ESG initiatives will be available or be successful in the future. Past success in achieving cost savings is not necessarily indicative of future savings. There can be no assurance that savings will be achieved as expected or at all. See "Important Disclosure Information" including "Blackstone Proprietary Data", "ESG", "Logos", "Service Providers" and "Trends".

All information as of September 30, 2021, unless otherwise indicated.

BLACKSTONE REAL ESTATE ESG FRAMEWORK

Introduction

Driving positive outcomes that enhance value across our portfolio

We believe that having a comprehensive environmental, social and governance (“ESG”) program can drive value and enhance returns. As the world’s largest private real estate owner,⁽¹⁾ Blackstone is well positioned to add value through its investments and in doing so, strengthen the communities in which we live and work. The firm remains committed to promoting the business case of sustainability across our portfolio, prioritizing our people and practicing fair governance. We want to leverage our scale and experience to make a positive impact while creating long-term value for our stakeholders.

ESG is taking center stage globally. The US recently committed to cutting greenhouse gas emissions in half by 2030, in Europe significant actions are being taken as part of the European Green Deal, and companies globally are actively demonstrating their alignment with the United Nations Sustainable Development Goals. This momentum of increasing government regulations along with focus from investors, lenders and business partners highlights the need for careful consideration of ESG-related topics, performance and transparency.⁽²⁾

At Blackstone, we integrate ESG into key facets of our operations and investment process. This enables us to continue to meet our stakeholder needs and promote best practices that enhance value across our extensive global real estate portfolio.

Our Core ESG Pillars

Blackstone Real Estate expects all professionals, portfolio companies and operating partners to incorporate relevant ESG considerations to mitigate risk and enhance value. We have created the Blackstone Real Estate ESG Framework to detail how we and our portfolio companies and operating partners are expected to integrate and manage ESG considerations in our business practices across our real estate portfolio.

We have identified the following Core ESG Pillars for Blackstone Real Estate portfolio companies and operating partners to focus on:



Each Core ESG Pillar is described in further detail in our Framework. We have outlined Blackstone’s position, our priorities, best practices and the market impact of each pillar.

(1) INREV 12/20.

(2) [The National Law Review “ESG: What are the Risks, Really?”](#)

Expectations of BX RE Portfolio Companies and Operating Partners

The Blackstone Real Estate ESG Framework builds upon the [Blackstone Responsible Investing Policy](#) which defines ESG considerations as integral components of investment due diligence and ongoing monitoring of investments to avoid risk and enhance value for our investors. The intent of the Blackstone Real Estate ESG Framework is to guide consistent application, design and implementation of ESG strategy across our portfolio companies and operating partners in alignment with Blackstone Real Estate's ESG priorities. We recognize that portfolio companies and operating partners will need to develop ESG strategies aligned with their portfolios based on asset type and geography. While the information contained in each pillar may not be applicable to every portfolio company or operating partner, Blackstone Real Estate expects our portfolio companies and operating partners to develop a three-year strategic ESG roadmap in alignment with the priorities and best practices outlined in this Framework. Accordingly, each portfolio company and operating partner will:

Integration



- Review the Blackstone Real Estate ESG Framework in detail and evaluate what is relevant to their organization
- As relevant, conduct a materiality exercise with key stakeholders to identify ESG priority areas in alignment with the Framework
- Outline strategy, baseline data collection and targets for all relevant ESG initiatives

Engagement



- Identify ownership of ESG management and appoint a designated ESG lead responsible for the implementation and communication of ESG initiatives
- Collaborate with Blackstone Real Estate Asset Management and Blackstone Real Estate ESG teams to review their ESG roadmap on a regular basis, but no less than semi-annually

Reporting



- Establish protocols to track, assure and report KPIs in line with Blackstone Real Estate ESG data collection requirements
- Implement an ESG reporting strategy that leverages industry standards, global ESG reporting frameworks and ensures transparency
- Communicate progress on their ESG roadmap and initiatives through regular updates and quarterly portfolio company board reporting

Global ESG Reporting Frameworks

We recognize that many of our key stakeholders, including our investors, are increasingly using various global ESG reporting frameworks to promote and standardize transparency in ESG reporting. The last section of the Blackstone Real Estate ESG Framework demonstrates how our Core ESG Pillars are aligned with the global ESG reporting frameworks that are most relevant to our business and those of our portfolio companies and operating partners. We encourage our portfolio companies and operating partners to consider these frameworks in their own communication of ESG initiatives. For a list of the relevant global ESG reporting frameworks, indicators and links to resources, please refer to the [Global ESG Reporting Frameworks](#) section at the end of this document.



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Sustainable Operations

In 2015, nearly 200 countries came together to sign the Paris Agreement, a collaborative effort to substantially curb the negative effects of climate change. As real estate accounts for a significant portion of the world's GHG emissions, real estate investors and managers are a pivotal decision-making group.⁽¹⁾ To support this global effort, real estate owners and managers must reimagine building operations, and Blackstone believes this is an opportunity for companies to potentially increase profitability and long-term growth through their sustainability efforts. By managing energy, water consumption and waste more efficiently, we reduce our environmental impact while achieving cost savings across our portfolio, thereby benefitting our tenants, investors and the communities in which we operate.

Blackstone has drawn on our scale and portfolio company insights over the past decade to reduce resource consumption and costs with operational efficiency improvements. We seek to help our portfolio companies and managers make and maintain these behavioral changes with ongoing guidance, tools and best-practice recommendations.

Our Priorities

Resource Management



- Reduce resource usage and costs. Proactively implement energy, water and waste initiatives, including low- and no-cost operating improvements and capital-intensive retrofits across our portfolio

Benchmarks & Performance Targets



- Utilize Schneider Electric Resource Advisor to track and report progress on sustainability initiatives, identify opportunities for improvement and set achievable goals
- Leverage the scale of our portfolio to provide timely insights and utilize internal and external benchmarks to evaluate progress

Green Leases



- Require green lease clauses in all new and renewal commercial leases requesting tenants to provide utility data and collaborate with Blackstone on ESG initiatives, and incorporate green lease clauses in amendments, where practical. We focus on three topics in our green lease clauses:
 - Tenant sharing of energy and water data
 - Cost-sharing responsibility of efficiency improvement projects, and
 - Metering systems as and when required by law

Certifications, Labels & Ratings



- Obtain green building certifications, labels and ratings. These have assisted the industry in making progress and defining best practices for increasing energy, water and waste efficiency. Stakeholders, including our investors, view this as a way to evaluate our ESG program

(1) [Principles for Responsible Investment \(PRI\) "Sustainable Real Estate Investment"](#).

Market Impact



Commercial buildings in the US accounted for 18% of energy usage and 16% of CO₂ emissions in 2019, highlighting the significant environmental and financial impacts of the commercial real estate industry.⁽¹⁾ For typical commercial buildings, energy efficiency measures can reduce energy consumption by 20%-30% with no significant design alterations.⁽²⁾

The demand for green buildings is being driven by tenants, evolving government regulations and investors who are increasingly integrating sustainable practices into their investment decisions.⁽³⁾ Investors are setting goals to improve environmental performance across their portfolios through energy efficiency initiatives, setting carbon emissions reduction targets and implementing improved resource use reduction programs.⁽⁴⁾ These initiatives enhance returns not only through lower operating costs that drive higher asset value, but also by providing opportunities for more efficient green financing.

Best Practices

Identify & Implement Efficiency Initiatives



- Leverage the Blackstone Portfolio Operations Sustainability team to identify and implement energy, water and waste efficiency initiatives such as LED retrofits and building management / automation system (BMS/BAS) optimization. Efficiency audits should be conducted, at a minimum, every three years. The team has helped participating portfolio companies achieve an average of more than 15% in energy cost savings

Utilize Blackstone Real Estate Utility Management Tools



- Use customizable Schneider Electric Resource Advisor dashboards and scorecards to track and analyze utility usage, spend, savings and carbon emissions over time
- Benchmark comparable assets within the portfolio to identify leaders and laggards to drive progress

Proactively Implement Green Lease Clauses



- Leverage industry resources to implement green leasing, including:
 - [Green Lease Leaders](#): the green lease library includes case studies, landlord reference guides and audit tool, and additional resources
 - [Better Buildings Partnership Green Lease Toolkit](#): an introduction to green leases, best practices, model green lease clauses and a Memorandum of Understanding

Pursue and Maintain Relevant Certifications, Labels & Ratings



- Pursue and maintain the highest practicable level of industry-accepted and geographically relevant certifications, labels and ratings as applicable:
 - International: BREEAM, LEED, WELL, Fitwel
 - US & Canada: ENERGY STAR, Green Globes, BOMA BEST (Canada)
 - Europe: EPCs, DGNB (Germany), HQE (France)
 - Asia: GreenStar & NABERS (Australia & New Zealand), BCA Green Mark Scheme (Singapore), BEAM PLUS (Hong Kong), CASBEE & BELS (Japan)

(1) [Office of Energy Efficiency & Renewable Energy "About the Commercial Buildings Integration Program"](#).

(2) <http://css.umich.edu/factsheets/commercial-buildings-factsheet>.

(3) [GRESB Survey Report 2012](#).

(4) [Deloitte "Breakthrough for Sustainability in Real Estate"](#).



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Climate Resiliency

As long-term investors, Blackstone supports the transition to a low-carbon economy. We understand that the transition to 100% renewable energy will take time and requires support across the entire real estate industry, including both owners and tenants. Demand for energy overall will continue to grow and, due to current lack of necessary infrastructure, renewables cannot keep pace with worldwide economic expansion and a growing population. We are therefore committed to reducing energy demand and increasing access to renewable energy to support the transition to a low-carbon economy.

Beginning in 2021, we are therefore seeking to reduce carbon emissions by at least 15% across all new investments where we control energy use within the first three years of ownership. We will integrate climate resiliency and sustainable operations into our investment due diligence process, as well as active asset management practices to meet the needs of our investors and encourage sustainable growth of our portfolio companies.

Our Priorities

Transition to a Low-Carbon Economy



- Leverage our breadth and expertise to achieve our 15% emissions reduction target and support renewable energy infrastructure. Our operations-led approach follows a hierarchy of carbon emissions reduction initiatives to maximize value:
 - Operational energy demand reduction
 - Capital intensive energy demand reduction
 - On-site renewable energy systems
 - Off-site renewable energy systems and procurement
 - As a last step to address residual carbon footprint, purchase renewable energy credits and carbon offsets
- Identify opportunities to reduce embodied carbon in new development and construction activities, where feasible and cost-effective

Climate Risk & Opportunity



- Evaluate climate risks and opportunities for new investments and across our existing portfolio. Our climate risk assessment focuses on the following risks:
 - Physical risks: risks related to the physical impacts of climate change, including acute event-driven risks, like hurricanes, as well as chronic risks, such as long-term shifts in climate patterns
 - Transition risks: risks related to policy changes, carbon taxes, reputational impacts, technology, and shifts in markets and technology that are likely to occur in the transition to a low-carbon economy⁽¹⁾

Biodiversity



- Support the resilience of our investments and surrounding communities by promoting the protection and development of biodiversity in our ecology and landscaping decisions

(1) <https://www.tcfhub.org/risk-management/>.

Market Impact



There is a strong consensus within the scientific community that climate change is a real threat and will affect both natural and economic systems. Real estate investments are at high risk from climate change impacts, including extreme weather events, energy grid instability and volatile energy pricing. Additionally, as buildings are energy-intensive to build and operate, they are key priorities in global efforts to reduce carbon emissions.⁽¹⁾

Regulatory changes reflect the growing need to integrate climate risks into the real estate management process. Staying ahead of regulations can be a key competitive differentiator. Demonstrating focus and action on mitigating climate change can prove invaluable in today's marketplace, where climate and other social issues are playing a much larger role.⁽²⁾

Real estate investors are taking climate change into account in their strategies by:

- Including climate risk in their due diligence processes
- Mapping physical risks for current portfolios and potential acquisitions
- Incorporating physical adaptation and mitigation measures for assets at risk
- Getting involved in local resilience strategies with policy makers⁽³⁾

Best Practices

Implement Blackstone Real Estate's Emissions Reduction Program



- Develop a plan, within 90 days, to achieve the 15% reduction target for all new investments. The plan should follow our operations-led emissions reduction approach and leverage the best practices listed in the [Sustainable Operations](#) section of this document
- Utilize Schneider Electric Resource Advisor to track energy use, spend and associated emissions. Set a baseline and measure emissions reductions at each property

Pursue Opportunities for On-Site Renewables



- Collaborate with the Blackstone Real Estate ESG and Portfolio Operations Sustainability teams to identify and evaluate assets in markets that are eligible for solar installations

Conduct a Climate Risk Assessment



- Follow Blackstone Real Estate Climate Risk Assessment guidance on analyzing physical climate risks⁽⁴⁾
- Take action on appropriate risk mitigation, disaster preparedness and operational interventions to improve resilience

Promote Biodiversity



- Where possible, implement practices that improve habitats and biodiversity such as installing beehives, adopting native and low-water consuming landscaping, and installing green roofs

(1) [UNEP Changing Course: Real Estate](#).

(2) [Deloitte "Climate Change and the Real Estate Sector"](#).

(3) [Deloitte "Climate Change and the Real Estate Sector"](#).

(4) Blackstone's Climate Risk Assessment guidance is currently in development.



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Diversity, Equity & Inclusion

Blackstone believes that people are our most valuable asset and that having diverse talent with a broad range of perspectives is critical to delivering strong performance. Increasing diverse representation of talent at Blackstone, our portfolio companies and our operating partners fosters diversity of opinion and reflects the world in which we invest.

Blackstone is committed to fostering a highly inclusive work environment and promoting diversity, equity and inclusion (DEI) both inside our firm and throughout our industry. Our goal is to help make the asset management industry a more attractive place for professionals and be the employer of choice for the most talented and skilled in our industry.

Our Priorities

Recruit Diverse Talent



- Extend our reach to candidates of all different backgrounds and skill sets and foster employment opportunities for people from underserved communities

Employee Engagement & Retention



- Spur engagement and motivation in the workplace and actively support DEI within Blackstone, our portfolio companies and throughout our industry, including leveraging partnerships with like-minded organizations
- Cultivate a culture that is known for being meritocratic as well as inclusive, where talented people from all backgrounds are welcome and can thrive
- Promote use of our affinity networks (Women's Initiative, Diverse Professionals Network, OUT Blackstone and Veterans Network) to raise awareness and provide support to diverse groups within the organization, including women, minorities, LGBTQ+ individuals and veterans

Career Development



- Offer learning and development opportunities to help advance our employees' careers across several areas: investment, leadership and management, communication, and technology, among others
- Continue to evolve our program to support the leadership and professional development of Blackstone employees globally

Board Diversity



- Increase diverse representation that has been historically underrepresented on corporate boards
- Target at least one-third diverse representation on the portfolio company boards for new control investments⁽¹⁾

Supplier Diversity



- Support the growth and development of diverse businesses including minority-owned, women-owned, LGBT-owned, disability-owned, veteran-owned, small businesses, and local suppliers, as part of our overall supplier base

(1) Applicable to new Blackstone Real Estate-owned portfolio companies headquartered in the US and Europe beginning in 2021. Diversity includes race, gender and sexual orientation, where known.

Market Impact



In today's political, economic and global business environment, workforce diversity has become a central focus of responsible business practices. Research has shown that having a diverse workforce and inclusive culture leads to better financial performance, greater innovation, increased productivity, talent attraction, higher employee satisfaction and more.⁽¹⁾ As awareness around diversity and inclusion grows, stakeholders—including investors, employees, prospective talent and the public—expect companies to take concrete actions to create more inclusive workforces.⁽²⁾ It is becoming increasingly clear that there is a reputational and financial risk of not being proactive, as diversity is becoming a competitive differentiator.⁽³⁾

To gauge the impact of diversity and inclusion efforts and identify opportunities for improvement, companies leverage qualitative and quantitative metrics on hiring, retention, promotions, workforce composition and culture.

Best Practices

Recruit Diverse Talent



- Widen the funnel of applicants by expanding the number of schools applicants are recruited from, including more Historically Black Colleges and Universities (HBCU), and engage talent early through diverse recruitment programs
- Leverage practices from Blackstone's Career Pathways program such as partnering with non-profit organizations that are leaders in job training and talent sourcing within underserved communities

Implement Leadership Development Training



- Create an accelerated leadership program for diverse talent by identifying top diverse leaders and provide them the opportunity to participate in a custom designed leadership acceleration program focused on development, networking, exposure and opportunities to give back

Establish Employee Affinity Networks



- Establish employee affinity networks that engage with and encourage recruitment, retention, development and recognition of diverse employees. Consider affinity networks for women, minorities, LGBTQ+ individuals and veterans

Develop a Diversity, Equity & Inclusion (DEI) Taskforce



- Launch an internal diversity equity and inclusion taskforce responsible for identifying key focus areas and driving progress through the implementation and monitoring of DEI initiatives. Consider topics such as employee retention, career development and inclusive workplace initiatives

Increase Supplier Diversity



- Create and adopt a supplier diversity policy
- Leverage the Blackstone Cube / Ariba spend management platform to track and monitor progress over time

(1) [McKinsey "Why Diversity Matters"](#)

(2) [Deloitte Insights "Diversity and Inclusion: The Reality Gap"](#)

(3) [McKinsey "Why Diversity Matters"](#)



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Stakeholder Engagement

As careful stewards of capital, we strive to provide solutions that enhance lasting value for our investors, the companies in which we invest and society at large. We believe that both our interests and our social responsibility starts right at home with the wellbeing of Blackstone Real Estate and portfolio company employees, as well as the tenants, customers and residents that work, visit and live in the buildings we operate. We are dedicated to our people and believe the more we do for them, the more they can do for their communities.

To achieve these results, we are committed to meaningful and effective engagement with those impacted by our investments. We value feedback about what is important to our stakeholders—including investors, tenants, residents, employees and the local community. This information not only guides our overall ESG strategy, but also informs everyday decision-making about our investments, our building operations, our workforce practices and our community engagement.

Our Priorities

Investors



- Establish an open dialogue with our investors and consider their input and priorities to help us be better fiduciaries of their capital

Tenants & Residents



- Standardize practices and policies across Blackstone Real Estate portfolio companies that prioritize the health, safety and wellbeing of tenants and residents and exemplify best-in-class management principles

Employees



- Provide a healthy and engaging workplace where all employees feel valued and want to invest their energy toward positive organizational outcomes

Communities



- Have a positive influence on the communities in which we live and operate by committing to fostering innovative ideas, promoting healthy economies and enabling social progress across the globe
- Develop meaningful and impactful corporate philanthropic initiatives by supporting local charitable endeavors and curating partnerships with one to two non-profit organizations that positively impact the communities where our employees work and live

Market Impact



While organizations may have many stakeholders, all with diverse and sometimes conflicting interests and concerns, their perspectives are invaluable to a company's culture and business activities. An underlying principle of stakeholder engagement is that stakeholders have the opportunity to voice their needs and concerns on an ongoing basis and influence the decision-making processes.

Therefore, formalizing processes for systematically obtaining, understanding and responding to stakeholder views and needs is a critical component for assessing performance and achieving long-term ESG-related goals, while the risk of missing these important perspectives may negatively affect reputation and organizational success.

Best Practices

Demonstrate Responsible Ownership Practices



- Implement operational practices such as Blackstone Real Estate's Core Housing Principles, which cover key areas such as customer service, community impact and habitability
- Collaborate with tenants and commit to being an accessible and responsible owner, providing environments that help tenants' business thrive and working in partnership to create positive social and economic impact. Where applicable, memorialize commitments in a publicly available document such as [The Arch Company's Tenants' Charter](#)

Promote Health, Safety & Wellbeing of Tenants and Residents



- Leverage industry-accepted best practices such as the WELL Building Standard and Fitwel guidance to implement programs that impact the indoor and outdoor environments of our properties to enhance the tenant and resident experience

Encourage Employee Feedback



- Create a healthy feedback culture for employees. Maintain feedback channels and escalation protocols that encourage transparency and demonstrate that employee input is valued

Engage with the Community



- Establish a community engagement program that provides employees with an opportunity to make a difference through community service, volunteer projects and mentoring. Strengthen community commitment by investing both financial and intellectual capital in key non-profit partners, which can include anything from organization-wide community grantmaking to board service opportunities
- In the US, team up with Blackstone and portfolio companies through the [CoreGiving](#) program to join the campaign to fight hunger



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Management & Compliance

ESG is increasingly a focus area for Blackstone's investors, prospective investors, lenders and business partners as well as the subject of new and increased regulations globally. To identify ESG opportunities and mitigate ESG-related risks, we consistently incorporate relevant ESG factors into our asset management processes. We strive to enforce accountability by embedding ESG into management structures and by establishing relevant policies to standardize best practices.

Blackstone strives to ensure that our employees, portfolio companies, operating partners, investors, and all parties with whom we do business can rely on us to operate in a responsible and ethical manner.

Our Priorities

ESG Ownership & Accountability



- Require our portfolio companies to appoint an ESG lead responsible for implementing and communicating ESG initiatives in alignment with Blackstone Real Estate's ESG Framework
- Identify senior champions for portfolio company ESG programs to ensure executive-level oversight and support
- Ensure that employees receive appropriate and ongoing training to comply with applicable policies and procedures

Comprehensive ESG Policies & Procedures



- Maintain a robust and transparent set of governance policies and procedures that promote accountability and consistency in ESG decision-making and implementation
- Utilize dedicated risk management functions (e.g., Legal & Compliance, Internal Audit) to monitor adherence to and enforce our policies and procedures and applicable regulations

Regulatory Compliance



- Monitor and assess the applicability of the evolving regulatory ESG landscape, including energy and carbon benchmarking, disclosure and performance regulations
- Ensure compliance with ESG regulatory requirements

Market Impact



The momentum of increasing government ESG regulations as well as pressure from investors who are focused on value-generation requires careful consideration of ESG-related topics. There are also several ESG rating agencies that publicly score companies based on specific ESG criteria (with or without such companies' consent or engagement), which are designed to help identify long-term corporate values and risks and hold corporations accountable.⁽¹⁾ There is therefore risk in being behind the curve.

Governance will play a critical role in shaping the business landscape as investors continue to link ESG performance with risk reduction and value creation. Governance covers a broad range of corporate activities, including board and management structures as well as a company's ethics, policies, standards, disclosures, auditing and compliance practices.

Ensuring management accountability, from C-Suite executives to entire business units as well as managers, is a pivotal piece for an organization to achieve its ESG commitments and goals. To identify the risks and opportunities and inform day-to-day decision making, relevant ESG considerations must be embedded into core operations, corporate policies and risk management systems. Ultimately, good corporate governance promotes investor confidence, enhances brand reputation and will continue to play a pivotal role in how ESG performance is assessed.⁽²⁾

Best Practices

Develop an ESG Roadmap



- Create a three-year roadmap to set near-term strategy and targets for relevant ESG-related topics such as sustainable operations, climate resiliency, diversity and inclusion, stakeholder engagement, reporting, management and compliance, and transparency and reporting

Establish an ESG Steering Committee



- Develop an ESG steering committee to actively monitor industry trends and embed ESG objectives within company operations

Set performance targets for personnel



- Include ESG factors in the annual performance targets of personnel at various levels. This can include adding ESG criteria in performance review assessments as well as linking an individual's ESG commitment to compensation and leadership opportunities within the organization

Implement policies and procedures



Appoint dedicated risk management functions to develop, enforce and monitor adherence to policies and procedures, such as:

- Code of Business Conduct & Ethics
- Governance Policy
- Audit Committee Charter
- Policy on Reporting Concerns Regarding Accounting and Other Matters
- ESG / Responsible Investing Policy
- Core Housing Principles
- Environmental Management System (EMS) Policy

(1) [The National Law Review "ESG: What are the Risks, Really?"](#)

(2) [McKinsey "5 Ways That ESG Creates Value"](#)



BLACKSTONE REAL ESTATE CORE ESG PILLARS

Transparency & Reporting

Blackstone strives to openly communicate and be transparent with its investors and stakeholders. We are committed to taking a holistic and programmatic approach to ESG, focusing on efficiently tracking and monitoring ESG-related data.

We will leverage industry accepted ESG reporting frameworks to stay ahead of evolving regulations and support our portfolio companies and operating partners in their efforts to establish baselines and achieve their ESG goals. To achieve this, we are dedicating resources, deploying technology, implementing clear policies and robust procedures around data collection and enforcing transparency, accountability and accuracy.

For a full list of the global ESG reporting frameworks, indicators and links to resources, please see the [Global ESG Reporting Framework Alignment](#) section of this document where we have identified the global ESG reporting frameworks most relevant to Blackstone Real Estate portfolio companies and partners.

Our Priorities

Transparent Reporting



- Implement an ESG reporting strategy that reflects industry standards and ensures transparency to external stakeholders
- Ensure our investors are updated regularly on ESG initiatives and progress on goals

Ownership, Accountability & Accuracy



- Embed ownership and accountability of ESG into management structures. Ensure quality and accuracy of ESG-related data by obtaining third-party assurance and/or verification
- Develop consistent communication channels between Blackstone Real Estate and our portfolio companies and operating partners

Data Management



- Leverage technology and dedicate resources to create a comprehensive data tracking system that enforces accountability and drives consistency across our global portfolio
- Onboard our global portfolio onto Schneider Electric Resource Advisor to consistently track our utilities and GHG emissions

Market Impact



In recent years, companies have begun disclosing their ESG efforts and performance as well as the underlying strategies behind them, providing the data necessary to inform investors' decision-making processes. The reputational risk of not being transparent has heightened as the pressure of transparency and accountability increasingly comes from a wide range of stakeholders beyond investors—including employees, policy makers, regulators, Non-Governmental Organizations (NGOs) and civil society.⁽¹⁾ Responding to this market need, ESG standards and frameworks developed in order to provide guidance on the disclosure of comparable, consistent and reliable ESG information on a wide range of evolving topics, such as climate change, workplace health and safety, and human rights in supply chains.⁽²⁾

While most ESG disclosures are currently voluntary, this is beginning to change as regulators are becoming increasingly proactive.⁽³⁾ Given the fast-changing regulatory environment and rising stakeholder expectations around transparency, companies utilize ESG reporting to demonstrate a commitment to ESG as well as benchmark performance over time. In fact, 86% of S&P 500 Index companies published sustainability reports in 2018, demonstrating the value and expectations around ESG reporting.⁽⁴⁾

Best Practices

Provide Quarterly ESG Updates



- Establish a regular cadence of internal communications and to Blackstone Real Estate covering ESG updates and progress on the three-year roadmap
- Update Blackstone Real Estate on ESG initiatives and progress on goals in quarterly Board Reporting

Implement Technology and QA/QC Procedures



- Ensure high-quality data tracking and reporting by leveraging technology and ESG management structures. Establish a process with legal and compliance to ensure accuracy and accountability of ESG-related statements
- Ensure prompt onboarding of new properties and accurate and timely updating of utility data in Schneider Electric Resource Advisor

Publish an Annual ESG Report



- Release a publicly available ESG report that benchmarks progress on material issues in alignment with Blackstone Real Estate's ESG Framework guidance

(1) <https://www.corporatecomplianceinsights.com/esg-reporting-communications/>
 (2) <https://www.sasb.org/about/sasb-and-other-esg-frameworks/>
 (3) [Harvard Law School Forum on Corporate Governance: ESG Disclosures](https://www.harvard.edu/press-office/2018/04/harvard-law-school-forum-on-corporate-governance-esg-disclosures)
 (4) <https://www.businesswire.com/news/home/20190516005025/en/FLASH-REPORT-86-SP-500-Index%C2%AF-Companies>

BLACKSTONE REAL ESTATE ESG FRAMEWORK

Global ESG Reporting Frameworks

Global ESG reporting frameworks standardize reporting and disclosure of ESG metrics across industries and managers. They have become a vital tool for organizations to communicate their value to stakeholders and promote transparency ahead of evolving regulations. This section demonstrates how the Blackstone Real Estate ESG Framework Core ESG Pillars are aligned with the global ESG reporting frameworks that are most relevant to our business and those of our portfolio companies and partners. We encourage our portfolio companies and partners to consider these frameworks in their own communication of ESG initiatives.

Framework	Overview
United Nations Sustainable Development Goals (SDGs) 	<p>In 2015, the UN General Assembly adopted 17 SDGs as part of its 2030 Agenda for Sustainable Development. Each goal is accompanied by targets and indicators. The SDGs are viewed as a framework for shaping and prioritizing business strategy and can be used in conjunction with ESG reporting standards.⁽¹⁾</p>
Task Force on Climate-Related Financial Disclosures (TCFD) 	<p>In 2017, the Financial Stability Board (FSB) launched TCFD, a framework for consistent climate-related financial risk disclosures for use by companies, insurance companies and investors. TCFD features four widely adoptable recommendations: governance, strategy, risk management and metrics. The framework is designed to solicit decision-useful, forward-looking information on financial impacts, with a focus on risks and opportunities related to the global transition to a lower-carbon economy.⁽²⁾ TCFD continues to gain traction with approximately two-thirds of FTSE 100 companies having referenced TCFD in their 2019 annual reports, an increase from 39% in 2018.⁽³⁾</p>
Global Reporting Initiative (GRI) 	<p>The first version of the GRI guidelines was launched in 2000, backed by a consortium of non-profits, including the UN Environmental Program. Currently the most widely used standard for sustainability reporting, GRI helps companies, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and ethics.⁽⁴⁾ In 2017, 75% of the Global Fortune 250 (G250) reported applying the GRI reporting framework.⁽⁵⁾</p>
Global Real Estate Sustainability Benchmark (GRESB) 	<p>GRESB was developed to help real estate investors assess the sustainability performance of commercial real estate portfolios around the globe. Every year, GRESB issues a survey asking managers to detail their energy and water usage, carbon emissions, as well as information about how they treat and train their employees, among dozens of other "material indicators." GRESB issues the continuously evolving survey in April each year, and companies have three months to respond to the survey, after which the data is validated, and the results published in September.⁽⁶⁾</p>
Sustainability Accounting Standards Board (SASB) 	<p>SASB is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB Standards identify the subset of ESG issues most relevant to financial performance in 77 industries, including real estate. SASB provides specific, detailed, and replicable requirements for what should be reported for each topic, including metrics.⁽⁷⁾</p>

(1) [Harvard Law School Forum on Corporate Governance: ESG Disclosures.](#)

(2) [https://sustainerv.com/en/insights/what-is-the-tcfid-and-why-is-it-important/.](https://sustainerv.com/en/insights/what-is-the-tcfid-and-why-is-it-important/)

(3) [Harvard Law School Forum on Corporate Governance: ESG Disclosures.](#)

(4) [Harvard Law School Forum on Corporate Governance: ESG Disclosures.](#)

(5) [KPMG: The Road Ahead.](#)

(6) [https://www.3blmedia.com/News/GRESB-Explained.](https://www.3blmedia.com/News/GRESB-Explained)

(7) [https://www.sasb.org/about/.](https://www.sasb.org/about/)

United Nations Sustainable Development Goals



In 2015, the UN General Assembly adopted 17 SDGs as part of its 2030 Agenda for Sustainable Development. Each goal is accompanied by targets and indicators. The SDGs are viewed as a framework for shaping and prioritizing business strategy and can be used in conjunction with ESG reporting standards.⁽¹⁾



Indicator	Description	Core ESG Pillars
SDG 3: Health	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Stakeholder Engagement
SDG 5: Gender Equality	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Diversity, Equity & Inclusion
SDG 6: Clean Water and Sanitation	Ensure access to water and sanitation for all	<ul style="list-style-type: none"> Sustainable Operations
SDG 7: Energy	Ensure access to affordable, reliable, sustainable and modern energy	<ul style="list-style-type: none"> Climate Resiliency
SDG 8: Economic Growth	Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> Diversity, Equity & Inclusion
SDG 9: Infrastructure, Industrialization	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
SDG 10: Inequality	Reduce inequality within and among countries	<ul style="list-style-type: none"> Diversity, Equity & Inclusion
SDG 11: Sustainable Cities	Make cities inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
SDG 12: Sustainable Consumption and Production	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Sustainable Operations
SDG 13: Climate Action	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations

(1) [Harvard Law School Forum on Corporate Governance: ESG Disclosures](#).

Task Force on Climate-Related Financial Disclosures (TCFD)

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2017, the Financial Stability Board (FSB) launched TCFD, a framework for consistent climate-related financial risk disclosures for use by companies, insurance companies and investors. TCFD features four widely adoptable recommendations: governance, strategy, risk management and metrics. The framework is designed to solicit decision-useful, forward-looking information on financial impacts, with a focus on risks and opportunities related to the global transition to a lower-carbon economy.⁽¹⁾ TCFD continues to gain traction with approximately two-thirds of FTSE 100 companies having referenced TCFD in their 2019 annual reports, an increase from 39% in 2018.⁽²⁾

Indicator	Description	Core ESG Pillars
Governance	Disclose the organization's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Management & Compliance
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Sustainable Operations
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Sustainable Operations ■ Management & Compliance
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Sustainable Operations

(1) <https://sustainerv.com/en/insights/what-is-the-tcfid-and-why-is-it-important/>.

(2) [Harvard Law School Forum on Corporate Governance: ESG Disclosures](#).

Global Reporting Initiative (GRI)



The first version of the GRI guidelines was launched in 2000, backed by a consortium of non-profits, including the UN Environmental Program. Currently the most widely used standard for sustainability reporting, GRI helps companies, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and ethics.⁽¹⁾ In 2017, 75% of the Global Fortune 250 (G250) reported applying the GRI reporting framework.⁽²⁾

Indicator	Description	Core ESG Pillars
GRI 102: General Disclosures	Stakeholder engagement, Strategy (key impacts, risks and opportunities), Ethics and integrity, Governance (structure, ESG oversight, remuneration policies, etc.)	<ul style="list-style-type: none"> ■ Stakeholder Engagement ■ Management & Compliance
GRI 103: Management Approach	Explanation and evaluation of management approach	<ul style="list-style-type: none"> ■ Management & Compliance
GRI 302: Energy	Energy consumption, Energy intensity, Reduction of energy consumption, Reduction in energy requirements of products and services	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Sustainable Operations
GRI 305: Emissions	GHG emissions (Scope 1, Scope 2 and Scope 3), GHG emissions intensity, Reduction of GHG emissions, Emissions of ozone-depleting substances, Other significant emissions	<ul style="list-style-type: none"> ■ Climate Resiliency ■ Sustainable Operations
GRI 404: Training & Education	Management approach disclosures, Employee training hours and programs, Employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> ■ Stakeholder Engagement
GRI 405: Diversity & Equal Opportunity	Management approach and disclosures, Diversity of governance bodies and employees	<ul style="list-style-type: none"> ■ Diversity, Equity & Inclusion
GRI 413: Local Community	Management approach disclosures, Operations with local community engagement	<ul style="list-style-type: none"> ■ Stakeholder Engagement

(1) [Harvard Law School Forum on Corporate Governance: ESG Disclosures](#).

(2) [KPMG: The Road Ahead](#).

Global Real Estate Sustainability Benchmark (GRESB)



GRESB was developed to help real estate investors assess the sustainability performance of commercial real estate portfolios (by investment fund) around the globe. Every year, GRESB issues a survey asking managers to detail their energy and water usage, carbon emissions, as well as information about how they treat and train their employees, among dozens of other “material indicators.” GRESB issues the continuously evolving survey in April each year, and companies have three months to respond to the survey, after which the data is validated, and the results published in September.⁽¹⁾

Indicator	Description	Core ESG Pillars
Management: Leadership	How the entity integrates ESG into its overall business strategy	<ul style="list-style-type: none"> Climate Resiliency Management & Compliance
Management: Policies	The existence and scope of the entity’s policies that address ESG issues	<ul style="list-style-type: none"> Management & Compliance
Management: Risk Management	The processes used by the entity to support ESG implementation and prevent material ESG-related risks	<ul style="list-style-type: none"> Climate Resiliency Diversity, Equity & Inclusion
Management: Stakeholder Engagement	Actions taken to engage with stakeholders, as well as the nature of the engagement	<ul style="list-style-type: none"> Diversity, Equity & Inclusion Stakeholder Engagement
Performance: Risk Assessment	The physical and transition risks that could adversely impact the value of real estate assets and tracking of efficiency measures	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
Performance: Targets	The existence and scope of performance improvement targets	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
Performance: Tenants & Community	Actions to engage with tenants and community, as well as the nature of the engagement	<ul style="list-style-type: none"> Sustainable Operations Stakeholder Engagement
Performance: Energy	Energy consumption and renewable energy usage at the asset	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
Performance: GHG	GHG emissions at the asset	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
Performance: Water	Water consumption and water reuse and recycling at the asset	<ul style="list-style-type: none"> Sustainable Operations
Performance: Waste	Waste generation and proportion of waste by disposal route at the asset	<ul style="list-style-type: none"> Sustainable Operations
Performance: Data Monitoring & Review	Existence and level of third-party review of energy, GHG emissions, water, and waste data	<ul style="list-style-type: none"> Climate Resiliency Sustainable Operations
Performance: Building Certifications	Use of green building certifications and energy ratings	<ul style="list-style-type: none"> Sustainable Operations
Development: ESG Requirements	Efforts to address ESG-issues during the design, construction, and site development of new buildings	<ul style="list-style-type: none"> Climate Resiliency
Development: Energy	Strategy to integrate energy efficiency measures, on-site renewable energy generation, and achieve net-zero energy performance	<ul style="list-style-type: none"> Climate Resiliency
Development: Stakeholder Engagement	Actions to engage with contractors and community and the nature of the engagement during the project development phase	<ul style="list-style-type: none"> Stakeholder Engagement

(1) <https://www.3blmedia.com/News/GRESB-Explained>.

Sustainability Accounting Standards Board



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Indicator	Description	Core ESG Pillars
Energy Management	Energy consumption data coverage, like-for-like change in energy consumption, percentage of portfolio with energy ratings, description of how building energy management considerations are integrated into property investment analysis and operational strategy	<ul style="list-style-type: none"> Sustainable Operations
Water Management	Water withdrawal data coverage, like-for-like change in water withdrawn, discussion of water management risks and description of strategies and practices to mitigate those risks	<ul style="list-style-type: none"> Sustainable Operations
Management of Tenant Sustainability Impacts	Percentage of new leases that contain a green lease clause, percentage of tenants that are separately metered or sub-metered for energy and water, description of approach to measuring, incentivizing, and improving sustainability impacts of tenants	<ul style="list-style-type: none"> Stakeholder Engagement Sustainable Operations
Climate Change Adaptation	Area of properties located in FEMA Special Flood Hazard Areas or foreign equivalent, description of climate change risk exposure analysis, degree of systematic portfolio exposure, strategies for mitigating risks	<ul style="list-style-type: none"> Climate Resiliency
Workforce Diversity	Percentage of gender and racial / ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	<ul style="list-style-type: none"> Diversity, Equity & Inclusion

(1) <https://www.sasb.org/about/>

GLOBAL ESG REPORTING FRAMEWORK SUMMARY ACROSS CORE ESG PILLARS

We have developed the following matrix to demonstrate how the Blackstone Real Estate ESG Framework Core ESG Pillars are aligned with ESG reporting frameworks.

Frameworks	Indicators	Climate Resiliency	Sustainable Operations	Diversity, Equity & Inclusion	Stakeholder Engagement	Management & Compliance
UN SDGs	SDG 3: Health				X	
UN SDGs	SDG 5: Gender Equality			X		
UN SDGs	SDG 6: Clean Water and Sanitation		X			
UN SDGs	SDG 7: Energy	X				
UN SDGs	SDG 8: Economic Growth			X		
UN SDGs	SDG 9: Infrastructure, Industrialization	X	X			
UN SDGs	SDG 10: Inequality			X		
UN SDGs	SDG 11: Sustainable Cities	X	X			
UN SDGs	SDG 12: Sustainable Consumption and Production		X			
UN SDGs	SDG 13: Climate Action	X	X			
TCFD	Governance	X				X
TCFD	Strategy	X	X			
TCFD	Risk Management	X	X			X
TCFD	Metrics and Targets	X	X			
GRI	GRI 102: General Disclosures				X	X
GRI	GRI 103: Management Approach					X
GRI	GRI 302: Energy	X	X			
GRI	GRI 305: Emissions	X	X			
GRI	GRI 404: Training & Education				X	
GRI	GRI 405: Diversity & Equal Opportunity			X		
GRI	GRI 413: Local Community				X	
GRESB	Management: Leadership	X				X
GRESB	Management: Policies					X
GRESB	Management: Risk Management	X				
GRESB	Management: Stakeholder Engagement			X	X	
GRESB	Performance: Risk Assessment	X	X	X		
GRESB	Performance: Targets	X	X			
GRESB	Performance: Tenants & Community		X		X	
GRESB	Performance: Energy	X	X			
GRESB	Performance: GHG	X	X			
GRESB	Performance: Water		X			
GRESB	Performance: Waste		X			
GRESB	Performance: Data Monitoring & Review	X	X			
GRESB	Performance: Building Certifications		X			
GRESB	Development: ESG Requirements	X				
GRESB	Development: Energy	X				
GRESB	Development: Stakeholder Engagement				X	
SASB	Energy Management		X			
SASB	Water Management		X			
SASB	Management of Tenant Sustainability Impacts		X		X	
SASB	Climate Change Adaptation	X				
SASB	Workforce Diversity			X		

BLACKSTONE REAL ESTATE ESG

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