

Blackstone Real Estate Partners Limited

(Reg No. 04085769)

For the Year Ended 31 December 2015

Annual Report and Financial Statements



Blackstone Real Estate Partners Limited

Registration No. 04085769

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Blackstone Real Estate Partners Limited

Registration No. 04085769

Company information

DIRECTORS

Vijay Bharadia
Farhad Karim

SECRETARY

Intertrust (UK) Limited
11 Old Jewry, 7th Floor
London
United Kingdom
EC2R 8DU

REGISTERED OFFICE

40 Berkeley Square
London
W1J 5AL

SOLICITORS

Simpson Thacher & Bartlett LLP
City Point
One Ropemaker St
London
EC2Y 9HU
United Kingdom

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 Little New Street
London
EC4A 3TR
United Kingdom

Blackstone Real Estate Partners Limited

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Directors' report for the year ended 31 December 2015

The directors present their annual report and the audited financial statements of Blackstone Real Estate Partners Limited ("the Company") for the year ended 31 December 2015.

DIRECTORS

The directors who served throughout the year were:

Vijay Bharadia
Farhad Karim

None of the directors had any disclosable interests in the shares of the Company during the year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

SMALL COMPANIES' EXEMPTION

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. This is in accordance with Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption from the requirement to disclose an enhanced business review and prepare a strategic report on the grounds that it is a small company.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company was formed for the purpose of holding investments in limited partnerships.

The Company's loss on ordinary activities after taxation is \$1,393 (2014: \$1,876 loss). The directors do not recommend the payment of a dividend in respect of the year (2014: \$nil). The amount transferred to reserves in respect of the year is a loss of \$1,393 (2014: \$1,876 loss).

The Financial Reporting Council has replaced the current UK Generally Accepted Accounting Principles ("UK GAAP") with the Financial Reporting Standard 102 ("FRS 102") applicable in the UK and Republic of Ireland, with effect from periods beginning on or after 1 January 2015. The Company has applied the new standards from the period 1 January 2014. The directors approve the FRS 102 exemptions listed in note 1.

GOING CONCERN

The directors have a reasonable expectation that the Company has access to sufficient financial resources from its parent entities and is expected to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director at the date of the approval of this report confirms that:

- 1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 2) the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Blackstone Real Estate Partners Limited

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Directors' report (continued)

for the year ended 31 December 2015

INDEPENDENT AUDITOR:

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Deloitte LLP as auditor of the Company.

Approved by the Board and signed on its behalf by:



Vijay Bharadia

Director

27 September 2016

COMPANY NUMBER: 04085769

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the directors of Blackstone Real Estate Partners Limited
for the year ended 31 December 2015

We have audited the financial statements of Blackstone Real Estate Partners Limited for the year ended 31 December 2015 which comprise the Income statement, Statement of financial position, Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the year for which the financial statements are prepared is consistent with the financial statements.

Blackstone Real Estate Partners Limited

Registration No. 04085769

Independent auditor's report to the members of Blackstone Real Estate Partners Limited (continued)

for the year ended 31 December 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Calum Thomson FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

27 September 2016

Blackstone Real Estate Partners Limited

Registration No. 04085769

Income statement

for the year ended 31 December 2015

	Notes	2015 \$	2014 as restated \$
Investment income		2,793	779
Impairment on investments		(3,621)	(2,478)
Administrative expenses		-	(13)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(828)	(1,712)
Tax charge on ordinary activities	5	(565)	(164)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,393)	(1,876)

Tax charge on ordinary activities for 2014 has been restated due to a prior period error. See note 5 for more details.

There were no other recognised gains or losses in either year except as stated above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 10 to 13 form part of these financial statements.

Blackstone Real Estate Partners Limited

Registration No. 04085769

Statement of financial position


as at 31 December 2015

	Notes	2015 \$	2014 as restated \$
FIXED ASSETS			
Investments	6	576	4,421
CURRENT ASSETS			
Debtors	7	4,500	1,497
Cash at bank and in hand		6,627	6,613
		<u>11,127</u>	<u>8,110</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(729)	(164)
NET CURRENT ASSETS		<u>10,398</u>	<u>7,946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>10,974</u></u>	<u><u>12,367</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account		10,973	12,366
SHAREHOLDERS' FUNDS		<u><u>10,974</u></u>	<u><u>12,367</u></u>

Profit and loss account and creditors for 2014 have been restated due to a prior period error. See notes 5 and 8 for details.

The notes on pages 10 to 13 form part of these financial statements.

The financial statements of Blackstone Real Estate Partners Limited, registered number 04085769 were approved by the Board of Directors and authorised for issue 27 September 2016 and signed on its behalf by:



Vijay Bharadia

Statement of changes in equity
for the year ended 31 December 2015

	Note	Called up share capital \$	Other reserves \$	Retained earnings \$	Total \$
Balance as at 1 January 2014		1	-	13,510	13,511
Adjustment for prior period error	5	-	-	732	732
Balance as at 1 January 2014 as restated		1	-	14,242	14,243
Loss for the year		-	-	(1,876)	(1,876)
Balance as at 31 December 2014		1	-	12,366	12,367
Balance as at 1 January 2015		1	-	12,366	12,367
Loss for the year		-	-	(1,393)	(1,393)
Balance as at 31 December 2015		1	-	10,973	10,974

The notes on pages 10 to 13 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Going concern

The directors consider the principal risk to be financial risk and believe that the Company has sufficient procedures in place to manage its risks successfully, and continue in operational existence despite the current uncertain economic climate. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

First time adoption of FRS 102

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. This is the first year that the Company has presented its financial statements under FRS 102 issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

Exemptions of qualifying entities under FRS 102

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available. Exemptions have been taken in relation to financial instruments, presentation of a cash-flow statement and disclosure of intra group transactions.

Preparation of the financial statements in US dollars

It is considered that a fair reflection of the Company's activities is given by presenting the financial statements in US dollars, since the US dollar is the main currency of the Company's primary economic environment.

Financial assets

The Company holds an equity investment, cash and a debtor, all of which are classified as financial assets.

Financial assets are initially measured at transaction price (including transaction costs). If at the end of the reporting period there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in profit or loss immediately. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rate ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rate of exchange at the date of the transaction. Translation differences are dealt with through the Income statement.

Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)**Taxation (Continued)**

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Revenue recognition

Investment income is recognised on an accruals basis. Turnover is composed entirely of investment income arising from the company's holding in real estate investment limited partnerships and is derived from activities performed in the United Kingdom.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATED UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical accounting judgements, nor key sources of estimation uncertainty for the year ended 31 December 2015.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee and other expenses of the Company have been borne by an affiliate of the Company in the current and prior year. The audit fee for 2015 was \$8,561 (2014: \$7,900).

4. INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES

The Company has no employees (2014: none). The Directors were not remunerated for their services to the Company either in the current or prior year.

5. TAX CHARGE ON ORDINARY ACTIVITIES

The tax charge for the year comprises:

	2015	2014
	\$	as restated
		\$
UK corporation tax at 20.25% (2014: 21.50%)	565	164
Total tax charge	<u>565</u>	<u>164</u>

Notes to the financial statements (continued)

for the year ended 31 December 2015

5. TAX CHARGE ON ORDINARY ACTIVITIES (CONTINUED)**Factors affecting current tax charge for the year**

The current tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	2015 \$	2014 as restated \$
Loss on ordinary activities before tax	(828)	(1,712)
Tax at 20.25% (2014: 21.50%)	(168)	(368)
Effects of:		
Impairment of investments not deductible for tax purposes at 20.25% (2014: 21.50%)	733	532
Current tax charge for the year	<u>565</u>	<u>164</u>

The tax charge for 2014 has been restated due to prior period errors in the tax charges for 2012 and 2014. Losses on impairment have been added back for tax purposes.

6. INVESTMENTS

The Company has made investments in Blackstone Real Estate Partners I.D L.P., Blackstone Real Estate Partners I.D.2 L.P. and Blackstone Real Estate Partners I.E L.P., three registered limited partnerships governed by English law, which themselves make investments in real estate and real estate companies to generate an investment return. The Company's share in each of the three investments is less than 0.01%.

	2015 \$	2014 \$
Cost at 1 January	4,421	7,182
Impairment of investment	(3,621)	(2,478)
Return of capital	(224)	(283)
Fair Value at 31 December	<u>576</u>	<u>4,421</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 \$	2014 \$
Amounts due from affiliates (see note 10)	4,500	1,497
	<u>4,500</u>	<u>1,497</u>

Notes to the financial statements (continued)

for the year ended 31 December 2015

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	\$	as restated \$
Corporation Tax	729	164
	<u>729</u>	<u>164</u>

The corporation tax liability for 2014 has been restated due to a prior period error. See note 5 for details.

9. CALLED UP SHARE CAPITAL

	2015	2014
	\$	\$
Allotted, called up and fully paid converted to US\$		
1 ordinary share of £1 (2014: £1)	1	1
	<u>1</u>	<u>1</u>

10. RELATED PARTIES

Included in debtors is an amount of \$4,500 (2014: \$1,497) which relates to distributions received by The Blackstone Group International Partners LLP on behalf of the Company.

11. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Blackstone Real Estate Partners Holdings Limited, a Company incorporated in the United Kingdom, which is a wholly owned subsidiary of Blackstone Group International (Cayman) Limited, a company incorporated in the Cayman Islands. The Company's ultimate parent undertaking and controlling party is The Blackstone Group L.P, a Limited Partnership incorporated in Delaware, United States of America.

The Blackstone Group L.P. is the smallest and largest group which includes the Company and for which financial statements are prepared.

Copies of the group financial statements are available from 345 Park Avenue, New York, NY 10154, United States of America.

12. TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

The last financial statements under previous UK GAAP were for the year ended 31 December 2014.

There were no recognition and measurement differences arising from the transition of FRS 102.