

Registered number: 04451495

**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Edward Hodgson Farhad Karim James Lock Guy Rudd
<b>Company secretary</b>	Intertrust (UK) Limited
<b>Registered number</b>	04451495
<b>Registered office</b>	40 Berkeley Square London W1J 5AL United Kingdom
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR United Kingdom
<b>Bankers</b>	HSBC Bank plc PO Box 125 2nd Floor 62-76 Park Street London SE1 9DZ United Kingdom
<b>Solicitors</b>	DLA Piper UK LLP 3 Noble Street London EC2V 7EE United Kingdom

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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## **BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Introduction**

Blackstone Property Management Limited (the "Company" or "BPML") is a company incorporated in the United Kingdom under the Companies Act, the Company is a private company limited by shares and is registered in England and Wales, with its registered office at 40 Berkeley Square, London, W1J 5AL.

The principal activity of Blackstone Property Management Limited is the provision of property management, property advisory and development management services to the asset portfolio invested by the Blackstone Real Estate Partners ("BREP") funds.

The Company's immediate parent undertaking is The Blackstone Group International (Cayman) Limited. The ultimate parent undertaking is The Blackstone Group L.P ("Blackstone").

#### **Business review, future developments and key performance indicators**

The Company's key performance indicators are considered to be turnover and profit or loss on ordinary activities. Turnover on ordinary activities for the period was £15,575,432 (2016: £18,011,535). The Company made a profit of £111,978 (2016: £1,225,905 profit).

The results for the financial year are set out in the statement of comprehensive income and the statement of financial position on pages 8 and 9.

The directors do not anticipate any change in the nature of the principal activities going forward and expect the Company to continue to benefit from enhanced business opportunities.

#### **Principal risks and uncertainties**

The principal risk for the Company is that the BREP funds no longer appoint the Company to provide services to its asset portfolio. Given the Company's historical growth in the provision of these services to the BREP funds and the expectation that this will continue, the Company does not consider this risk to be material.

#### **Group risk**

Group risk is the potential impact of risk events arising in or from membership of a corporate group and is a significant risk faced by the Company. The Company's ultimate beneficial owner is Blackstone and the Company is dependent on BREP for most of its business and revenue. In an extreme case, any factors that could cause Blackstone to be unwilling or unable to support the Company could result in a wind down of the Company's operations. Relevant members of the Company's Senior Management have ongoing interaction with relevant group functions to understand and influence group level decisions.

#### **Operational risk**

Operational risk arises from a wide spectrum of areas such as compliance, legal, human resources, and reputational as well as administrative errors. The Company's policy is to operate a robust and effective risk management process, embedded within the governance and management structures of its business. The Blackstone group also provide risk oversight to ensure review of material risk, relevant controls and risk mitigation procedures.

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Credit risk**

Credit risk principally arises from bank deposits and debtors. With regard to bank deposits, the Company deposits money with reputable counterparties on agreed terms. Debtors are governed by the terms and conditions of the individual agreements, whereby, billings are conducted in accordance to these agreements and monitored on an ongoing basis. The potential risk posed is the irrecoverability of these debts and the Company undertakes robust regular reviews of the ageing outstanding debtors.

**Liquidity risk**

Liquidity risk is the current or prospective risk to earnings and capital arising from the Company's inability to meet its liabilities when they fall due. The Company faces liquidity risk in relation to meeting its expense obligations in the operational running of the business. The Company maintains a liquidity operating procedure which prescribes maintaining liquid resources to cover a minimum level of operating expenditure.

**Risk management**

The Company operates a robust and effective risk management process, embedded within the governance and management structures of its business. The Company has put in place procedures which are designed to seek and ensure that relevant risks pertaining to the Company can be identified, monitored and managed.

This report was approved by the Board of Directors and signed on its behalf by:



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Guy Rudd  
Director  
17 July 2018

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## **BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the audited financial statements for the Company for the year ended 31 December 2017. The Company's principal operations are domiciled in London, United Kingdom. The Company has a Spanish branch as defined in section 1046(3) of the Companies Act 2006.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' 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 Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £111,978 (2016: £1,225,905 profit).

The directors did not declare or pay a dividend in the financial year (2016: nil).

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Directors**

The directors who served during the year and up to the date of this report were:

Edward Hodgson  
Farhad Karim  
James Lock  
Guy Rudd

**Directors' indemnities**

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.

**Future developments**

Details regarding the Company's future developments can be found in the Strategic report.

**Going concern**

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

**Auditors**

The auditors, Deloitte LLP, will be proposed for reappointment at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf by:



Guy Rudd  
Director  
17 July 2018

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## **BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Blackstone Property Management Limited (the 'company') which comprise:

- the statement of comprehensive income
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



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## **BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLACKSTONE PROPERTY MANAGEMENT LIMITED (CONTINUED)**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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 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.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLACKSTONE PROPERTY  
MANAGEMENT LIMITED (CONTINUED)**

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In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



**Garrath Marshall (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
17 July 2018

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Turnover	4	15,575,432	18,011,535
<b>Gross profit</b>		<u>15,575,432</u>	<u>18,011,535</u>
Administrative expenses		(15,381,729)	(16,450,005)
<b>Operating profit</b>	7	<u>193,703</u>	<u>1,561,530</u>
Interest receivable and similar income	9	16	1,906
<b>Profit before tax</b>		<u>193,719</u>	<u>1,563,436</u>
Tax on profit	10	(81,741)	(337,531)
<b>Profit for the year</b>		<u><u>111,978</u></u>	<u><u>1,225,905</u></u>

All results are derived from continuing operations. There have been no recognised gains and losses other than the profit for the current year and hence, no separate statement of other comprehensive income is produced.

The accompanying notes on pages 11 to 21 form an integral part of the financial statements.


**BLACKSTONE PROPERTY MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 04451495**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	11	149,872	244,044
		<u>149,872</u>	<u>244,044</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	3,843,771	5,250,713
Cash at bank and in hand	13	6,404,653	4,154,233
		<u>10,248,424</u>	<u>9,404,946</u>
Creditors: amounts falling due within one year	14	(6,689,599)	(6,046,288)
Deferred tax liability	17	(3,486)	(9,469)
<b>Net current assets</b>		<u>3,555,339</u>	<u>3,349,189</u>
<b>Net assets</b>		<u><u>3,705,211</u></u>	<u><u>3,593,233</u></u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Reserves		3,705,210	3,593,232
		<u><u>3,705,211</u></u>	<u><u>3,593,233</u></u>

The accompanying notes on pages 11 to 21 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



Guy Rudd  
Director  
17 July 2018

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Called up share capital	Reserves	Total
	£	£	£
<b>At 1 January 2016</b>	1	2,367,327	2,367,328
Profit for the year	-	1,225,905	1,225,905
<b>At 1 January 2017</b>	1	3,593,232	3,593,233
Profit for the year	-	111,978	111,978
<b>At 31 December 2017</b>	1	3,705,210	3,705,211

The accompanying notes on pages 11 to 21 form an integral part of the financial statements.

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## BLACKSTONE PROPERTY MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. General information

Details of the Company's general information are set out in the Strategic Report on page 1.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company meets the definition of qualifying entity and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102;

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation;
- the requirements of Section 11 Financial Instruments;
- the requirements of Section 12 Other Financial Instruments;
- the requirements of Section 33 Related Party Disclosures.

This information is included in the consolidated financial statements of The Blackstone Group L.P. as at 31 December 2017 and these financial statements may be obtained from 345 Park Avenue, New York, NY 10514, United States of America.

##### 2.3 Going concern

The directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months from the date of approving the financial statements. Accordingly, the going concern basis has been adopted in preparing the financial statements.

##### 2.4 Accrued income

In accordance with the signed property and project management agreements, the Company incurs costs on various projects which, until invoiced, are classified as prepayments and accrued income and are recognised as a debtor within the Statement of financial position. When invoiced, these are charged to various entities with the related revenue and expenses shown gross in the Statement of comprehensive income.

##### 2.5 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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## BLACKSTONE PROPERTY MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.6 Turnover and expenditure

Income and expenses are recognised on an accruals basis when the service has been provided or the expense occurred. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of creditors due within one year. Turnover represents income derived from the provision of property management, property advisory and development management services. Details of turnover are provided in note 4.

##### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on a straight-line basis.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years
Fixtures and fittings	- 5 years
Office equipment	- 3 years
Software	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.8 Debtors

Debtors are recorded at invoiced amount and generally do not bear interest. An allowance for doubtful accounts is established, as necessary, based on management's judgement of the likely collectability of each account. Allowances are assessed on an individual customer basis based on a review of current status and the known financial condition of each customer, with consideration of historical payment experience and the related party nature of the receivables. Based on a review of these factors, the Company establishes or adjusts the allowance for specific customers and the accounts receivable portfolio as a whole.

##### 2.9 Interest income and expense

Interest income and expense is recognised in the Statement of comprehensive income in the year earned and incurred.

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.10 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is pounds sterling (£).

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term. The value of any rent free periods are amortised over the life of the lease.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Holiday accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement as accrued at the Statement of financial position date.



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## BLACKSTONE PROPERTY MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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.

An item on which the Company has exercised accounting judgement includes the disclosure of a contingent liability rather than a provision as outlined in Note 19.

There were no key sources of estimation uncertainty for the year ended 31 December 2017.

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Management fees	11,666,319	10,505,079
Additional advisory fees	136,440	2,557,657
Other revenue	3,772,673	4,948,799
	<u>15,575,432</u>	<u>18,011,535</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	12,732,666	14,691,904
Rest of the world	2,842,766	3,319,631
	<u>15,575,432</u>	<u>18,011,535</u>

**5. Employees**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	7,298,567	7,245,109
Social security costs	959,367	1,001,143
Defined contribution pension scheme (see note 6)	235,125	270,343
	<u>8,493,059</u>	<u>8,516,595</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Professional	78	88
Administrative	14	12
	<u>92</u>	<u>100</u>

The directors were not remunerated by the Company during the financial year (2016: nil).

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**6. Defined contribution pension scheme**

A defined contribution pension scheme is in operation. During the year, employer contributions of £235,125 (2016: £270,343) were made. There were no accrued pension contributions at the balance sheet date (2016: £43,947), as all contributions were settled by 31 December 2017.

**7. Operating profit**

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	96,909	94,594
Foreign exchange	(55,803)	(65,246)

**8. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>81,900</u>	<u>75,000</u>

**Fees payable to the Company's auditor and its associates in respect of:**

Tax compliance services (United Kingdom)	20,970	33,385
Tax compliance services (Spain)	8,332	9,085
	<u>29,302</u>	<u>42,470</u>

**9. Interest income**

	2017 £	2016 £
Bank interest receivable	16	1,906
	<u>16</u>	<u>1,906</u>

**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year at 19.25% (2016: 20%)	87,724	301,597
Tax accounting adjustments in respect of prior years	-	46,468
	<u>87,724</u>	<u>348,065</u>
<b>Deferred tax (see note 17)</b>		
Timing differences, origination and reversal	(5,983)	(9,423)
Effect of increase in tax rate on opening liability	-	(1,111)
	<u>(5,983)</u>	<u>(10,534)</u>
<b>Total tax charge on profit</b>	<u><u>81,741</u></u>	<u><u>337,531</u></u>

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20%).

The change is the reduction of the main rate of corporation tax to 17% from 1 April 2020, which replaces the 18% rate effective from that date, by virtue of Finance Act 2016 s46. This rate should be used for deferred tax purposes in the accounts disclosures. The 2016 UK Budget proposed the tax rate would fall to 17% by 2020.

There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>193,719</u>	<u>1,563,436</u>
<b>Effects of:</b>		
Profit on ordinary activities multiplied by rate of tax of 19.25% (2016: 20%)	37,284	312,687
Expenses not deductible for tax purposes	42,556	11,845
Capital allowances in excess of depreciation	9,407	(9,002)
Other short term timing differences	(7,506)	10,708
Utilisation of tax losses carried forward	-	(35,175)
Adjustment in respect of prior years	-	46,468
	<u>81,741</u>	<u>337,531</u>
<b>Total tax charge for period</b>	<u><u>81,741</u></u>	<u><u>337,531</u></u>

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Software £	Total £
<b>Cost</b>					
At 1 January 2017	48,253	289,112	187,706	64,236	589,307
Additions	-	2,737	-	-	2,737
At 31 December 2017	<u>48,253</u>	<u>291,849</u>	<u>187,706</u>	<u>64,236</u>	<u>592,044</u>
<b>Depreciation</b>					
At 1 January 2017	11,665	129,419	139,943	64,236	345,263
Charge for the period	6,363	49,605	40,941	-	96,909
At 31 December 2017	<u>18,028</u>	<u>179,024</u>	<u>180,884</u>	<u>64,236</u>	<u>442,172</u>
<b>Net book value</b>					
At 31 December 2017	<u>30,225</u>	<u>112,825</u>	<u>6,822</u>	<u>-</u>	<u>149,872</u>
At 31 December 2016	<u>36,588</u>	<u>159,693</u>	<u>47,763</u>	<u>-</u>	<u>244,044</u>

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. Debtors: Amounts falling due within one year**

	2017 £	2016 £
Amounts owed by group undertakings	1,714,932	3,274,037
Security deposits	636,060	636,060
Prepayments and accrued income	1,099,311	1,310,099
Employee receivables	4,365	30,517
Employee advance	368,798	-
Corporation tax	20,305	-
	<u>3,843,771</u>	<u>5,250,713</u>

**13. Cash at bank and in hand**

	2017 £	2016 £
Cash at bank and in hand	6,404,653	4,154,233
	<u>6,404,653</u>	<u>4,154,233</u>

**14. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	25,497	127,783
Amounts owed to group undertakings	350,163	163,376
Other taxation and social security	2,823,455	2,494,376
Accruals and deferred income	3,490,484	2,994,156
Corporation tax	-	266,597
	<u>6,689,599</u>	<u>6,046,288</u>

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Leases which expire:		
Within one year	462,810	645,314
Within two to five years	1,984,304	1,992,830
Over five years	-	454,154
	<u>2,447,114</u>	<u>3,092,298</u>

**16. Related party transactions**

The Company has availed itself of the exemption contained under FRS 102 not to disclose related party transactions as the Company's results are consolidated in the financial statements of its ultimate parent, which are publicly available.

**17. Deferred taxation**

	2017 £	2016 £
At 1 January	9,469	20,003
Credit to income statement	(5,983)	(10,534)
At 31 December	<u>3,486</u>	<u>9,469</u>

**Analysis of deferred tax**

Capital allowances in excess of depreciation	3,486	16,940
Other short term timing differences	-	(7,471)
Closing deferred tax liability	<u>3,486</u>	<u>9,469</u>

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**BLACKSTONE PROPERTY MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**18. Post balance sheet events**

Since the financial year end, there were no significant events affecting the Company, which required an adjustment to, or disclosure in, the financial statements.

**19. Contingent Liability**

In the normal course of its duties, during the year ended 31 December 2017, the Company received a request for information from a local authority in respect of a building managed by the Company. The information was provided and an interview held in March 2018 with no further material correspondence as of the reporting date.

The Company's legal advisors are of the opinion that the outcome of any potential further enquiry is uncertain. On this basis, it is impracticable to estimate any financial impact.

**20. Controlling party**

As at 31 December 2017, the Company's immediate controlling company is Blackstone Group International (Cayman) Limited, a company incorporated in the Cayman Islands, and its ultimate parent and controlling party is The Blackstone Group L.P. a limited partnership incorporated in Delaware and registered at 345 Park Avenue, New York, NY 10514, United States of America.

Copies of the group financial statements are available from 345 Park Avenue, New York, NY 10514, 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.