

Registered number
6676747

Britel Real Estate International (UK) GP Limited

Annual Report and Financial Statements

30 June 2016



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Britel Real Estate International (UK) GP Limited
Annual Report and accounts
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Britel Real Estate International (UK) GP Limited
Company Information

Directors

D Grose
B Sanderson
K Wilman

Secretary

Hermes Secretariat Limited
Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Registered office

Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Registered number

6676747

Britel Real Estate International (UK) GP Limited Strategic Report

Accounts

The directors present their strategic report for the year ended 30 June 2016.

Principal activities and review of the business

The principal activity of the company is that of managing the operations and safeguarding the assets of BTPS Real Estate International L.P. (the "Limited Partnership").

As shown in the profit and loss account, the company recorded a profit before tax for the year of A\$18,185 (2015: A\$7,195).

The balance sheet shows that the company has net assets of A\$72,213 at year-end (30 June 2015: A\$54,028). The directors seek to continue to enhance the development of the business during the next period.

Principal risks and uncertainties

The company holds an investment in and acts as General Partner of BTPS Real Estate International L.P., which invests in property funds and so is exposed to risks associated with investments in real estate. *The principal risks and uncertainties for the company are considered to be the risk of tenants failing or defaulting on their rent and the risk of adverse movements in property values.*

Future developments

The directors expect the current level of activity to continue in the forthcoming year.

The company has no employees.

Events after the Balance Sheet date

There were no significant events since the balance sheet date.

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



K Wilman

Director

For Britel Real Estate International (UK) GP Limited

29 March 2017

Britel Real Estate International (UK) GP Limited

Directors' report

The directors who served on the board of directors (the "Board of Directors") during the year and to the date of signing were as follows:

Directors: D Grose (appointed 1 July 2016)
B Sanderson
K Wilman (appointed 23 June 2016)
E Mousley (resigned 8 July 2016)

Secretary: Hermes Secretariat Limited

Accounts

The directors present their annual report and audited financial statements for the year ended 30 June 2016.

The functional currency of the financial statements is Australian Dollars as this is the currency of the primary economic environment of the underlying investment.

Principal activities and review of the business

Details of the principal activity and review of the business can be found in the Strategic Report on page 2.

Going concern

The directors intend the company to continue to hold an investment in BTPS Real Estate International L.P. for the foreseeable future. As there are no financial obligations associated with the investment in the Limited Partnership and due to the nature of the partnership agreement in which the Limited Partnership meets the general partner's expenses. The company has net current liabilities of A\$ 23,344 (2015: A\$ 23,344) but the directors have satisfied themselves that the company remains a going concern given its ongoing investment in the Limited Partnership, associated with which are no financial obligations. The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Results and dividends

The results for the year are shown in the attached profit and loss account on page 8.

The directors do not recommend payment of a dividend (2015 - A\$ nil).

Directors' interests

No director had interests during the year in the share capital of the company nor any group company.

Britel Real Estate International (UK) GP Limited
Directors' report (continued)

Disclosure of information to the auditor

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

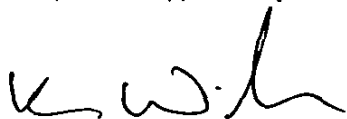
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

Auditor

Deloitte LLP, registered auditor, is not expected to be reappointed following the current audit cycle. The Directors are currently making arrangements to accept the resignation of Deloitte LLP and appoint KPMG LLP.

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



K Wilman
Director

29 March 2017

Britel Real Estate International (UK) GP Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and 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 United Kingdom Generally Accepted Accounting Practice including 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 and loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departure disclosed and explained in the financial statements; 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 members of Britel Real Estate International (UK) GP Limited**

We have audited the financial statements of Britel Real Estate International (UK) GP Limited for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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 United Kingdom and the 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 30 June 2016 and of its profit 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report
to the members of Britel Real Estate International (UK) GP Limited**

(continued)

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.



Jennifer Chase, ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
29 March 2017

Britel Real Estate International (UK) GP Limited
Profit and loss account
for the year ended 30 June 2016

	Notes	June 2016 A\$	Restated June 2015 A\$
Admin expenses		-	-
Operating profit		-	-
Movement in Fair Value of Investment	2	18,185	7,118
Interest receivable		-	77
Profit on ordinary activities before taxation		18,185	7,195
Tax on profit on ordinary activities	4	-	-
Profit for the financial period		18,185	7,195

All activities derive from continuing operations.

There are no recognised gains or losses other than those shown above and as a result no Statement of Comprehensive Income has been prepared.

Notes 1 to 12 form part of these financial statements.

Britel Real Estate International (UK) GP Limited
Balance Sheet
as at 30 June 2016

	Notes	June 2016 A\$	Restated June 2015 A\$
Fixed assets			
Investments	5	95,557	77,372
Current assets			
Debtors	6	8,318	7,610
Cash at bank and in hand		<u>18,338</u>	<u>19,046</u>
		26,656	26,656
Creditors: amounts falling due within one year	7	(50,000)	(50,000)
Net current liabilities		<u>(23,344)</u>	<u>(23,344)</u>
Net assets		<u>72,213</u>	<u>54,028</u>
Capital and reserves			
Called up share capital	8	50,000	50,000
Profit and loss account		22,213	4,028
Shareholders' funds		<u>72,213</u>	<u>54,028</u>

Notes 1 to 12 form part of these financial statements.

The financial statements of Britel Real Estate International (UK) GP Limited (Registered No. 6676747) were approved by the Board of Directors and authorised for issue on 29 March 2017 and signed on their behalf by:



K Wilman
Director

Britel Real Estate International (UK) GP Limited
Statement of changes in equity
for the year ended 30 June 2016

	Called up share capital £	Profit and Loss account £	Total £
Balance at 1 July 2014	50,000	(3,167)	46,833
Profit for the year	-	2,849	2,849
Balance at 30 June 2015 as previously stated	50,000	(318)	49,682
Changes on transition to FRS 102 (see note 12)	-	4,346	4,346
Balance at 30 June 2015 as restated	50,000	4,028	54,028
Profit for the year	-	18,185	18,185
Balance at 30 June 2016	50,000	22,213	72,213

Notes 1 to 12 form part of these financial statements.

Britel Real Estate International (UK) GP Limited
Cash Flow Statement
for the year ended 30 June 2016

	Notes	2016 A\$	2015 A\$
Cash generated from operations	9	(708)	-
Cash flow from investing activities			
Fixed assets addition	6	(18,185)	(7,118)
Bank interest received		-	7,118
Increase / (decrease) in cash in the year		(18,893)	-
Cash at bank and in hand brought forward		18,969	18,969
Movement		(18,893)	-
Cash at bank and in hand carried forward	7	76	18,969

Notes 1 to 12 form part of these financial statements.

Britel Real Estate International (UK) GP Limited
Notes to the financial statements
for the year ended 30 June 2016

1 Accounting policies

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

The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2.

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with Financial Reporting Standard 102 (FRS 102). Income and expenditure has been accounted for on an accruals basis. This is the first year that the Company has adopted FRS102. The impact of adopting FRS102 is detailed in note 12.

The reporting currency of the financial statements is Australian Dollars as this is the currency of the primary economic environment of the underlying investment.

Going concern

The directors are satisfied that at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is discussed in the director's report on page 3 under the heading 'Going concern'.

Investments

Investments represent an interest in BTPS Real Estate International L.P. This investment is accounted for by the company at fair value.

Financial instruments

The Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is discussed in the Directors' Report on page 3, under the heading 'Going concern'.

Trade and other debtors are recognised by the Partnership and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified. Other debtors are recognised at fair

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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 the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Cash and deposits

Cash and deposits includes cash at bank, cash on hand and overnight deposits.

Britel Real Estate International (UK) GP Limited
Notes to the financial statements
for the year ended 30 June 2016

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, 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.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of investments

BTPS Real Estate International L.P.'s investment in Dexu Wholesale Property Fund is carried at fair value, determined by market values of the underlying investment properties in accordance with valuations carried out by independent valuers. Valuations are based on a number of key assumptions including an estimate of future rental income and an appropriate discount rate.

2 Movement in Fair Value of Investment

Turnover represents the net profit share in respect of the company's investment in BTPS Real Estate International L.P. Income from the investment is recognised in line with the results of the underlying investments, reflecting the substance of the agreement.

3 Operating profit

The auditor's remuneration of A\$7,228 (2015: A\$7,228) for the year has been borne by BTPS Real Estate International L.P.

The company had no employees during the current and prior year.

The directors received no emoluments in respect of their services to the company during the current year (2015: A\$ nil).

Britel Real Estate International (UK) GP Limited
Notes to the financial statements
for the year ended 30 June 2016

4 Taxation	June 2016	June 2015
	A\$	A\$
Analysis of charge in period		
UK corporation tax at 20.00% (2015: 20.00%)	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the small profits rate of corporation tax are explained as follows:

	A\$	A\$
Profit on ordinary activities before tax	<u>18,185</u>	<u>7,195</u>
Rate of corporation tax in the UK	20.00%	20.00%
	A\$	A\$
Profit on ordinary activities multiplied by the small companies' rate of corporation tax	3,637	1,439
Expenses not deductible for tax purposes	-	-
Income not taxable for tax purposes	(3,877)	(1,423)
Adjustments to brought forward values	-	-
Adjust closing deferred tax to average rate of 20%	26	-
Utilisation of tax losses and other deductions	-	(16)
Deferred tax not recognised	<u>214</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

Deferred tax assets of A\$237 (2015: A\$23) in respect of tax losses carried forward have not been recognised as the company is not sufficiently certain that it will be able to recover these assets within a relatively short period of time.

5 Investments	June 2016	June 2015
	A\$	A\$
Cost		
At 1 July	75,000	75,000
Additions	-	-
At 30 June	<u>75,000</u>	<u>75,000</u>
Movement on revaluation		
At 1 July	2,372	(4,744)
Unrealised gain on revaluation	<u>18,185</u>	<u>7,116</u>
At 30 June	<u>20,557</u>	<u>2,372</u>
Net book value	<u>95,557</u>	<u>77,372</u>

Investments comprise the company's interest 0.1% in BTPS Real Estate International L.P.

BTPS Real Estate International L.P. invests in an Australian Unit Trust known as the Dexus Wholesale Property Fund. Britel Real Estate International (UK) GP Limited holds a 0.1% profit share in BTPS Real Estate International L.P.

Britel Real Estate International (UK) GP Limited
Notes to the financial statements
for the year ended 30 June 2016

6 Debtors	June 2016 A\$	June 2015 A\$
Amounts owed by group undertakings and undertakings in which the company has a participating interest	<u>8,318</u>	<u>7,610</u>

Amounts owed by group undertakings are payable on demand and non interest bearing.

Debtors are initially recognised at cost. Carrying value is considered to be the same as fair value.

7 Creditors: amounts falling due within one year	June 2016 A\$	June 2015 A\$
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>50,000</u>	<u>50,000</u>

Amounts owed to group undertakings are payable on demand and non interest bearing.

Creditors are initially recognised at cost. Carrying value is considered to be the same as fair value.

8 Called up share capital

	June 2016 No	June 2015 No	June 2016 A\$	June 2015 A\$
Authorised, allotted, called up and fully paid:				
Ordinary shares of A\$1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

9 Cash generated from operations	June 2016 A\$	June 2015 A\$
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	-	-
Increase in debtors	(708)	-
Increase in creditors	-	-
Net cash inflow from operating activities	<u>(708)</u>	<u>-</u>

10 Related parties

The company is the general partner of BTPS Real Estate International L.P. and Britel Fund Trustees Limited (as custodian trustee for the BT Pension Scheme) is the limited partner of the Limited Partnership.

Britel Real Estate International (UK) GP Limited is owned by Britel Nominees Limited.

The receivable of A\$8,318 shown in note 6 (30 June 2015: A\$7,610) is due from BTPS Real Estate International L.P.

The payable of A\$50,000 shown in note 7 (30 June 2015: A\$50,000) is due to Britel Nominees Limited.

Britel Real Estate International (UK) GP Limited
Notes to the financial statements
for the year ended 30 June 2016

11 Controlling party

The directors regard the BT Pension Scheme as the company's immediate and ultimate parent controlling entity. It is also the parent of the smallest and largest group of which Britel Real Estate International (UK) GP Limited is a member to prepare group accounts.

The address of the BT Pension Scheme is Lloyds Chambers, 1 Portsoken Street, London, United

12 Explanation of the 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 last financial statements under previous UK GAAP were prepared for the year ended 30 June 2015; however the date of transition to FRS 102 was 1 July 2014.

The only resulting change to the Financial Statements is that under previous UK GAAP, investments were valued at cost less provision for impairment, however under FRS102 investments are held at fair value.

Reconciliation of profit for the year ended 30 June 2015

A\$

Profit for the period under previous UK GAAP	2,849
Unrealised gain on the revaluation of investment	4,346
<i>Profit for the period under FRS 102</i>	<u>7,195</u>

Reconciliation of partners capital

30 June 2015	30 June 2014
A\$	A\$
Balance as previously stated	46,835
Gain on revaluation of investment	-
<u>Balance as restated under FRS 102</u>	<u>46,835</u>

Registered number
LP1024

BTPS Real Estate International L.P.
Annual Report and Non-Statutory Financial Statements
For the year ended

30 June 2016

THESE STATEMENTS
WARRANTY
ACCOUNT
OF COMPANY
No. 6676747

THURSDAY

LD2 *L63ALT5R*
30/03/2017 #260
COMPANIES HOUSE

**BTPS Real Estate International L.P.
Report and Financial Statements**

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BTPS Real Estate International L.P.
Partnership information

General Partner

Britel Real Estate International (UK) GP Limited
Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Registered Office

Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Operator

Hermes Investment Management Limited
Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Auditor

Deloitte LLP
Chartered Accountants and Auditor
London

Registered number

LP1024

BTPS Real Estate International L.P. Strategic Report

BTPS Real Estate International L.P. (the "Limited Partnership") is bound by the amended and restated limited partnership agreement dated 22 September 2008 (the "Partnership Agreement"), which replaces the original partnership agreement dated 25 March 2008.

The General Partner of the Limited Partnership (the "General Partner") presents their strategic report for the year ended 30 June 2016.

The reporting currency of the financial statements is Australian Dollars in order to maintain consistency with the reporting currency of the underlying investment.

Principal activities and review of the business

The Limited Partnership was established to invest in an Australian Unit Trust known as the Dexu Wholesale Property Fund (whose principal activity consists of investments in real estate property in Australia).

The Limited Partnership continues to hold an investment in Dexu Wholesale Property Fund and will continue to do so for the foreseeable future.

As shown in the profit and loss account, the Limited Partnership recorded a profit on ordinary activities before taxation of A\$19,588k (2015: A\$8,014k).

The balance sheet shows that the Limited Partnership has net assets of £95,557k as at 30 June 2016 (as at 30 June 2015: £77,373k).

The increase in both profit and net assets is mainly due to an increase in the fair value of the investment in Dexu Wholesale Property Fund.

The General Partner seeks to continue to enhance the development of the business and will seek *opportunities for further investments*.

Key performance indicators

The principal KPIs used by management are the profit for the year and the net asset position as included in the review of the business above.

Principal risks and uncertainties

The principal risk and uncertainty for the Limited Partnership is considered to be the value of the investment in the underlying vehicle.

Future Developments

The General Partner expects the Limited Partnership to continue holding its investment in Dexu Wholesale Property Fund for the foreseeable future.

Approved by the General Partner on 29 March 2017 and signed on its behalf by



Kirsty Wilman
Director
Britel Real Estate International (UK) GP Limited
General Partner

BTPS Real Estate International L.P.

General Partner's Report

The General Partner of the Limited Partnership (the "General Partner") presents its report and the audited financial statements of the Limited Partnership for the year ended 30 June 2016.

Principal activities and review of the business

Details of the principal activity and review of the business can be found in the Strategic Report on page 2.

Going concern

In considering the ability of the Limited Partnership to continue as a going concern, the directors of the General Partner consider the cash flows generated by the investment in Dexu Wholesale Property Fund to be sufficient to meet the Limited Partnership's liabilities as and when they fall due. Additionally in accordance with the repayment conditions listed in note 10, the loan facility of up to A\$250,000,000 provided by Britel Fund Trustees Limited as the sole limited partner is not due for repayment for at least 12 months from the date of this General Partner's report and, in accordance with the loan agreement noted in note 10, the interest on the loan, which is recognised under amounts owed to group undertakings, can be delayed at the election of Britel Fund Trustees. Accordingly, the going concern basis continues to be adopted.

Partners

The General Partner is Britel Real Estate International (UK) GP Limited.

The limited partner is Britel Fund Trustees Limited as trustee for the BT Pension Scheme.

Capital contributions

The capital of the Limited Partnership has been provided by the partners in the following amounts:

	A\$
General Partner:	
Britel Real Estate International (UK) GP Limited	75,000
Limited Partner:	
Britel Fund Trustees Limited as trustee for The BT Pension Scheme	74,925,000

Rights and entitlements of partners

The profits and losses of the Limited Partnership are to be shared among the partners as follows:

Britel Real Estate International (UK) GP Limited	0.10%
Britel Fund Trustees Limited as trustee for The BT Pension Scheme	99.90%

Results and review of developments

The results for the year are set out in the Profit and Loss account on page 7. No distribution has been declared or paid during the year.

Events after the Balance Sheet date

There were no significant events since the balance sheet date.

Term of the Partnership

The Partnership shall not have a fixed term but shall continue until terminated or dissolved in accordance with the provisions of the Limited Partnership Agreement.

BTPS Real Estate International L.P.
General Partner's Report (continued)

Disclosure of Information to the Auditor

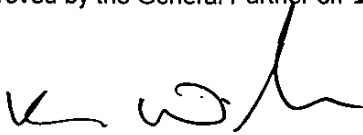
Each of the persons who is a director of the General Partner, Britel Real Estate International (UK) GP Limited, at the date of approval of this report confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Limited Partnership's auditor is unaware; and
- the director has taken all the 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 Partnership's auditor is aware of that information.

Auditor

Deloitte LLP, registered auditor, is not expected to be reappointed following the current audit cycle. The General Partner / Directors are currently making arrangements to accept the resignation of Deloitte LLP and appoint KPMG LLP.

Approved by the General Partner on 29 March 2017 and signed on its behalf by



Kirsty Wilman
Director
Britel Real Estate International (UK) GP Limited
General Partner

BTPS Real Estate International L.P.
Statement of General Partner's responsibilities

The General Partner is responsible for preparing the General Partner's report and the financial statements in accordance with applicable law and regulations.

The Partnership (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements for the Partnership in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland. Under law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs on the Partnership and of the profit and loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records, that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements comply with the Partnership Agreement. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BTPS Real Estate International L.P.
INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF BTPS REAL ESTATE INTERNATIONAL L.P.**

We have audited the non-statutory financial statements of BTPS Real Estate International L.P. for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Members' Interests, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" in accordance with the Limited Partnership Agreement.

This report is made solely for the exclusive use of the members of the partnership, as a body, in accordance with the Limited Partnership Agreement and solely for the purpose of satisfying the requirements of the Limited Partnership Agreement, that the General Partner must prepare accounts, have them audited and distributed to the partners. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Respective responsibilities of General Partner and auditor

As explained more fully in the General Partner's Responsibilities Statement, the General Partner is 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 Limited Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the General Partner; 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.

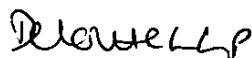
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Limited Partnership's affairs as at 30 June 2016 and of its profit 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 Limited Partnership Agreement.

Opinion on other matter

In our opinion the information given in the Strategic Report and the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Deloitte LLP
Chartered Accountants
London, United Kingdom
29 March 2017

BTPS Real Estate International L.P.
Profit and loss account
for the year ended 30 June 2016

	Notes	2016 A\$	Restated 2015 A\$
Investment income	2	14,420,360	8,734,867
Administrative expenses			
Other administrative expenses		(19,250)	(15,703)
Total administrative expenses		<u>(19,250)</u>	<u>(15,703)</u>
Realised loss on foreign exchange		-	(944)
Operating profit	3	<u>14,401,110</u>	<u>8,718,220</u>
Unrealised gain on revaluation	6	19,390,416	5,421,794
Interest receivable		-	2,407
Interest payable	4	(14,203,570)	(6,128,671)
Profit before taxation for the financial period		<u>19,587,956</u>	<u>8,013,750</u>
Taxation	5	(1,403,666)	(896,198)
Profit for the financial period		<u><u>18,184,290</u></u>	<u><u>7,117,552</u></u>

All activities derive from continuing activities

Statement of other comprehensive income

There are no recognised gains or losses other than those shown above, hence no Statement of Other Comprehensive Income is given.

Notes 1 to 16 form part of these financial statements.

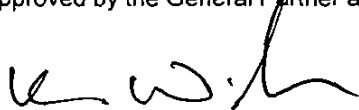
BTPS Real Estate International L.P.
Registered number LP1024
Balance Sheet
as at 30 June 2016

	Notes	30 June 2016 A\$	Restated 30 June 2015 A\$
Fixed assets			
Investment	6	322,345,362	154,346,037
Current assets			
Cash at bank and in hand	7	3,917,054	44,441
Debtors	8	3,956,627	1,948,873
		<u>7,873,681</u>	<u>1,993,314</u>
Creditors: amounts falling due within one year	9	(11,053,155)	(3,966,662)
Net current liabilities		<u>(3,179,474)</u>	<u>(1,973,348)</u>
Total assets less current liabilities		<u>319,165,888</u>	<u>152,372,689</u>
Creditors: amounts falling due after more than one year	10	(223,608,909)	(75,000,000)
Total net assets attributable to partners		<u>95,556,979</u>	<u>77,372,689</u>
CAPITAL AND RESERVES	11		
Partners' capital accounts		71,820,526	73,026,652
Partners' current account investment movements		<u>23,736,453</u>	<u>4,346,037</u>
PARTNERSHIP FUNDS		<u>95,556,979</u>	<u>77,372,689</u>

All activities derive from continuing operations.

Notes 1 to 16 form part of these financial statements.

The financial statements of BTPS Real Estate International L.P. (registered number LP1024) were approved by the General Partner and authorised for issue on 29 March 2017 and signed on its behalf by:



Kirsty Wilman
Director
On behalf of Britel Real Estate International (UK) GP Limited
General Partner

BTPS Real Estate International L.P.
Registered number LP1024
Statement of changes in members' interests
for the year ended 30 June 2016

	Notes	Capital accounts A\$	Current accounts A\$	Current accounts Investment movement A\$	Total A\$
Balance at 1 July 2014		75,000,000	(4,744,863)	-	70,255,137
Profit for the year		-	2,771,515	4,346,037	7,117,552
Balance at 30 June 2015 as restated		75,000,000	(1,973,348)	4,346,037	77,372,689
Profit for the year		-	(1,206,126)	19,390,416	18,184,290
Balance at 30 June 2016		75,000,000	(3,179,474)	23,736,453	95,556,979

Notes 1 to 16 form part of these financial statements.

BTPS Real Estate International L.P.
Registered number LP1024
Cash Flow Statement
for the year ended 30 June 2016

	Notes	2016 A\$	2015 A\$
Net Cash Inflow from Operating Activities	12	159,615,282	7,822,724
Financing Activities			
Interest paid	4	(7,133,760)	(7,835,084)
Investment Activities			
Fixed assets addition	6	(148,608,909)	-
Bank interest received		-	2,407
Increase / (decrease) in cash in the year		<u>3,872,613</u>	<u>(9,953)</u>
Cash at bank and in hand brought forward		44,441	54,394
Movement		<u>3,872,613</u>	<u>(9,953)</u>
Cash at bank and in hand carried forward	7	<u>3,917,054</u>	<u>44,441</u>

Notes 1 to 16 form part of these financial statements.

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

1 Accounting policies

Accounting convention

BTPS Real Estate International L.P. is a Partnership registered in the United Kingdom. The address of the GP's registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out in the Strategic report on page 2.

The non-statutory financial statements have been prepared under the historical cost convention in accordance with the Partnership Agreement. The reporting and functional currency of the financial statements is Australian Dollars.

The financial statements are in accordance with applicable United Kingdom law and accounting standards.

The financial statements have been prepared on a going concern basis. This is discussed in the General Partner's Report on page 3, under the heading 'Going concern'.

Income and expenditure has been accounted for on an accruals basis.

Going Concern

The Partners are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is discussed in the General Partner's Report on page 3, under the heading 'Going concern'.

Statement of compliance

The financial statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). This is the first year that the Limited Partnership has adopted FRS 102. The impact of adopting FRS 102 is detailed in note 16.

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

Investments

Unlisted investments held by the Limited Partnership include an interest in the Dexu Wholesale Property Fund. This is accounted for at fair value. Any gain or loss on revaluation of the investments is charged to the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Trade and other debtors are recognised by the Partnership and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified. Other debtors are recognised at fair value.

Trade creditors are recognised by the Partnership and carried at original invoice amount. Other creditors are recognised at fair value.

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

Taxation

Withholding tax is payable on investment income from the underlying investment. No taxation is provided on the profits as the tax liabilities on the Limited Partnership's profits are a liability of the partners and not of the Limited Partnership.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Distributions

The General Partner has the discretion to decide to cause distribution to be made to the Partners to the extent of their capital account.

Investment income

Investment income consists of distribution receivable from the investment in Dexu Wholesale Property Fund. Distribution income is recognised as it accrues.

Loans

Loans are held at amortised cost.

Cash and Deposits

Cash and deposits comprise of cash at bank.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described above, the General Partner is 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.

The following are the critical judgements, apart from those involving estimations, that the General Partner has made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of investments

The investment in Dexu Wholesale Property Fund is carried at fair value, determined by market values of the underlying investment properties in accordance with valuations carried out by independent valuers. Valuations are based on a number of key assumptions including an estimate of future rental income and an appropriate discount rate.

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

2 Investment income

The investment income is derived from the Limited Partnership's investment in the Dexu Wholesale Property Fund. This relates to one class of business arising in Australia. Investment income is recorded gross of withholding tax.

3 Operating profit	2016	2015
	A\$	A\$
This is stated after charging:		
Auditor's remuneration for audit services	<u>15,518</u>	<u>15,580</u>
Loss of foreign exchange	<u>-</u>	<u>(944)</u>

The auditor's remuneration for the year includes an amount of A\$7,228 (2015: A\$7,228) in respect of Britel Real Estate International (UK) GP Limited.

The Limited Partnership had no employees during the year.

4 Interest payable	2016	2015
	A\$	A\$
Interest payable brought forward	3,930,834	5,637,247
Interest paid during the year	(7,133,760)	(7,835,084)
Interest due for the year	<u>14,203,570</u>	<u>6,128,671</u>
Interest payable carried forward	<u>11,000,644</u>	<u>3,930,834</u>

Interest is payable to Britel Fund Trustees Limited as per the loan agreement dated 4 September 2015. Interest is paid at a fixed rate of 7.615% and accrues daily, payable quarterly in arrears. Default interest accrues daily from the date of non-payment to the date of actual payment at 9.615%.

5 Taxation	2016	2015
	A\$	A\$
Analysis of charge in period		
Current tax:		
Withholding tax	<u>1,403,666</u>	<u>896,198</u>

Withholding tax is payable on income received from the underlying investment. The gross total of four distributions accrued and received during the year from Dexu Wholesale Property Fund amounted to A\$14,391,819 (2015: A\$8,734,867).

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

6 Fixed asset investment	2016	Restated 2015
	A\$	A\$
Cost		
At 1 July	150,000,000	150,000,000
Additions	148,608,909	-
At 30 June	<u>298,608,909</u>	<u>150,000,000</u>
Movement in revaluation		
At 1 July	4,346,037	-
Gain on revaluation	19,390,416	4,346,037
At 30 June	<u>23,736,453</u>	<u>4,346,037</u>
Net book value	<u><u>322,345,362</u></u>	<u><u>154,346,037</u></u>

The investment is carried at fair value based on the current unit price at year end. Current unit prices are determined with reference to market values of the underlying investment properties in the Dexu Wholesale Property Fund. The Partnership holds 5.53% (30 June 2015: 3.09%) of the units in Dexu Wholesale Property Fund.

The Dexu Wholesale Property Fund was formed and domiciled in Australia and its principal activity is to own, manage and develop high quality real estate investment assets in Australia.

7 Cash at bank	2016	2015
	A\$	A\$
Cash at bank and in hand at 30 June	<u>3,917,054</u>	<u>44,441</u>

8 Debtors	2016	2015
	A\$	A\$
Prepayments and accrued income	<u>3,956,627</u>	<u>1,948,873</u>

Debtors are initially recognised at cost. Carrying value is considered to be the same as fair value.

9 Creditors: amounts falling due within one year	2016	2015
	A\$	A\$
Amounts owed to group undertakings	11,000,644	3,930,834
Other amounts owed to group undertakings	36,993	20,310
Accruals and deferred income	15,518	15,518
	<u><u>11,053,155</u></u>	<u><u>3,966,662</u></u>

Creditors are initially recognised at cost. Carrying value is considered to be the same as fair value.

Amounts owed to group undertakings represent loan interest. Per the terms of the loan agreement this balance is currently due but at the election of Britel Fund Trustees Limited payment can be delayed until the loan falls due for repayment as detailed in note 10 and upon accrual of default interest at 2% above the fixed rate as detailed in note 4.

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

10 Creditors: amounts falling due after one year

	2016 A\$	2015 A\$
Loan from Britel Fund Trustees Limited at 1 July	75,000,000	75,000,000
Loan advanced during the year	148,608,909	-
Loan from Britel Fund Trustees Limited at 30 June	<u>223,608,909</u>	<u>75,000,000</u>

A loan for A\$75,000,000 was advanced to BTPS Real Estate International L.P. by Britel Fund Trustees Limited as custodian trustee for the BT Pension Scheme, on an interest bearing basis as per the loan agreement established on 28 March 2008. On 4 September 2015 a facility agreement increased the commitment amount of the loan to A\$250,000,000. It falls due for repayment on the date which is earliest of:

- (a) The date on which the Limited Partnership is dissolved.
- (b) The date on which the Limited Partnership sells all of its units in the fund.
- (c) The tenth anniversary of the date on which the first loan is drawn.

Details of the interest charge and interest rates are disclosed within note 4.

11 Partners' accounts and Reserves

	Britel Real Estate International (UK) GP Limited A\$	Britel Fund Trustees Limited A\$	Total A\$
Capital contribution account At 1 July 2015 and 30 June 2016	<u>75,000</u>	<u>74,925,000</u>	<u>75,000,000</u>
Current accounts At 1 July 2015 as previously stated	(1,972)	(1,971,376)	(1,973,348)
Changes on transition to FRS 102 - unrealised gain on revaluation 1 July 2015 as restated	<u>4,346</u> 2,374	<u>4,341,691</u> 2,370,315	<u>4,346,037</u> 2,372,689
Distributable profit for the year	(1,206)	(1,204,920)	(1,206,126)
Unrealised gain on revaluation At 30 June 2016	<u>19,390</u> <u>20,558</u>	<u>19,371,026</u> <u>20,536,421</u>	<u>19,390,416</u> <u>20,556,979</u>
Total partners' accounts			<u><u>95,556,979</u></u>

12 Net cash inflow from operating activities

	2016 A\$	2015 A\$
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	14,401,110	8,718,220
Increase in debtors	(2,007,754)	(3,584)
Increase in creditors	148,625,592	4,286
Tax paid	(1,403,666)	(896,198)
Net cash inflow from operating activities	<u>159,615,282</u>	<u>7,822,724</u>

BTPS Real Estate International L.P.
Notes to the Financial Statements
for the year ended 30 June 2016

13 Related parties

The General Partner of BTPS Real Estate International L.P. is Britel Real Estate International (UK) GP Limited and its limited partner is Britel Fund Trustees Limited (as custodian trustee for the BT Pension Scheme).

Britel Real Estate International (UK) GP Limited is owned by Britel Fund Nominees Limited.

As at 30 June the following amounts were outstanding:	2016 A\$	2015 A\$
Amounts due to Britel Fund Trustees Limited	234,637,775	78,943,538
Amounts due to Britel Real Estate International (UK) GP Limited	8,318	7,610
Total amount due to related parties	<u>234,646,093</u>	<u>78,951,148</u>

14 Events after the balance sheet date

There are no events to report after the balance sheet date.

15 Ultimate parent company and controlling party

The General Partner regards the BT Pension Scheme as the Limited Partnership's immediate and ultimate parent controlling entity. It is also the parent of the smallest and largest group of which Britel Real Estate International (UK) GP Limited is a member to prepare group financial statements.

The address of the BT Pension Scheme is Lloyd's Chambers, 1 Portsoken Street, London E1 8HZ.

16 Explanation of the transition to FRS 102

This is the first year that the Limited Partnership has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were prepared for the year ended 30 June 2015; however the date of transition to FRS 102 was 1 July 2014.

The only resulting change to the Financial Statements is that under previous UK GAAP, investments were valued at cost less provision for impairment, however under FRS 102 investments are held at fair value.

Reconciliation of profit for the year ended 30 June 2015	A\$
Profit for the period under previous UK GAAP	2,771,515
Unrealised gain on the revaluation of investment	4,346,037
Profit for the period under FRS 102	<u>7,117,552</u>

Reconciliation of partners capital	30 June 2015 A\$	30 June 2014 A\$
Balance as previously stated	73,026,652	70,255,137
Gain on revaluation of investment	4,346,037	-
Balance as restated under FRS 102	<u>77,372,689</u>	<u>70,255,137</u>