

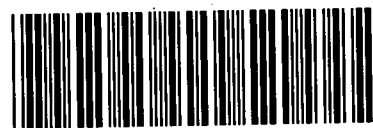
BLACKSTONE REAL ESTATE DEBT ADVISORS UK LIMITED

(Reg No. 07741509)

For the Year Ended 31 December 2013

Report and Audited Financial Statements

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COMPANIES HOUSE

Blackstone Real Estate Debt Advisors UK Limited

Officers and Professional Advisors

DIRECTORS

Vijay Bharadia	
Robert Harper	(Appointed 23 January 2013)
Gordon McKie	
Peter Stoll	(Resigned 31 July 2014)
Nicholas Tassell	

SECRETARY

Intertrust Holdings (UK) Limited	(Appointed 19 July 2013)
11 Old Jewry	
7 th Floor	
London	
EC2R 8DU	
United Kingdom	

TMF Corporate Administration Services Limited	(Resigned 12 July 2013)
5 th Floor	
6 St. Andrew Street	
London	
England	
EC4A 3AE	
United Kingdom	

AUDITOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

SOLICITORS

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

REGISTERED OFFICE

40 Berkeley Square
London
W1J 5AL
United Kingdom

Blackstone Real Estate Debt Advisors UK Limited

Directors' Report

The directors present their report and audited financial statements for Blackstone Real Estate Debt Advisors UK Limited ("the Company") for the year ending 31 December 2013. The comparatives are for the period from incorporation on 16 August 2011 to 31 December 2012.

DIRECTORS

The directors who served throughout the year, except as noted, were:

Vijay Bharadia

Robert Harper

Gordon McKie

Peter Stoll

Nicholas Tassell

(Appointed 23 January 2013).

(Resigned 31 July 2014)

None of the directors had any disclosable interests in the share and loan capital of the Company during the year or prior period.

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.

GOING CONCERN

On 01 September 2014, the activities of the Company will be transferred to The Blackstone Group International Partners LLP ("BGIP"). All associated trading assets and liabilities will be transferred at book value. As a consequence for the purposes of these financial statements all activity is shown as discontinued operations. The directors have prepared the financial statements on the basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

SMALL COMPANIES EXEMPTION

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

Blackstone Real Estate Debt Advisors UK Limited

Directors' Report (continued...)

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors confirm that:

- 1) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 2) the directors have taken all steps that ought to have been taken to make them 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.

Deloitte LLP have indicated their willingness to be appointed as auditor and will be proposed as the independent auditor of the Company at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Vijay Bharadia
Director

15 August 2014

Blackstone Real Estate Debt Advisors UK Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Blackstone Real Estate Debt Advisors UK Limited

Independent auditor's report to the members of Blackstone Real Estate Debt Advisors UK Limited

We have audited the financial statements of Blackstone Real Estate Debt Advisors UK Limited for the year ending 31 December 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. 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).

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 set out on page 4, 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Blackstone Real Estate Debt Advisors UK Limited

Independent auditor's report to the members of Blackstone Real Estate Debt Advisors UK 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing the Directors' Report and strategic report.



Calum Thomson FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

15 August 2014

Blackstone Real Estate Debt Advisors UK Limited

Profit and Loss Account For the year ended 31 December 2013

		Year to 31 December 2013	Period from incorporation to 31 December 2012
	Notes	£	£
TURNOVER		4,897,190	4,295,309
Staff costs	3	(3,603,073)	(3,334,985)
Other operating charges		(656,078)	(425,109)
Other operating income		455	-
Profit on ordinary activities before taxation	4	638,494	535,215
Tax on profit on ordinary activities	5	(154,340)	(143,053)
Profit on ordinary activities after taxation for the financial period		484,154	392,162

All the activity of the Company represents discontinued. There have been no recognised gains or losses other than the profit for the current financial year and accordingly, no separate statement of total recognised gains and losses is shown.

The notes on pages 9 to 16 form part of these financial statements.

Blackstone Real Estate Debt Advisors UK Limited

Balance sheet As at 31 December 2013

		As at 31 December 2013	As at 31 December 2012
	Notes	£	£
FIXED ASSETS			
Tangible fixed assets	6	297,294	314,431
CURRENT ASSETS			
Debtors	7	951,706	289,713
Cash at bank and in hand		113,811	756,385
TOTAL CURRENT ASSETS		1,065,517	1,046,098
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(486,494)	(968,366)
NET CURRENT ASSETS		579,023	77,732
NET ASSETS		876,317	392,163
CAPITAL AND RESERVES			
Called-up share capital	10	1	1
Profit and Loss account	11	876,316	392,162
SHAREHOLDERS' FUNDS		876,317	392,163

The notes on pages 9 to 16 form part of these financial statements.

Approved and authorised for issue by the Directors on 15 August 2014



Vijay Bharadia
Director

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements For the year ended 31 December 2013

1 ACCOUNTING POLICIES

A summary of the principal accounting policies applied consistently throughout the year is set out below.

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice. The particular accounting policies that have been adopted and applied consistently during the current year are described below.

Going concern

On 01 September 2014, the activities of the Company will be transferred to BGIP. All associated trading assets and liabilities will be transferred at book value. As a consequence for the purposes of these financial statements all activity is shown as discontinued operations. The directors have prepared the financial statements on the basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis

Turnover

Fee income is recognised on an accruals basis when the service has been provided. Details of fee income are provided in note 2.

Foreign currencies

The financial statements are presented in pounds sterling, which is the functional currency of the Company. Transactions denominated in currencies other than the pounds sterling are translated at the rate of exchange ruling at the date of transaction. All monetary assets and liabilities are translated into pounds sterling at the rate ruling at the balance sheet date. Non-monetary assets and liabilities are translated into pounds sterling at the rate of exchange ruling at the date of transaction. All realised and unrealised exchange gains and losses are recognised in the profit and loss account.

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

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

Cash flow statement

The Company has taken advantage of the exemption available under Financial Reporting Standard 1, "Cash Flow Statements" paragraph 5 (f). Accordingly, a cash flow statement has not been prepared.

Operating Leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent-free periods are amortised over the life of the lease.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Tangible fixed assets are written off in equal annual instalments over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Network equipment	3 years
Furniture and fittings	5 years
Leasehold improvement	10 years

2 TURNOVER

Turnover represents fees derived from sub-advisory services to group entities of The Blackstone Group L.P. entities. See note 13 for further details.

3 STAFF COSTS

The directors were not remunerated for their services to the Company during the year. Staff costs during the year are as follows:

	Year to 31 December 2013	Period from incorporation to 31 December 2012
	£	£
Wages and salaries	3,162,549	2,870,282
Social security costs	417,324	448,036
Pension costs	23,200	16,667
Total staff costs	3,603,073	3,334,985

The average number of employees employed by the Company during the period was as follows:

	Year to 31 December 2013	Period from incorporation to 31 December 2012
	Number	Number
Average number of employees	11	8

A defined contribution pension scheme is in operation. During the year employer contributions of £23,200 (2012: £16,667) were made. As at 31 December 2013, £5,083 (2012: £6,000) of this amount was outstanding.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

4 OPERATING PROFIT

Operating profit is stated after charging:

	Year to 31 December 2013	Period from incorporation to 31 December 2012
	£	£
Depreciation	49,495	17,099
Rentals payable under operating leases	<u>203,089</u>	<u>176,135</u>
Fees payable to the Company's auditor: For the audit of the Company's annual accounts	<u>20,556</u>	<u>21,000</u>
For other services pursuant to legislation: Tax Services	<u>5,600</u>	<u>3,600</u>

5 CORPORATION TAX

(a) Analysis of charge in year/period	Year to 31 December 2013	Period from incorporation to 31 December 2012
	£	£
<i>Corporation tax</i>		
UK Corporation tax on profits for the year	152,584	148,204
<i>Deferred tax</i>		
Original and reversal of timing differences	<u>1,756</u>	<u>(5,151)</u>
Tax on profit on ordinary activities	<u>154,340</u>	<u>143,053</u>

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

5 CORPORATION TAX (continued)

(b) Factors affecting tax charge for the year/period

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	638,494	535,215
Profit on ordinary activities multiplied by standard rate of 23.5%	148,428	133,269
Effects of:		
Expenses not deductible for tax purposes	3,070	9,088
Depreciation in excess of capital allowances	(141)	4,082
Other short term timing differences	1,227	1,765
Current tax charge for the year/period	152,584	148,204

Finance Act 2013 was enacted to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014. A further reduction to the main rate has been enacted to reduce the rate by 1% to 20% from 1 April 2015.

6 TANGIBLE ASSETS

	Leasehold improvements £	Computer equipment £	Furniture and fixtures £	Network equipment £	Total £
Cost:					
At 31 December 2012	210,898	11,658	92,260	16,714	331,530
Additions	-	26,950	5,408	-	32,358
At 31 December 2013	210,898	38,608	97,668	16,714	363,888
Depreciation:					
At 31 December 2012	7,698	3,634	5,209	558	17,099
Charge for the period	23,274	3,873	19,017	3,331	49,495
At 31 December 2013	30,972	7,507	24,226	3,889	66,594
Net book value:					
At 31 December 2013	179,926	31,101	73,442	12,825	297,294
At 31 December 2012	203,200	8,024	87,051	16,156	314,431

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

7 DEBTORS

	As at 31 December 2013	As at 31 December 2012
	£	£
Amounts due from group undertakings	814,156	173,995
Prepayments and accrued income	94,509	11,030
Deferred Tax(note 8)	3,395	5,151
Other debtors	39,646	99,537
	951,706	289,713

All debtors are due within one year.

8 DEFERRED TAX

	Year to 31 December 2013	Period from incorporation to 31 December 2012
	£	£
Depreciation in excess of Capital Allowances	2,303	3,771
Short term timing differences on pension payments	1,092	1,380
Provision for deferred tax	3,395	5,151
Deferred tax charge in profit and loss account for financial year	1,756	(5,151)

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

9 CREDITORS

	As at 31 December 2013	As at 31 December 2012
	£	£
Amounts owed to group undertakings	43,565	14,852
Accruals and deferred income	137,059	605,462
Other taxes and social security costs	5,083	199,848
Corporation tax	300,787	148,204
	<u>486,494</u>	<u>968,366</u>

10 SHARE CAPITAL

	As at 31 December 2013	As at 31 December 2012
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and Loss account £	Shareholders' funds £
As at 31 December 2012	1	392,162	392,163
Movement in the period	-	484,154	484,154
As at 31 December 2013	<u>1</u>	<u>876,316</u>	<u>876,317</u>

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

12 LEASE OBLIGATIONS

At 31 December 2013, the Company was committed to making the following payments during the next year in respect of operating leases:

	2013 £	2012 £
Land and Building leases which expire:		
Within one year	228,475	228,475
Within two to five years	228,475	456,950
After more than five years	-	-
	<u>456,950</u>	<u>685,425</u>

13 RELATED PARTY TRANSACTIONS

During the year ended 31 December 2013, the following amounts were recognised as turnover in connection with advisory services performed by the Group for certain affiliated entities.

	2013 £	2012 £
Blackstone Real Estate Advisors VLP	49,831	-
Blackstone Real Estate Advisors Europe L.P.	373,731	-
Blackstone Real Estate Advisors L.P.	74,746	-
Blackstone Real Estate Special Situations Advisors LLC	498,308	-
Blackstone Real Estate Special Situations Advisors (Isobel) LLC	3,900,574	4,295,309
	<u>4,897,190</u>	<u>4,295,309</u>

As at 31 December 2013, the following balances were due to the Company in respect of such advisory services performed.

	2013 £	2012 £
Blackstone Real Estate Advisors VLP	49,831	-
Blackstone Real Estate Advisors Europe L.P.	92,789	-
Blackstone Real Estate Advisors L.P.	28,865	-
Blackstone Real Estate Special Situations Advisors LLC	54,807	-
Blackstone Real Estate Special Situations Advisors (Isobel) LLC	576,783	176,209
	<u>803,075</u>	<u>176,209</u>

BGIP pays, on behalf of the Company, certain direct expenses that can be attributed specifically to the Company. Such direct expenses are comprised principally of communications, promotional, research and professional services; these amounted to £15,150 (2012: £60,520). The Company reimburses BGIP for its share of all direct expense amounts paid on its behalf. At 31 December 2013, £3,356 (2012: £12,237) was owing to BGIP in respect of amounts advanced by BGIP. The Company also owed £29,157 (2012: £5,656) to other Blackstone affiliates, and was owed £29 (2012: £828) from other Blackstone affiliates.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2013

14 ULTIMATE CONTROLLING PARTY

As at 31 December 2013, the Company's immediate parent was Blackstone Holdings IV LP, a limited partnership established in Canada, and its ultimate parent and controlling company is The Blackstone Group L.P., a limited partnership incorporated in Delaware, United States of America. The Blackstone Group L.P. is the smallest and largest group which includes the Company and for which financial statements are prepared.

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

15 SUBSEQUENT EVENTS

The Directors have determined that on 01 September 2014, it is in the interest of the Company to transfer the Company's existing trade (along with the trading assets and its employees) to another group undertaking, BGIP. The value attributed to the transfer will be £0.