

BLACKSTONE REAL ESTATE DEBT ADVISORS UK LIMITED

(Reg No. 07741509)

For the year ended 31 December 2014

Report and Audited Financial Statements

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Blackstone Real Estate Debt Advisors UK Limited

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Blackstone Real Estate Debt Advisors UK Limited

Officers and Professional Advisors

DIRECTORS

Vijay Bharadia
Robert Harper
Gordon McKie
Peter Stoll
Nicholas Tassell

(Resigned 31 July 2014)

SECRETARY

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

(Appointed 15 May 2014)

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

(Resigned 15 May 2014)

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 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year was the provision of investment advisory services for certain affiliated entities, as set out in note 13. As a result of cessation of trade (and termination of contracts) described in note 15, activities in the year relate to discontinued operations.

BUSINESS REVIEW

On 01 September 2014, the Company ceased to trade. Its residual assets (net of liabilities) were transferred at net book value to The Blackstone Group International Partners LLP ("BGIP"), as approved by the directors on 13 August 2014, under the asset transfer agreement, as set out in note 15. All contracts and agreements in place were terminated at this time. Following this, the directors have no intention to wind down the Company in the next 12 months and no decision has yet been taken as to the future purpose of the Company. As a result of this transfer, all activities are shown as discontinued operations.

DIRECTORS

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

Vijay Bharadia
Robert Harper
Gordon McKie
Peter Stoll
Nicholas Tassell

(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 year.

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

GOING CONCERN

As set out above, the Company ceased to trade on 01 September 2014. Consequently, the financial statements have been prepared on the basis other than going concern. Following the cessation of trade, the directors have no intention to wind down the Company in the next 12 months and no decision has yet been taken as to the future of the Company. No material adjustments have arisen 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 or a strategic report 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

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

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

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

17 June 2015

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;
- 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.

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.

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 (the 'Company') for the year ending 31 December 2014 which comprise the Profit and Loss Account, the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profits 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.

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

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.

Matters on which we are required to report by exception

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

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



Calum Thomson FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK 17.6.2015

Blackstone Real Estate Debt Advisors UK Limited

Profit and Loss Account For the year ended 31 December 2014

		Year to 31 December 2014	Year to 31 December 2013
	Notes	£	£
Discontinued operations			
TURNOVER	2, 13	2,964,674	4,897,190
Staff costs	3	(2,030,363)	(3,603,073)
Other operating charges		(425,015)	(656,078)
Other operating income		102,673	455
Profit on ordinary activities before taxation	4	611,969	638,494
Tax on profit on ordinary activities	5	(140,036)	(154,340)
Profit on ordinary activities after taxation for the financial period		471,933	484,154

All the activities of the Company represents discontinued operations. 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 2014

		As at 31 December 2014	As at 31 December 2013
	Notes	£	£
FIXED ASSETS			
Tangible fixed assets	6	-	297,294
CURRENT ASSETS			
Debtors	7	-	951,706
Cash at bank and in hand		1,415,808	113,811
TOTAL CURRENT ASSETS		1,415,808	1,065,517
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(67,558)	(486,494)
NET CURRENT ASSETS		1,348,250	579,023
NET ASSETS		<u>1,348,250</u>	<u>876,317</u>
CAPITAL AND RESERVES			
Called-up share capital	10	1	1
Profit and Loss account	11	1,348,249	876,316
SHAREHOLDERS' FUNDS		<u>1,348,250</u>	<u>876,317</u>

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

Approved and authorised for issue by the Directors on 17 June 2015



Vijay Bharadia
Director

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements For the year ended 31 December 2014

1 ACCOUNTING POLICIES

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

General Information

Blackstone Real Estate Debt Advisors UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. 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 Director's report on page 2.

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

The Company ceased to trade on 01 September 2014. Consequently, the financial statements have been prepared on the basis other than going concern. Following the cessation of trade, the directors have no intention to wind down the Company in the next 12 months and no decision has yet been taken as to the future of the Company. No material adjustments have arisen 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 2014

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 - software	3 years
Computer equipment - hardware	5 years
Network equipment	5 years
Furniture and fittings	5 years
Leasehold improvement - interiors	5 years
Leasehold improvement – fit out works	10 years

2 TURNOVER

Turnover represents fees derived from sub-advisory services to group entities of The Blackstone Group L.P. 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 2014	Year to 31 December 2013
	£	£
Wages and salaries	1,750,213	3,162,549
Social security costs	264,743	417,324
Pension costs	15,407	23,200
Total staff costs	2,030,363	3,603,073

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

	Year to 31 December 2014	Year to 31 December 2013
	Number	Number
Average number of employees	11	11

A defined contribution pension scheme is in operation. During the year employer contributions of £15,407 (2013: £23,200) were made. As at 31 December 2014, £0 (2013: £5,083) of this amount was outstanding.

The employees resigned their employment as part of the cessation of the Company's business on 01 September 2014.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 OPERATING PROFIT

Operating profit is stated after charging:

	Year to 31 December 2014	Year to 31 December 2013
	£	£
Depreciation	50,993	49,495
Rentals payable under operating leases	<u>110,006</u>	<u>203,089</u>
Fees payable to the Company's auditor: For the audit of the Company's annual accounts	<u>15,383</u>	<u>20,556</u>
For other services:		
Tax Services	5,400	5,600
Consulting	<u>20,000</u>	<u>-</u>

The audit fees of the Company for the year under review will be borne by an affiliate of the Company, BGIP. The audit fee for the year ended 31 December 2014 is £21,600. As at 01 September 2014, the accrued expense in relation to this was transferred to BGIP as part of the residual assets (net of liabilities) that were transferred for cash consideration equal to the value of the net assets of the Company, as detailed in note 15.

5 CORPORATION TAX

(a) Analysis of charge in year/period	Year to 31 December 2014	Year to 31 December 2013
	£	£
<i>Corporation tax</i>		
UK Corporation tax on profits for the year	136,641	152,584
<i>Deferred tax</i>		
Original and reversal of timing differences	<u>3,395</u>	<u>1,756</u>
Tax on profit on ordinary activities	<u>140,036</u>	<u>154,340</u>

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

5 CORPORATION TAX (continued)

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

The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	611,969	638,494
Profit on ordinary activities multiplied by standard rate of 21.74%	133,047	148,428
Effects of:		
Expenses not deductible for tax purposes	179	3,070
Depreciation in excess of capital allowances	7,275	(141)
Other short term timing differences	(1,378)	1,227
Adjustment in respect of prior years	(2,481)	-
Current tax charge for the year/period	136,641	152,584

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. A pro-rata tax rate of 21.74% is calculated for the year to 31 December 2014 on the basis that the Company ceased to trade on 01 September 2014.

6 TANGIBLE ASSETS

	Leasehold improvements £	Computer equipment £	Furniture and fixtures £	Network equipment £	Total £
Cost:					
At 31 December 2013	210,898	38,608	97,668	16,714	363,888
Disposals	(210,898)	(38,608)	(97,668)	(16,714)	(363,888)
At 31 December 2014	-	-	-	-	-
Depreciation:					
At 31 December 2013	30,972	7,507	24,226	3,889	66,594
Charge for the period	28,659	7,083	13,022	2,229	50,993
Disposals	(59,631)	(14,590)	(37,248)	(6,118)	(117,587)
At 31 December 2014	-	-	-	-	-
Net book value:					
At 31 December 2014	-	-	-	-	-
At 31 December 2013	<u>179,926</u>	<u>31,101</u>	<u>73,442</u>	<u>12,825</u>	<u>297,294</u>

During the year, the fixed assets were disposed for consideration equal to their net book value.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

7 DEBTORS

	As at 31 December 2014	As at 31 December 2013
	£	£
Amounts due from group undertakings	-	814,156
Prepayments and accrued income	-	94,509
Deferred Taxation (note 8)	-	3,395
Other debtors	-	39,646
	<u>-</u>	<u>951,706</u>

All the debtors were transferred to BGIP under the asset transfer agreement (see note 15).

8 DEFERRED TAX

	Year to 31 December 2014	Year to 31 December 2013
	£	£
Depreciation in excess of Capital Allowances	-	2,303
Short term timing differences on pension payments	-	1,092
Provision for deferred tax	<u>-</u>	<u>3,395</u>
Deferred tax charge in profit and loss account for financial year	<u>3,395</u>	<u>1,756</u>

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

9 CREDITORS

	As at 31 December 2014	As at 31 December 2013
	£	£
Amounts owed to group undertakings	-	43,565
Accruals and deferred income	-	137,059
Other taxes and social security costs	-	5,083
Corporation tax	67,558	300,787
	<u>67,558</u>	<u>486,494</u>

All the creditors except the corporation tax liability were transferred to BGIP under the asset transfer agreement (see note 15).

10 SHARE CAPITAL

	As at 31 December 2014	As at 31 December 2013
	£	£
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 2013	1	876,316	876,317
Movement in the period	-	471,933	471,933
As at 31 December 2014	<u>1</u>	<u>1,348,249</u>	<u>1,348,250</u>

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

12 LEASE OBLIGATIONS

As at 31 December 2014, the Company is not committed to make any payments during the next year in respect of operating leases.

All space utilised at Berkeley Square is an obligation of BGIP following the cessation of trade.

13 RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, the following amounts were recognised as turnover in connection with advisory services performed by the Group for certain affiliated entities. The Company acts as sub advisor to the entities. As a result of cessation of trade (and termination of contracts) described in note 15, activities in the year relate to discontinued operations.

	2014 £	2013 £
Blackstone Real Estate Advisors V L.P.	34,291	49,831
Blackstone Real Estate Advisors Europe L.P.	257,188	373,731
Blackstone Real Estate Advisors L.P.	51,438	74,746
Blackstone Real Estate Special Situations Advisors LLC	342,917	498,308
Blackstone Real Estate Special Situations Advisors (Isobel) LLC	2,278,840	3,900,574
	<u>2,964,674</u>	<u>4,897,190</u>

As at 31 December 2014, the following balances were due to the Company in respect of such advisory services performed.

	2014 £	2013 £
Blackstone Real Estate Advisors V L.P.	-	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
	<u>-</u>	<u>803,075</u>

Up until the cessation of trade on 01 September 2014 BGIP paid, on behalf of the Company, certain direct expenses that can be attributed specifically to the Company. Such direct expenses were comprised principally of communications, promotional, research and professional services; these amounted to £15,857 (2013: £15,150). The Company reimbursed BGIP for its share of all direct expense amounts paid on its behalf. At 31 December 2014, £0 (2013: £3,356) was owing to BGIP in respect of amounts advanced by BGIP.

Blackstone Real Estate Debt Advisors UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2014

14 ULTIMATE CONTROLLING PARTY

As at 31 December 2014, the Company's immediate parent was Blackstone Holdings IV L.P., 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 TRANSFER OF ASSETS AND LIABILITIES

On 01 September 2014, the Company ceased to trade. Its residual assets (net of liabilities) were transferred to BGIP for cash consideration equal to the value of the net assets of the Company. All contracts and agreements held were terminated at this time.

The net assets transferred to BGIP are as follows:

	Carrying Value £
Cash	416,018
Amounts receivable	122,959
Amounts due from former employees	693
Amounts due from Group companies	512,177
Prepaid expenses	13,153
Fixed Assets	12,157
Accrued expenses	(79,453)
Accrued compensation and benefits	(997,703)
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