

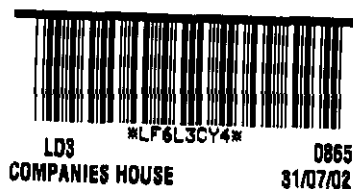
Company Registration No. 4085769

BLACKSTONE REAL ESTATE PARTNERS LIMITED

Report and Financial Statements

FOR THE YEAR ENDED

31 DECEMBER 2001



**Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR
United Kingdom**

BLACKSTONE REAL ESTATE PARTNERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

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BLACKSTONE REAL ESTATE PARTNERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The membership of the board throughout the year were:

Sir Ronald Grierson
Stephen Schwarzman

SECRETARY

Michael A. Puglisi

REGISTERED OFFICE

4th Floor
Stirling Square
5-7 Carlton Gardens
London SW1Y 5AD
United Kingdom

SOLICITORS

Freshfields Bruckhaus Deringer
65 Fleet Street
London EC4Y 1HS
United Kingdom

AUDITORS

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR
United Kingdom

BLACKSTONE REAL ESTATE PARTNERS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of Blackstone Real Estate Partners Limited ("the Company") for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

FUTURE PROSPECTS

The Directors intend that this business will continue for the foreseeable future.

RESULTS AND DIVIDENDS

The Company has not traded throughout the year and consequently has made no profit or loss during the year. The Directors do not recommend the payment of a dividend in respect of the year.

DIRECTORS AND THEIR INTERESTS

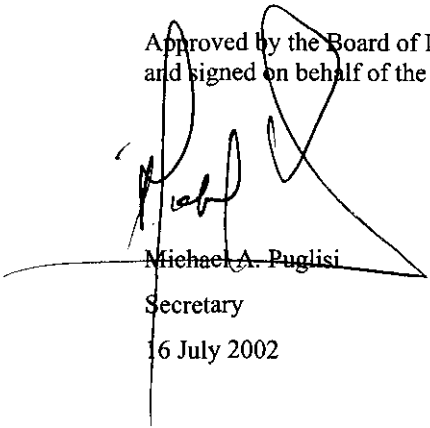
The membership of the Board throughout the year is set out on page 1.

None of the Directors had any disclosable interests in the shares and loan capital of the Company during the year.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Michael A. Puglisi

Secretary

16 July 2002

BLACKSTONE REAL ESTATE PARTNERS LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 confirm that they have complied with the above requirements when preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKSTONE REAL ESTATE PARTNERS LIMITED

We have audited the financial statements of Blackstone Real Estate Partners Limited for the year ended 31 December 2001 which comprise the balance sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

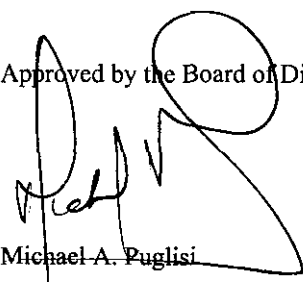
24 July 2002

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BLACKSTONE REAL ESTATE PARTNERS LIMITED
**BALANCE SHEET
31 DECEMBER 2001**

	Note	2001 \$	2000 \$
FIXED ASSETS			
Investments	4	44,024	18,916
		<u>44,024</u>	<u>18,916</u>
CURRENT ASSETS			
Debtors		-	-
Cash at bank and in hand		-	-
		<u>-</u>	<u>-</u>
CREDITORS: amounts falling due within one year	5	(44,023)	(18,915)
NET CURRENT LIABILITIES		<u>(44,023)</u>	<u>(18,915)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1	1
CAPITAL AND RESERVES			
Called up share capital	6	1	1
		<u>1</u>	<u>1</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

Approved by the Board of Directors on 16 July 2002, and signed on its behalf by:


Michael A. Puglisi
Director

BLACKSTONE REAL ESTATE PARTNERS LIMITED**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Preparation of the financial statements in US dollars

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

Investments

Investments held as fixed assets are stated at cost adjusted for the Company's share of profit and loss in the investments.

Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rate ruling at the balance sheet date.

Transactions in currencies other than US dollars are recorded at monthly average rates of exchange at the end of each calendar month. Translation differences are dealt with through the profit and loss account.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Going concern

The Directors have confirmed that the parent company has agreed to provide financial support to enable the Company to meet any shortfall in the Company's ability to meet its liabilities as they fall due. On this basis, the directors are satisfied that the going concern basis of preparation of these financial statements continues to remain appropriate.

2. PROFIT AND LOSS

The Company has not traded during the year or previous period and therefore no profit and loss account is presented.

The audit fee and other expenses of the Company are borne by the Company's parent company.

3. INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES

The Company has no employees. The Directors are full time employees of other affiliated companies and are remunerated for their services by such companies.

4. INVESTMENTS

The Company has made investments in Blackstone Real Estate Partners I.D L.P., Blackstone Real Estate Partners I.D2 L.P. and Blackstone Real Estate Partners I.E L.P., three registered limited partnerships governed by English law. Blackstone Real Estate Partners I.D L.P.'s, Blackstone Real Estate Partners I.D2 L.P.'s and Blackstone Real Estate Partners I.E L.P.'s head office is: Stirling Square, 5-7 Carlton Gardens, London SW1Y 5AD.

BLACKSTONE REAL ESTATE PARTNERS LIMITED
**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2001**
4. INVESTMENTS (Continued)

	2001	2000
	\$	\$
At 1 January 2001	18,916	-
Additions	<u>25,108</u>	<u>18,916</u>
At 31 December 2001	<u>44,024</u>	<u>18,916</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	\$	\$
Amounts owed to group undertakings	44,023	18,915
	<u>44,023</u>	<u>18,915</u>

6. CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
1 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

At incorporation on 9 October 2000 the authorised share capital was £1,000 divided into 1,000 ordinary shares of £1 each. The issued share capital was £1. No changes to share capital have occurred during 2001.

BLACKSTONE REAL ESTATE PARTNERS LIMITED

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2001**

7. RELATED PARTIES

As the Company is wholly controlled by The Blackstone Group International Limited, it has taken advantage of the exemption provided under Financial Reporting Standards No. 8 not to disclose transactions with its parent, subsidiary and fellow subsidiary undertakings.

8. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is The Blackstone Group International Limited.

Accounts for The Blackstone Group International Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.