

BLACKSTONE REAL ESTATE PARTNERS LIMITED

Report and Financial Statements

For the year ended 31 December 2010

WEDNESDAY



L4MVPXC4

LD2

07/09/2011

69

COMPANIES HOUSE

BLACKSTONE REAL ESTATE PARTNERS LIMITED
REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7-10

BLACKSTONE REAL ESTATE PARTNERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Stephen A Schwarzman
Chad R Pike

SECRETARY

TMF Corporate Administration Services Limited	(Appointed 24 November 2010)
Laurence A Tosi	(Resigned 24 November 2010)

REGISTERED OFFICE

40 Berkeley Square
London
W1J 5AL
United Kingdom

SOLICITORS

Simpson Thatcher & Bartlett
City Point
One Ropemaker St
London
EC2Y 9HU

AUDITOR

Deloitte LLP
London
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 2010

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company was formed for the purpose of holding investments in limited partnerships. The results and the financial position of the Company at the year-end are satisfactory.

SMALL COMPANIES EXEMPTION

The Directors Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The Company's profit on ordinary activities after taxation is \$173 (2009 \$1,325 profit). The Directors do not recommend the payment of a dividend in respect of the year (2009 \$nil). The amount transferred to reserves in respect of the year is a profit of \$173 (2009 \$1,325 profit).

DIRECTORS

The Directors who served throughout the period were Stephen A. Schwarzman and Chad R. Pike.

AUDITORS

Each person who is a Director at the date of the approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 2) the Director has taken all 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 auditors are aware of that information.

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by



Chad R. Pike

Director

6th September 2011

BLACKSTONE REAL ESTATE PARTNERS 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 year. 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 group, and of the profit or loss of the company and the group 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.

BLACKSTONE REAL ESTATE PARTNERS LIMITED

INDEPENDENT AUDITOR'S 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 2010 which comprise the Profit and Loss Account the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 11. 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, 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 2010 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.

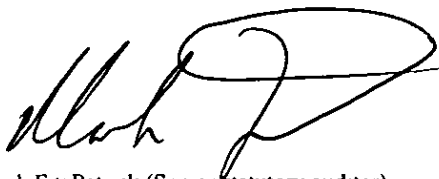
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- we have not received all the information and explanations we require for our audit.



Mark FitzPatrick (Senior Statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

6th September 2011

BLACKSTONE REAL ESTATE PARTNERS LIMITED

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Revenue		-	1,639
Administration expenses		-	(42)
Interest income		21	3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	21	1,600
Tax credit / (charge) on ordinary activities	4	152	(275)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	173	1,325

All results derive from continuing operations. There have been no recognised gains or losses attributable to the members in either the current or prior year, other than those included in the profit and loss account. Accordingly, no Statement of Total Recognised Gains and Losses is presented in these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 \$	2009 \$
Retained profit for the financial year	173	1,325
Opening shareholders' funds	27,803	26,478
Closing shareholders' funds	27,976	27,803

BLACKSTONE REAL ESTATE PARTNERS LIMITED

BALANCE SHEET 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
FIXED ASSETS			
Investments	5	10,000	10,000
		<u>10,000</u>	<u>10,000</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	6	17,811	17,933
Cash at bank and in hand		165	145
		<u>17,976</u>	<u>18,078</u>
CURRENT LIABILITIES			
Creditors amounts falling due within one year	7	-	(275)
		<u>-</u>	<u>(275)</u>
NET CURRENT ASSETS		<u>17,976</u>	<u>17,803</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,976</u>	<u>27,803</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	27,975	27,802
SHAREHOLDERS' FUNDS		<u>27,976</u>	<u>27,803</u>

The financial statements of Blackstone Real Estate Partners Limited, registered number 4085769 were approved by the Board of Directors and authorised for issue on 6th September 2011 and signed on its behalf by



Chad R. Pike
Director

BLACKSTONE REAL ESTATE PARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

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 that have been adopted and applied consistently throughout the current and prior years are described below.

Going concern

The Company's principal activity is set out in the Directors' report. The Directors consider the principal risk to be financial risk and believe that the Company has sufficient procedures in place to manage its risks successfully, and continue in operational existence despite the current uncertain economic climate. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Preparation of the financial statements in US dollars

It is considered that a fair reflection of the Company's activities is given by presenting the financial statements in US dollars, 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 less provision for impairment.

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 the rate of exchange at the date of the transaction. Translation differences are dealt with through 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 crystallise 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.

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.

Deferred tax assets and liabilities are not discounted.

Revenue Recognition

Investment income is recognised on an accruals basis. Turnover is composed entirely of investment income arising from the company's holding in real estate investment limited partnerships and is derived from activities performed in the United Kingdom.

Cash flow statement

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee and other expenses of the Company have been borne by an affiliate of the Company in the current and prior year. The audit fee for 2010 was \$10,054 (2009: \$10,352).

BLACKSTONE REAL ESTATE PARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

3. INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES

The Company has no employees (2009 none) The Directors were not remunerated for their services to the Company either in the current or prior year

4 TAX CREDIT / (CHARGE) ON ORDINARY ACTIVITIES

The tax credit / charge for the year comprises

	2010 \$	2009 \$
UK corporation tax at 28% (2009 28%)	(110)	(14)
(Under) / over provision in respect of prior years	262	(261)
Total tax credit / (charge)	<u>152</u>	<u>(275)</u>

Factors affecting current tax (charge) for the year

The tax assessed for the year is lower (2009 higher) than that resulting from applying the standard rate of UK corporation tax of 28% (2009 28%) The differences are explained below

Profit on ordinary activities before tax	<u>21</u>	<u>1,600</u>
Tax at 28% (2009 28%)	(6)	(448)
Effects of		
Non-taxable income arising in real estate investments	-	434
Taxable income from real estate investments not included in profit and loss	(104)	-
Adjustments in respect of prior years	262	(261)
Current tax credit / (charge) for the year	<u>152</u>	<u>(275)</u>

The UK Government has recently announced that it will reduce the standard rate of corporation tax, which will affect the current and total tax charges or credits in future periods It is proposed that the rate will decrease in stages from the current rate of 28% to 26% with affect from 1 April 2011, and then 1% decreases on 1 April each year until it reaches 23% with effect from 1 April 2014 The only change to the tax rate substantively enacted at the balance sheet date was the decrease from 28% to 27% from 1 April 2011

BLACKSTONE REAL ESTATE PARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

5. INVESTMENTS

The Company has made investments in Blackstone Real Estate Partners I D L P , Blackstone Real Estate Partners I D 2 L P and Blackstone Real Estate Partners I E L P , three registered limited partnerships governed by English law, which themselves make investments in real estate and real estate companies to generate an investment return. The Blackstone Real Estate Partners Limited share in the three investments is 0.01% in each of the three investments.

	2010 \$	2009 \$
At 1 January	10,000	10,000
Return of capital	-	-
At 31 December	<u>10,000</u>	<u>10,000</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 \$	2009 \$
Amounts due from affiliates	17,659	17,933
Corporation Tax	152	-
	<u>17,811</u>	<u>17,933</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 \$	2009 \$
Corporation Tax	-	(275)
	<u>-</u>	<u>(275)</u>

8. CALLED UP SHARE CAPITAL

	2010 \$	2009 \$
Allotted, called up and fully paid:		
1 ordinary share of £1 (2009: £1)	1	1
	<u>1</u>	<u>1</u>

BLACKSTONE REAL ESTATE PARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

9. PROFIT AND LOSS ACCOUNT

	2010 \$	2009 \$
At 1 January	27,802	26,477
Profit for the year	173	1,325
At 31 December	<u>27,975</u>	<u>27,802</u>

10. RELATED PARTIES

Included in debtors is an amount of \$17,659 (2009 \$17,933) which relates to cash legally held by The Blackstone Group International Partners LLP on behalf of the Company. On 1 October 2010, The Blackstone Group International Limited transferred its business, assets and liabilities as a going concern to The Blackstone Group International Partners LLP.

11. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Blackstone Real Estate Partners Holdings Limited which is a wholly owned subsidiary of Blackstone Group International (Cayman) Limited, a company incorporated in the Cayman Islands. The Company's ultimate parent undertaking and controlling party 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.