

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

COMPANY INFORMATION

Directors	Vijay Bharadia (resigned 13 April 2017) Simon Davies (appointed 13 April 2017) Farhad Karim Andrew Lax
Company secretary	Intertrust (UK) Limited
Registered number	07889361
Registered office	40 Berkeley Square London United Kingdom W1J 5AL
Independent auditors	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London United Kingdom EC4A 3TR
Solicitors	Simpson Thacher & Bartlett LLP City Point One Ropemaker St. London United Kingdom EC2Y 9HU

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

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BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for Blackstone Real Estate Capital UK VII Limited ("the Company") for the year ended 31 December 2016.

Directors

The directors who served during the year and up to the date of this report unless noted otherwise were:

Vijay Bharadia (resigned 13 April 2017)
Simon Davies (appointed 13 April 2017)
Farhad Karim
Andrew Lax

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 414A and 415A of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for the Company for each financial year. Under that law the directors have elected to prepare the financial statements for the Company in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). Under company law the directors must not approve the financial statements for the Company 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 for the Company, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements for the Company 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 for the Company 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.

Principal activity and review of the business

The Company was incorporated in the United Kingdom on 21 December 2011 and is registered in England and Wales for the purpose of holding investments in limited partnerships and acts as a managing member of Blackstone Real Estate Capital GP VII LLP. The results and the financial position of the Company at the year-end are satisfactory.

Results and dividends

The profit for the year, after taxation, amounted to \$47 (2015: \$29).

Any expenses have been borne by an affiliate of the Company, Blackstone Real Estate Advisors L.P. The directors did not declare or pay a dividend in the financial year (2015: nil).

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Qualifying third party indemnity provisions

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Deloitte LLP, will be proposed for reappointment at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Farhad Karim
Director

Date: 25 September 2017



BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

We have audited the financial statements of Blackstone Real Estate Capital UK VII Limited for the financial year ended 31 December 2016 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and 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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement on page 1, 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 Directors' 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 2016 and of its profit for the financial 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, based on the work undertaken in the course of the audit, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLACKSTONE REAL ESTATE
CAPITAL UK VII 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 the requirement to prepare a Strategic report or in preparing the Directors' report.



Garrath Marshall, ACA (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Statutory Auditor

London, United Kingdom

25 September 2017

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
Gains arising on revaluation of investment	6	47	29
Profit before tax		<u>47</u>	<u>29</u>
Tax on profit	5	-	-
Profit for the year		<u><u>47</u></u>	<u><u>29</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

All results are derived from continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED
REGISTERED NUMBER: 07889361

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Fixed assets			
Investments	6	252	205
		<u>252</u>	<u>205</u>
Current assets			
Debtors: amounts falling due within one year	7	2	2
		<u>2</u>	<u>2</u>
Creditors: amounts falling due within one year	8	(35)	(35)
		<u>(33)</u>	<u>(33)</u>
Net current liabilities			
		<u>219</u>	<u>172</u>
Total assets less current liabilities			
		<u>219</u>	<u>172</u>
Net assets			
		<u>219</u>	<u>172</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		217	170
		<u>219</u>	<u>172</u>
		<u>219</u>	<u>172</u>

The notes on pages 8 to 12 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2017.

Farhad Karim
Director



BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2015	2	141	143
Comprehensive income for the year			
Profit for the year	-	29	29
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	29	29
Total transactions with owners	-	-	-
At 1 January 2016	2	170	172
Comprehensive income for the year			
Profit for the year	-	47	47
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	47	47
Total transactions with owners	-	-	-
At 31 December 2016	2	217	219

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Details of the Company's general information are set out on the Company Information page and in the Directors' report on page 1.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation;
- the requirements of Section 11 Financial Instruments;
- the requirements of Section 12 Other Financial Instruments;
- the requirements of Section 33 Related Party Disclosures.

This information is included in the consolidated financial statements of The Blackstone Group L.P. as at 31 December 2016 and these financial statements may be obtained from 345 Park Avenue, New York, NY 10154.

1.3 Going concern

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

1.4 Valuation of investments

Investments, whose market value can be reliably determined, are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where fair value cannot be reliably determined, such investments are stated at historic cost less impairment. Fair value measurement is based on audited financial statements of the underlying entity.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.8 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

As noted in note 1.4 Valuations of investments, the fair valuation of the investments is based on the audited financial statements of the underlying entity. Management have reviewed these financial statements, and note that accounts making up the net asset value of the underlying entities are monetary assets. As the monetary assets are recorded at fair value, management is comfortable that there are no critical accounting judgements nor key sources of estimation uncertainty involved to determine the fair value of the underlying assets.

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Auditors' remuneration

The audit fees of the Company have been borne by an affiliate of the Company in the current and prior year. The audit fee for the year ended 31 December 2016 was \$4,066 (2015: \$4,433).

4. Employees

The directors were not remunerated for their services to the Company during the current and prior year. There were no staff employed during the current or prior year.

5. Taxation

	2016 \$	2015 \$
Corporation tax		
Current tax on profits for the year at 20% (2015: 20.25%)	-	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015: 20.25%) as set out below:

	2016 \$	2015 \$
Profit on ordinary activities before tax	47	29
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	9	6
Effects of:		
Non-taxable income	(9)	(6)
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Fixed asset investments

	2016 \$	2015 \$
Valuation		
At 1 January	205	176
Revaluation	47	29
At 31 December	<u>252</u>	<u>205</u>

On 20 January 2012, the Company invested \$35 to buy 0.01% of Blackstone Real Estate Capital GP VII LLP (the "Investment").

7. Debtors: amounts falling due within one year

	2016 \$	2015 \$
Amounts owed by group undertakings	2	2
	<u>2</u>	<u>2</u>

8. Creditors: amounts falling due within one year

	2016 \$	2015 \$
Amounts owed to group undertakings	35	35
	<u>35</u>	<u>35</u>

9. Share capital

	2016 \$	2015 \$
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary Shares share of £1	<u>2</u>	<u>2</u>

BLACKSTONE REAL ESTATE CAPITAL UK VII LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Controlling party

The Company's immediate parent undertaking is Blackstone Real Estate Associates (Offshore) VII-NQ L.P., a Limited Partnership incorporated in Canada. The Company's ultimate parent undertaking and controlling party is The Blackstone Group L.P., a Limited Partnership incorporated in Delaware and registered at 345 Park Avenue, New York, NY 10154, 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.