

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

MEMBERS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

INFORMATION

Designated Members	Blackstone Real Estate Associates (Offshore) VII-NQ L.P. Blackstone Real Estate Capital UK VII Limited, Managing Member
LLP registered number	OC371028
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 Street London United Kingdom EC2Y 9HU

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

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BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The members present their annual report together with the audited financial statements of Blackstone Real Estate Capital GP VII LLP (the "LLP") for the year ended 31 December 2016. The LLP is a limited liability partnership under the Limited Liability Partnerships Act 2000 registered in England and Wales.

Principal activities

The LLP was incorporated in the United Kingdom on 22 December 2011 for the purpose of investing in Blackstone Real Estate Partners VII-VD LP (the "Investment"), a partnership incorporated in the United Kingdom, which makes investments in real estate and real estate-related companies to generate an investment income.

Review of the business and future developments

The results for the year are set out in the Statement of comprehensive income. Profit for the year available for discretionary division amongst members amounts to \$176,418 (2015: \$296,254). Any expenses have been borne by an affiliate of the LLP, Blackstone Real Estate Advisors L.P.

The Statement of financial position shows a satisfactory position at year end, with members' interests amounting to \$2,228,057 (2015: \$2,051,639). Members' interests have increased by \$176,418 year on year. The key driver of this increase relates to distributions made by the entity in which the LLP invests.

Designated Members

Blackstone Real Estate Associates (Offshore) VII-NQ L.P. and Blackstone Real Estate Capital UK VII Limited were designated members of the LLP throughout the period and up to the date of this report.

Blackstone Real Estate UK Limited is the managing member which makes decisions referring to certain strategic matters.

Members' capital and interests

Policies for members' drawings, subscriptions and repayment of members' capital are governed by and set out in the Limited Liability Partnership Agreement ('LLP deed') of the LLP, dated 20 January 2012. Under the terms of the LLP deed, a sum of \$350,000 was subscribed by the members' as permanent capital.

No member shall have any right, directly or indirectly, to withdraw or receive back any part of the amount standing to the credit of its capital account except (i) following a decision of the management board or (ii) upon winding-up of the LLP.

If the management board determines (taking into account the working capital requirements of the LLP) that all the members may withdraw a pro rata proportion of their respective capital contributions, each member shall be entitled to make a withdrawal from its capital account accordingly.

No interest shall be payable by the LLP on amounts credited to the capital accounts of the members.

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2016

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements 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'.

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the members at the time when this Members' report is approved has confirmed that:

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

Auditors

Deloitte LLP have indicated their willingness to be appointed as auditor and will be proposed for reappointment as the independent auditor of the LLP.



Farhad Karim
Director of the Managing Member
Date: 25 September 2017

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

We have audited the financial statements of Blackstone Real Estate Capital GP VII LLP for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in members' interests and the related notes 1 to 9. 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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and Auditors

As explained more fully in the Members' Responsibilities Statement, the members 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' 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 limited liability partnership's affairs as at 31 December 2016 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 as applied to limited liability partnerships.

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKSTONE REAL ESTATE CAPITAL GP
VII LLP (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 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.



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 GP VII LLP

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Income from fixed assets investments	6	176,418	296,254
		<hr/>	<hr/>
Operating profit		176,418	296,254
		<hr/>	<hr/>
Profit for the year before members' remuneration and profit shares available for discretionary division among members		176,418	296,254
		<hr/> <hr/>	<hr/> <hr/>

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 11 form part of these financial statements.

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP
REGISTERED NUMBER: OC371028

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Fixed assets			
Investments	7	1,092,467	1,342,119
		<u>1,092,467</u>	<u>1,342,119</u>
Current assets			
Debtors: amounts falling due within one year	8	1,135,590	709,520
		<u>1,135,590</u>	<u>709,520</u>
Net current assets		<u>1,135,590</u>	<u>709,520</u>
Total assets less current liabilities		<u>2,228,057</u>	<u>2,051,639</u>
Net assets		<u><u>2,228,057</u></u>	<u><u>2,051,639</u></u>
Represented by:			
Members' other interests			
Members' capital classified as equity		1,755,385	1,755,385
Other reserves classified as equity		472,672	296,254
		<u>2,228,057</u>	<u>2,051,639</u>
Total members' interests		<u><u>2,228,057</u></u>	<u><u>2,051,639</u></u>
Members' other interests		<u>2,228,057</u>	<u>2,051,639</u>
		<u><u>2,228,057</u></u>	<u><u>2,051,639</u></u>

The notes on pages 8 to 11 form part of these financial statements.

The financial statements were approved by the members and authorised for issue on their behalf by

Farhad Karim
Director of the Managing Member



Date: 25 September 2017

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

**STATEMENT OF CHANGES IN MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Equity		
	Members' other interests		
	Members'		
	capital		
	(classified as	Other	Total
	equity)	reserves	
	\$	\$	\$
Balance at 1 January 2015	1,755,385	-	1,755,385
Profit for the year available for discretionary division among members	-	296,254	296,254
	<hr/>	<hr/>	<hr/>
Members' interests after profit for the year	1,755,385	296,254	2,051,639
Balance at 31 December 2015	1,755,385	296,254	2,051,639
Profit for the year available for discretionary division among members	-	176,418	176,418
	<hr/>	<hr/>	<hr/>
Members' interests after profit for the year	1,755,385	472,672	2,228,057
Balance at 31 December 2016	1,755,385	472,672	2,228,057
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

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

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 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions. The LLP 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 members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the Members' report and financial statements.

1.4 Valuation of investments

Investments in associates are measured at cost less accumulated impairment.

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 GP VII LLP

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

1. Accounting policies (continued)

1.6 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is United States Dollars.

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.

1.7 Investment income

Investment income is recognised when the LLP's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the LLP and the amount of revenue can be measured reliably).

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

In the application of the LLP's accounting policies, which are described in note 1, the members 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 recognized 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. There were no critical accounting judgements, nor key sources of estimate uncertainty for the year ended 31 December 2016.

3. Auditors' remuneration

The audit fees of the LLP have been borne by an affiliate of the LLP in the current and prior year. The audit fee for the year ended 31 December 2016 was \$5,422 (2015: \$6,879).

4. Information in relation to members

	2016 No.	2015 No.
The average number of members during the year was	2	2
	<u>2</u>	<u>2</u>

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

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

5. Staff numbers and costs

There were no staff employed during the current or prior year.

6. Income from investments

	2016 \$	2015 \$
Income from fixed assets investments	176,418	296,254
	<u>176,418</u>	<u>296,254</u>

7. Fixed asset investments

	2016 \$	2015 \$
Cost		
At 1 January	1,342,119	1,755,385
Return of capital	(249,652)	(413,266)
At 31 December	<u>1,092,467</u>	<u>1,342,119</u>

As at 31 December 2016, the LLP has the following holdings:

	Cost \$	Carrying Value \$
Blackstone Real Estate Partners VII-VD LP	1,092,467	1,752,918
	<u>1,092,467</u>	<u>1,752,918</u>

As at 31 December 2015, the LLP has the following holdings:

	Cost \$	Carrying Value \$
Blackstone Real Estate Partners VII-VD LP	1,342,119	1,928,044
	<u>1,342,119</u>	<u>1,928,044</u>

The LLP is deemed to have a significant influence on the Investment by virtue of the terms set out in the LLP deed.

BLACKSTONE REAL ESTATE CAPITAL GP VII LLP

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

8. Debtors: amounts falling due within one year

	2016 \$	2015 \$
Amounts owed by group undertakings	1,135,590	709,520
	<u>1,135,590</u>	<u>709,520</u>

9. Controlling party

The LLP's immediate parent undertaking is Blackstone Real Estate Associates (Offshore) VII-NQ L.P., a Limited Partnership incorporated in Canada. The LLP'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 LLP 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.