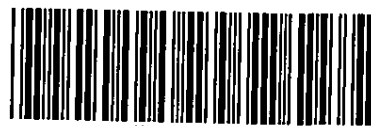


ANNUAL REPORT AND FINANCIAL STATEMENTS
HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)
30 JUNE 2016

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Registered No. 8661436

HERMES REAL ESTATE DEBT GP LIMITED
(formerly. HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

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HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

COMPANY INFORMATION

Directors

D Grose
K Wilman
M Torode (Appointed 23 June 2016)
E Mousley (Resigned 8 July 2016)

Secretary

Hermes Secretariat Limited
Lloyds Chambers
1 Portsoken Street
London
E1 8HZ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Registered office

Lloyds Chambers
1 Portsoken Street
London
E1 8HZ

Registered number

8661436

Incorporation date

22 August 2013

HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

STRATEGIC REPORT

Hermes Real Estate Debt GP Limited (the “company”) is a wholly-owned subsidiary of Hermes Real Estate Investment Management Limited (“HREIM”) and operates as part of the Hermes Group (the “Group”)

The company’s principal activity is to act as the General Partner of Hermes Real Estate Debt L P (“the Partnership”) formerly known as Hermes Real Estate Senior Debt Fund. The Partnership was established for the purpose of providing loans with primary ranking security over real estate assets located in the UK, comprising commercial office, retail and industrial

The Group manages its operations on a group basis. For this reason, the company’s directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the company, is discussed in the Group’s Annual Report which does not form part of this report.

The company manages capital adequacy with reference to the Internal Capital Adequacy Assessment Process (ICAAP) undertaken by its parent company Hermes Fund Managers Limited, as required by the FCA. Further details of HFML’s approach to capital adequacy are to be found in the HFML’s financial statements, which can be obtained from the Registered Office, Lloyds Chambers, 1 Portsoken Street, London E1 8HZ or in the Group’s disclosures, as required under Pillar III of the Capital Requirements Directive, which are to be found at the following website address:

<https://www.hermes-investment.com/what-we-do/>

Principal risks and uncertainties

The company is part of a group that has a comprehensive risk governance structure, group-wide policies and procedures, management reporting and system controls in place to identify, mitigate and control risks. The Hermes Group Board has documented and approved its risk appetite which contains both qualitative and quantitative measures. Whilst the Hermes Board is ultimately responsible for the oversight of risk management within its subsidiary operating companies and as such is responsible for setting and periodically reviewing Hermes’ risk strategy, including operational risk, counterparty credit risk and investment risk aspects, the Board has delegated oversight of day-to-day risk and control matters primarily to the Hermes Risk and Compliance Committee, Hermes Audit Committee and the Executive Committee. Financial instruments include debtors, creditors, investments and cash. These risks include interest rate risk, liquidity risk, currency risk and credit risk. Bearing in mind the nature of the exposure to such instruments the directors are satisfied that there is adequate control of the associated risks. Group risks are discussed in the Group’s Annual Report which does not form part of this report.

HERMES REAL ESTATE DEBT GP LIMITED
(formerly. HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Environment

The Hermes Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with Group policies, which are described in the Group's Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption.

Employees

The company has no employees as all staff are employed by HFML. However, the company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

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



Director
Matthew Torode
31 October 2016

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2016. A copy of the latest accounts for the Hermes Real Estate Debt L.P., a qualifying partnership under The Companies and Partnerships (Accounts and Audit) Regulations 2013, are appended to the company's report and financial statements and will be sent to the Registrar in accordance with Co Act 06 5441.

Directors	D Grose	
	K Wilman	
	M Torode	(Appointed 23 June 2016)
	E Mousley	(Resigned 8 July 2016)
	Secretary	Hermes Secretariat Limited

Going concern

The accounts are prepared on the basis of going concern on the basis that the general partner intends Hermes Real Estate Debt L.P. to continue to hold investments for the foreseeable future. The directors have considered the status of the qualified partnership as a going concern. The Partnership has sufficient cash flow to enable it to meet its obligations as they fall due. The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Results and dividends

The results for the period are shown in the profit and loss account on page 11.

Statement on disclosure of information to the auditor

The directors, having made enquiries to fellow directors and the company's auditor, can state that

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all reasonable steps they ought to have taken as directors in order to make themselves 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 section 418 of the Companies Act 2006.

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

DIRECTORS' REPORT (continued)

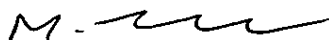
Future Developments

The Directors expect the future activities of the Company to be broadly in line with the activities of the past 12 months

Auditor

Deloitte LLP, statutory auditor, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed appointed as auditor in the absence of an Annual General Meeting

Approved by the board of directors ("the Board") and signed on behalf of the Board



Director
Matthew Torode

31 October 2016

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 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.

HERMES REAL ESTATE DEBT GP LIMITED
(formerly. HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HERMES REAL ESTATE DEBT GP LIMITED

We have audited the financial statements of the company for the year ended 30 June 2016 which comprise Statement of Profit and Loss Account, Company Balance Sheet, 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member 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 member 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 Statement of Directors' Responsibilities, 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 30 June 2016 and of its profit for the year then ended, and
- 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

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HERMES REAL ESTATE
DEBT GP LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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
- we have not received all the information and explanations we require for our audit



Jennifer Chase, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

31 October 2016

HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

		Year ended 30 June 2016	Year ended 30 June 2015
	Notes	£	£
TURNOVER	2	10,000	3,890
Administrative expenses		(3,150)	(3,050)
OPERATING PROFIT	3	<u>6,850</u>	<u>840</u>
Interest receivable		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>6,850</u>	<u>840</u>
Tax charge on profit on ordinary activities	6	(1,370)	(168)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR		<u>5,480</u>	<u>672</u>

There are no recognised gains or losses other than the profit on ordinary activities retained for the year disclosed above. Accordingly no separate statement of other comprehensive income is presented.

The notes to these financial statements are on pages 13 to 16

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

BALANCE SHEET AS AT 30 JUNE 2016

	Notes	2016 £	2015 £
CURRENT ASSETS			
Debtors	4	223,086	63,205
		<u>223,086</u>	<u>63,205</u>
CREDITORS – amounts falling due within one year	5	(216,933)	(62,532)
		<u>6,153</u>	<u>673</u>
NET CURRENT ASSETS			
		<u>6,153</u>	<u>673</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>6,153</u>	<u>673</u>
NET ASSETS		<u>6,153</u>	<u>673</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account		<u>6,152</u>	<u>672</u>
SHAREHOLDERS' FUNDS		<u>6,153</u>	<u>673</u>

The notes to these financial statements are on pages 13 to 16

These financial statements were approved by the board of directors and authorised for issue on 31 October 2016

Signed on behalf of the Board



Director
Matthew Torode

Registered company number 8661436

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Called up share capital £	Profit And Loss account £	Total £'000
At 30 June 2014		1	-	1
Profit for the year		-	672	672
At 30 June 2015	10	<u>1</u>	<u>672</u>	<u>673</u>
Profit for the year		-	5,480	5,480
At 30 June 2016	10	<u>1</u>	<u>6,152</u>	<u>6,153</u>

The notes on pages 13 to 16 form an integral part of these financial statements

HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2016

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

The directors are satisfied that at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is discussed in the Directors' Report on page 5, under the heading 'Going concern'.

a) Accounting convention

The financial statements have been prepared on the going concern basis as described in the Directors' Report.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the strategic report on pages 3 to 4.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 issued by the Financial Reporting Council, modified to include certain items at fair value. Details of transition to FRS 102 are disclosed on page 16.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

This is the first year in which the financial statements have been prepared under FRS 102. Please refer to note 10.

b) Turnover

Turnover is recognised on an accruals basis. To the extent that fees and commissions are recognised in advance of billing, they are included as accrued income or expense.

HERMES REAL ESTATE DEBT GP LIMITED
(formerly: HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2016

1 ACCOUNTING POLICIES (continued)

c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively 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 the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

d) Critical accounting judgement and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described above, the General Partner is 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.

2 TURNOVER

	2016	2015
	£	£
Other income	684,591	63,203
Fees payable to Hermes Alternative Investment Management Limited	(674,591)	(59,313)
	<u>10,000</u>	<u>3,890</u>

The company accounts for the Priority Profit Share receivable from Hermes Real Estate Debt L P as turnover. Under the terms of the partnership agreement 2 April 2015 the company is entitled to a priority profit share depending on the level of investor commitments in the Partnership. The turnover remaining after management fees payable to the investment manager, Hermes Alternative Investment Management Limited, is £10,000.

HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2016

3 OPERATING PROFIT

The auditors' remuneration is £3,150 (2015 £3,050) The directors were not remunerated for their services to the company during the year (2015 £nil)

The company has no employees (2015 none) as all staff are employed by HFML

4 DEBTORS

Debtors are initially recognised at cost and the carrying value is considered to be the same as fair value

	2016	2015
	£	£
Amount due from the Partnership	223,085	63,204
Unpaid share capital	1	1
	<u>223,086</u>	<u>63,205</u>

5 CREDITORS

Creditors are initially recognised at cost and the carrying value is considered to be the same as fair value

	2016	2015
	£	£
Accruals	215,563	62,364
Corporation tax	1,370	168
	<u>216,933</u>	<u>62,532</u>

Included in the accrual is the management fee payable as at 30 June 2016 for £212,413 (30 June 2015 £59,314)

6 TAXATION

	2016	2015
	£	£
<i>Current tax</i>		
UK corporation tax	1,370	168
	<u>1,370</u>	<u>168</u>
Profit on ordinary activities before tax	<u>6,850</u>	<u>840</u>
Tax on profit on ordinary activities at standard corporation tax rate of 20% (2015 20%)	<u>1,370</u>	<u>168</u>

HERMES REAL ESTATE DEBT GP LIMITED
(formerly HERMES REAL ESTATE SENIOR DEBT FUND GP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2016 (continued)

7 SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and unpaid		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

8 RELATED PARTIES

The company is the General Partner of Hermes Real Estate Debt L P

The company is exempt from disclosing related party transactions under paragraph 33 1A of FRS 102, with members of the group, as it is a wholly owned subsidiary and provided that any other subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

9 CONTROLLING PARTY

The immediate parent undertaking is Hermes Real Estate Investment Management Limited ('HREIM') HREIM is a wholly owned subsidiary of Hermes Fund Managers Limited ('HFML') HFML is the parent of the smallest group which includes the company and for which group financial statements are prepared

The directors regard the BT Pension Scheme as the company's ultimate parent controlling party It is the parent of the largest group which includes the company and for which group financial statements are prepared

The financial statements of Hermes Fund Managers Limited and the BT Pension Scheme can be obtained at the Registered Office of those entities, Lloyds Chambers, 1 Portsoken Street, London E1 8HZ

10 EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council The last financial statements under previous UK GAAP were prepared for the year ended 30 June 2015 The date of transition to FRS 102 was 1 July 2014 As a consequence of adopting FRS 102, no accounting policies have changed to comply with the standard There have been no adjustments to the financials as a result of the transition

Hermes Real Estate Debt LP

Registered number

LP15734

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Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Report and Financial Statements

30 June 2016

Hermes Real Estate Debt L.P

(formerly known as Hermes Real Estate Senior Debt Fund L.P.)

Report and Financial Statements Contents

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Hermes Real Estate Debt L P.
(formerly known as Hermes Real Estate Senior Debt Fund L P.)

Partnership information

General Partner

Hermes Real Estate Debt GP Limited
(formerly known as Hermes Real Estate Senior Debt Fund L P)
Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Registered Office

Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Operator

Hermes Alternative Investment Management Limited
Lloyds Chambers
1 Portsoken Street
London E1 8HZ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Registered number

LP15734

Hermes Real Estate Debt L P.
(formerly known as Hermes Real Estate Senior Debt Fund L.P.)

Strategic Report

The General Partner presents their strategic report for the year ended 30 June 2016

The Hermes Real Estate Debt Limited Partnership (the "Partnership") is regulated by the second amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") dated 2 April 2015, which replaces the original partnership agreement dated 11 October 2013. The Partnership owns all the issued share capital in Hermes Real Estate Senior Debt Holdings S à r l, which in turn owns all the issued share capital in Hermes Real Estate Senior Debt Fund S à r l and Hermes US Real Estate Debt S à r l, together the Partnership and its Luxembourg subsidiaries are referred to as 'the Group'.

The Partnership changed its name from Hermes Real Estate Senior Debt Fund L P to Hermes Real Estate Debt L P on 12 August 2016.

Principal activities and review of the business

The principal activity of the Group during the year was to provide loans with primary ranking security over real estate assets comprising commercial office, retail and industrial assets in the UK.

As shown in the consolidated profit and loss account, the Group recorded a profit on ordinary activities before taxation of £7,161k (2015 £408k) which is a key performance indicator for the Group.

The Partnership's profit for the year is £7,011k (2015 £384k).

The consolidated balance sheet shows that the Group has net assets of £317,022k as at 30 June 2016 (as at 30 June 2015 £97,609k). The increase in net assets is due to new investment loans during the year. The General Partner seeks to continue to enhance the development of the business and will seek opportunities for further investments.

Principal risks and uncertainties

The principal risks and uncertainties for the Group are considered to be the risk of borrowers failing and defaulting on their interest and principal payments and the risk of adverse movements in property values. The business mitigates these risks by creating a diversified pool of loan investments across borrower group, loan, asset, tenant covenant and location. Lending opportunities with financially-strong and experienced borrower groups are targeted on assets that are typically high-quality income producing and offer strong tenant quality, demand and diversification. Structures are fully secured, typically non-recourse and asset-backed. Lending assessment guidelines place heightened emphasis on assessment of borrower group, deal structure, asset characteristics, tenant cash flow and refinance risk.

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. This has not impacted the recoverability of the Group's loan investments.

Future developments

The General Partner expects the Group to continue investing in loans up to its commitment amount of £400 million (2015 £400 million).

The Group has no employees.

Approved by the General Partner on 31 October 2016 and signed on its behalf



Matthew Torode
Director
Hermes Real Estate Debt GP Limited

Hermes Real Estate Debt L.P.
(formerly known as Hermes Real Estate Senior Debt Fund L P)

General Partner's Report

The General Partner (the "General Partner") presents its report and the audited financial statements of the Partnership for the year ended 30 June 2016

Principal activities and review of the business

Details of the principal activity and review of the business can be found in the Strategic Report on page 3

Going Concern

The accounts have been prepared on the basis of a going concern, as the Partnership has predictable cash flows deriving from loan investments made by its subsidiary, Hermes Real Estate Senior Debt Fund S a r l. Furthermore the Partners intend Hermes Real Estate Senior Debt Fund L P to continue to hold its investments in the Luxembourg based subsidiaries for the foreseeable future. Based on the above the General Partner has reasonable expectation that the Group possesses adequate resources to continue in operational existence. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

The Partners

Hermes Real Estate Senior Debt Fund GP Limited, acting as General Partner, is entitled to the Priority Profit Share (the "Priority Profit Share") from the Partnership. The Priority Profit Share is calculated as a proportion of drawn commitments in line with the provisions of the Limited Partnership Agreement and is subject to a minimum of £610,000 following the end of the Investment Period as defined by the Limited Partnership Agreement (the "Investment Period"). The Limited Partner with interest in the Partnership is

Britel Fund Trustees Limited	100.00%
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Under the terms of the Limited Partnership Agreement, the net income or loss and net realised capital gain or loss shall be allocated between the Partners at each quarter end in proportion to their percentage interests.

Details of capital and loans advanced during the year can be found in note 11 to the Financial Statements on page 19.

The General Partner changed its name from Hermes Real Estate Senior Debt Fund GP Limited to Hermes Real Estate Debt GP Limited per the resolutions executed on 5 July 2016.

Results

The results for the period are set out in the profit and loss account on page 9.

Hermes Real Estate Debt L.P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

General Partner's Report (continued)

Disclosure of Information to the Auditor

Each of the persons who is a director of the General Partner at the date of approval of this report confirms that

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director of the General Partner in order to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information

Term of the Partnership

The term of the Partnership shall continue until 7 April 2022 unless terminated earlier in accordance with the provisions outlined in the Limited Partnership Agreement

Distributions

The GP recommended a distribution of £7,244,172 for the year (2015 nil) Of this amount £2,396,934 is outstanding at year end (2015 nil)

Events after the Balance Sheet date

The loan investment of £31,500,000 purchased on 13 August 2015 with initial maturity date of 25 November 2016 has been extended by one year to 25 November 2017 following the borrower (VUR Investment (UK) Limited) exercising their first extension request

Auditor

Deloitte LLP, registered auditor, has been appointed auditor of the Partnership to hold office until the General Partner determines otherwise

Approved by the General Partner on 31 October 2016
and signed on its behalf



Matthew Torode
Director
Hermes Real Estate Debt GP Limited

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L.P.)

Statement of General Partner's Responsibilities

The General Partner is responsible for preparing the General Partner's report and the financial statements in accordance with applicable law and regulations

The Partnership (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements for the Partnership in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". Under law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit and loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Partnership will continue in business

The General Partner is responsible for keeping adequate accounting records, that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements comply with the Partnerships (Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Partners of Hermes Real Estate Debt L P formerly known as Hermes Real Estate Senior Debt Fund L.P.

We have audited the financial statements of Hermes Real Estate Debt L P (formerly known as Hermes Real Estate Senior Debt Fund L P) for the year ended 30 June 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Partnership Balance Sheet, the Consolidated Statement of Changes in Members' Interests, the Partnership Statement of Changes in Members' Interests, the Consolidated Cash Flow Statement 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) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the General Partner and the auditor

As explained more fully in the General Partner's Responsibilities Statement, the General Partner is responsible for the preparation of the financial statements. 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 Group's and the qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the General Partner, 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 other matter prescribed by the Companies Act 2006:

In our opinion the information given in the Strategic Report and the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the qualifying partnership's affairs as at 30 June 2016 and the Group's 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 qualifying partnerships.

Independent Auditor's Report to the Partners of Hermes Real Estate Debt L.P. formerly known as Hermes Real Estate Senior Debt Fund L.P.

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 qualifying 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
- certain disclosures of the General Partner's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jennifer Chase

Jennifer Chase, ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LP

Chartered Accountants and Statutory Auditor

London, United Kingdom

31 October 2016

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Consolidated Profit and Loss Account
for the year ended 30 June 2016

	Notes	2016 £	2015 £
Investment Income	2	8,253,709	676,286
Administrative expenses		(1,090,115)	(268,665)
(Loss) / gain on foreign exchange		(2,239)	503
Profit on ordinary activities before taxation	3	<u>7,161,355</u>	<u>408,124</u>
Tax on profit on ordinary activities	4	(4,604)	(5,512)
Profit for the financial period		<u>7,156,751</u>	<u>402,612</u>

All activities derive from continuing operations

Notes 1 to 15 form part of these financial statements

There are no recognised gains or losses in the current period, other than those stated above
Accordingly, no separate Statement of Other Comprehensive Income has been presented

Hermes Real Estate Debt L.P.
(formerly known as Hermes Real Estate Senior Debt Fund L.P)
LP15734

Consolidated Balance Sheet
as at 30 June 2016

	Notes	2016 £	2015 £
Fixed assets			
Investment Loans	5	316,750,764	97,559,850
Current assets			
Debtors	8	1,687,508	533,363
Cash at bank and in hand	7	5,455,834	651,527
Creditors amounts falling due within one year	9	(5,668,340)	(516,748)
Net current assets		<u>1,475,002</u>	<u>668,142</u>
Creditors amounts falling due after more than one year	10	(1,203,752)	(618,721)
Net assets		<u>317,022,014</u>	<u>97,609,271</u>
Partners' Funds			
Partners' capital accounts	11	1,000	1,000
Partners' loan accounts	11	317,021,014	97,520,850
Partners' current accounts	11	-	87,421
	11	<u>317,022,014</u>	<u>97,609,271</u>

All activities derive from continuing operations

Notes 1 to 15 form part of these financial statements

The financial statements of Hermes Real Estate Debt L P (registered number LP15734) were approved by the General Partner and authorised for issue on 31 October 2016 and signed on its behalf by



Matthew Torode
Director
Hermes Real Estate Debt GP Limited

Hermes Real Estate Debt L.P
(formerly known as Hermes Real Estate Senior Debt Fund L P)
LP15734

Partnership Balance Sheet
as at 30 June 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	6	1,501,100	991,100
Current assets			
Debtors			
- due within one year	8	2,395,486	683,176
- due after one year	8	315,674,903	96,583,750
Cash at bank and in hand		2,002,299	361,307
Creditors amounts falling due within one year	9	(3,348,022)	(358,408)
Net current assets		316,724,666	97,269,825
Creditors amounts falling due after more than one year	10	(1,203,752)	(618,721)
Net assets		317,022,014	97,642,204
Partners' Funds			
Partners' capital accounts	11	1,000	1,000
Partners' loan accounts	11	317,021,014	97,520,850
Partners' current accounts	11	-	120,354
	11	317,022,014	97,642,204

Notes 1 to 15 form part of these financial statements

The financial statements of Hermes Real Estate Debt L P (registered number LP15734) were approved by the General Partner and authorised for issue on 31 October 2016 and signed on its behalf by



Matthew Torode
Director
Hermes Real Estate Debt GP Limited

Hermes Real Estate Debt L P.
(formerly known as Hermes Real Estate Senior
Debt Fund L P)

Statement of changes in members' interests
for the year ended 30 June 2016

Consolidated	Notes 11	Capital	Loan	Current	Total
		accounts	accounts	accounts	
		£	£	£	£
Balance at 1 July 2014		1,000	499,000	(315,191)	184,809
Loans advanced		-	97,021,850	-	97,021,850
Profit for the year		-	-	402,612	402,612
Balance at 30 June 2015		1,000	97,520,850	87,421	97,609,271
Loans advanced		-	219,500,164	-	219,500,164
Profit for the year		-	-	7,156,751	7,156,751
Distributions Paid		-	-	(4,847,238)	(4,847,238)
Distributions Payable		-	-	(2,396,934)	(2,396,934)
Balance at 30 June 2016		1,000	317,021,014	-	317,022,014

Partnership	Notes 11	Capital	Loan	Current	Total
		accounts	accounts	accounts	
		£	£	£	£
Balance at 30 June 2014		1,000	499,000	(263,475)	236,525
Loans advanced		-	97,021,850	-	97,021,850
Profit for the year		-	-	383,829	383,829
Balance at 30 June 2015		1,000	97,520,850	120,354	97,642,204
Loans advanced		-	219,500,164	-	219,500,164
Profit for the year		-	-	7,010,984	7,010,984
Distributions paid		-	-	(4,847,238)	(4,847,238)
Distributions payable		-	-	(2,284,100)	(2,284,100)
Balance at 30 June 2016		1,000	317,021,014	-	317,022,014

Notes 1 to 15 form part of these financial statements

Hermes Real Estate Debt L P.
(formerly known as Hermes Real Estate Senior Debt Fund L P.)

Consolidated Cash Flow Statement
for the year ended 30 June 2016

	Notes	2016 £	2015 £
Net Cash Inflow from Operating Activities	12	9,342,295	979,289
Financing Activities			
Partners' loans advanced during the year	11	219,500,164	97,021,850
Distribution Paid		(4,847,238)	-
Investment Activities			
Addition of investment loans	5	(220,973,202)	(97,605,000)
Repayment of investment loans	5	1,782,288	45,150
Increase in cash in the year		4,804,307	441,289
Cash at bank and in hand brought forward	7	651,527	210,238
Movement		4,804,307	441,289
Cash at bank and in hand carried forward	7	5,455,834	651,527

Notes 1 to 15 form part of these financial statements

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

1 Accounting policies

Accounting convention

Hermes Real Estate Debt Limited Partnership is a Qualifying Partnership registered in the United Kingdom. The address of the registered office is given on page 2. The nature of the Partnership's operations and its principal activities are set out in the Strategic report on page 3.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards and law. The financial statements have been prepared under Regulation 4 of the Partnership (Accounts) Regulations 2008. Income and expenditure has been accounted for on an accruals basis. The financial statements have been prepared on a consolidated basis to show the activities of Hermes Real Estate Debt L P and its wholly owned subsidiaries.

Going Concern

The Partners are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is discussed in the General Partner's Report on page 4, under the heading 'Going concern'.

Statement of compliance

The financial statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). This is the first year that the Partnership has adopted FRS102. There has been no impact on the accounts as a result of adopting FRS102 as detailed in note 15.

The functional currency of Hermes Real Estate Debt LP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the prior year.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Trade and other debtors are recognised by the Partnership and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified. Other debtors are recognised at fair value.

Trade creditors are recognised by the Partnership and carried at original invoice amount. Other creditors are recognised at fair value.

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

Taxation

No UK taxation is provided as the tax liabilities on the Partnership's profits are a liability of the Partners and not of the Partnership. The foreign tax charge arises from the operations of the Partnership's wholly owned subsidiaries that are subject in Luxembourg to the applicable general tax regulation.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Partnership and its subsidiary undertakings drawn up to 30 June each period. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Advantage has been taken of the exemption available under the Companies Act 2006 not to prepare a separate Partnership Statement of Profit and Loss.

Investment loans

Investment loans consist of mortgage loans secured on investment property and are recognised when cash is advanced to borrowers. Loans are carried at amortised cost less provision for impairment. At each reporting date the loans are assessed for objective evidence that they are impaired and uncollectible. To the extent that a loan is uncollectible it is written down to its recoverable amount with the impairment charged to the profit and loss account. Subsequent recoveries in excess of the loan's written-down value are credited to the profit and loss account.

Investment income

Investment income consists of interest receivable from investment loans and other movements in amortised cost on investment loans secured on investment property. Interest income is recognised as it accrues. Arrangement fees are amortised on a straight line basis over the life of the loans.

Distributions

It is a policy of the Partnership to distribute all income net of expenses to the partners on a quarterly basis.

Cash and Deposits

Cash and deposits comprise of cash at bank.

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described above, the General Partner is 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.

The following are the critical judgements, apart from those involving estimations, that the General Partner has made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

In evaluating the portfolio and estimating the default allowance, management takes into consideration numerous factors including current economic conditions, prior loan loss experience, composition of the loan portfolio and management's estimate of credit losses. Such evaluation, which includes a review of all loans on which full collectability may not be reasonably assured, also considers among other matters, the estimated net realisable value or the fair value of the underlying collateral, economic conditions, historical loss experience, and other factors that warrant recognition in providing for an adequate allowance for loan losses. Management establishes an allowance for loan losses that it believes is adequate to reflect incurred impairment losses in the existing portfolio. In the event that management's evaluation of the level of the allowance for loan losses is inadequate, the Group would need to increase its provision for loan losses.

If in a subsequent period, the amount of the default allowance decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised default allowance is recognised in the Statement of Comprehensive Income.

2 Investment Income	2016	2015
	£	£
Interest income	7,688,623	621,838
Arrangement fee income	565,086	54,448
Total Investment Income	8,253,709	676,286

3 Profit on ordinary activities before taxation	2016	2015
	£	£
This is stated after charging		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	57,657	26,674
(Loss) / gain on foreign exchange	(2,239)	503

The Partnership had no employees during the year (2015: none)

No remuneration is borne by the Limited Partnership of key management personnel (2015: nil)

4 Tax on profit on ordinary activities	2016	2015
	£	£
The tax charge comprises		
Current tax		
Foreign tax	4,604	5,512
Total tax on profit on ordinary activities	4,604	5,512

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

5 Investment Loans	2016	2015
	£	£
Cost		
At 1 July	97,559,850	-
Additions during the year	220,973,202	97,605,000
Repayments during the year	(1,782,288)	(45,150)
As at 30 June	316,750,764	97,559,850
Repayment profile		
As at 30 June		
Due within one year	33,767,053	1,176,050
Due between one year and two years	43,306,268	1,026,053
Due between two and five years	187,200,364	42,015,268
Due after five years	52,477,079	53,342,479
	316,750,764	97,559,850

Loans are provided at an average rate of 3.4% per annum and are secured by properties

6 Investments	2016	2015
	£	£
Cost		
At 1 July	991,100	15,000
Additions during the year	510,000	976,100
As at 30 June	1,501,100	991,100
Net book value		
As at 30 June	1,501,100	991,100

Parent

The investment represents a 100% shareholding in Hermes Real Estate Senior Debt Holdings S a r l, which was incorporated on 11 October 2013 and organised under the laws of Luxembourg as a private limited liability company (société à responsabilité limitée). The company is established for an unlimited period of time and is registered under R C S in Luxembourg, number B 181697 at 51, avenue John F Kennedy, L - 1855 Luxembourg.

Group

The objective of Hermes Real Estate Senior Debt Holdings S a r l is to hold 100% shareholdings in the following:

- Hermes Real Estate Senior Debt Fund S a r l a private limited liability company (société à responsabilité limitée) which was incorporated on 11 October 2013 and organised under the laws of Luxembourg. The company is established for an unlimited period of time and is registered under R C S in Luxembourg, number B 181785 at 51, avenue John F Kennedy, L - 1855 Luxembourg. The objective of Hermes Real Estate Senior Debt Fund S a r l is to provide loans with primary ranking security over real estate assets comprising commercial office, retail and industrial assets in the UK.

- Hermes US Real Estate Debt S a r l a private limited liability company (société à responsabilité limitée) which was incorporated on 30 June 2016 and organised under the laws of Luxembourg. The company is established for an unlimited period of time and is registered under R C S in Luxembourg, number B 208043 at 51, avenue John F Kennedy, L - 1855 Luxembourg. The objective of Hermes US Real Estate Debt S a r l is to provide loans with primary ranking security over real estate assets comprising commercial office, retail and industrial assets in the US.

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

7 Cash at bank	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Cash at bank and in hand	5,455,834	651,527	2,002,299	361,307

8 Debtors	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Amounts falling due within one year				
Amounts due from group undertakings	-	-	2,395,486	683,176
Interest receivable	1,685,273	529,948	-	-
Prepayments	2,235	3,415	-	-
	<u>1,687,508</u>	<u>533,363</u>	<u>2,395,486</u>	<u>683,176</u>
Amounts falling due after one year				
Amounts due from group undertakings	-	-	315,674,903	96,583,750
	<u>-</u>	<u>-</u>	<u>315,674,903</u>	<u>96,583,750</u>

Debtors are initially recognised at cost Carrying value is considered to be the same as fair value

9 Creditors amounts falling due within one year	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Amounts due to group undertakings	-	-	141,270	278,984
Other taxes and social security costs	-	23,375	-	-
Distribution payable	2,396,934	-	2,284,100	-
Accruals	2,593,692	284,691	244,938	79,424
Deferred income	677,714	208,682	677,714	-
	<u>5,668,340</u>	<u>516,748</u>	<u>3,348,022</u>	<u>358,408</u>

Creditors are initially recognised at cost Carrying value is considered to be the same as fair value

10 Creditors amounts falling due after more than one year	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Deferred income	1,203,752	618,721	1,203,752	618,721
	<u>1,203,752</u>	<u>618,721</u>	<u>1,203,752</u>	<u>618,721</u>

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

11 Partners' accounts

Group	2016	2015
Capital accounts	£	£
At 1 July	1,000	1,000
Contributed during the year	-	-
At 30 June	<u>1,000</u>	<u>1,000</u>
Loan accounts		
At 1 July	97,520,850	499,000
Advanced during the year	<u>219,500,164</u>	<u>97,021,850</u>
At 30 June	<u>317,021,014</u>	<u>97,520,850</u>
Profit and loss account		
At 1 July	87,421	(315,191)
Profit for the year	7,156,751	402,612
Distribution paid	(4,847,238)	-
Distribution payable	(2,396,934)	-
At 30 June	<u>-</u>	<u>87,421</u>
Total Partners' accounts	<u>317,022,014</u>	<u>97,609,271</u>

Partnership	2016	2015
Capital accounts	£	£
At 1 July	1,000	1,000
Contributed during the year	-	-
At 30 June	<u>1,000</u>	<u>1,000</u>
Loan accounts		
At 1 July	97,520,850	499,000
Advanced during the year	<u>219,500,164</u>	<u>97,021,850</u>
At 30 June	<u>317,021,014</u>	<u>97,520,850</u>
Profit and loss account		
At 1 July	120,354	(263,475)
Profit for the year	7,010,984	383,829
Distribution paid	(4,847,238)	-
Distribution payable	(2,284,100)	-
At 30 June	<u>-</u>	<u>120,354</u>
Total Partners' accounts	<u>317,022,014</u>	<u>97,642,204</u>

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Notes to the Financial Statements
for the year ended 30 June 2016

12 Net cash inflow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2016	2015
	£	£
Profit for the financial period	7,156,751	402,612
Increase in debtors	(1,154,145)	(533,363)
Increase in creditors	3,339,689	1,110,040
Net cash inflow from operating activities	<u>9,342,295</u>	<u>979,289</u>

13 Related parties

The General Partner of the Partnership is Hermes Real Estate Senior Debt Fund GP Limited, its Limited Partner is Britel Fund Trustees Limited
Hermes Real Estate Senior Debt Holdings S à r l and Hermes Real Estate Senior Debt Fund S à r l and Hermes US Real Estate Debt S à r l are subsidiaries of the Partnership

Partnership

As at 30 June the following amounts were outstanding

	2016	2015
	£	£
Amounts due to Hermes Real Estate Senior Debt Fund GP	<u>223,085</u>	<u>63,204</u>
	<u>223,085</u>	<u>63,204</u>

14 Ultimate parent company and controlling party

Hermes Real Estate Senior Debt GP Limited is the General Partner of the Partnership and Britel Fund Trustees Limited is the Limited Partner

The immediate and ultimate controlling party is the BT Pension Scheme, a UK pension scheme with scheme registration number 100850030

The address of the BT Pension Scheme is Lloyds Chambers, 1 Portsoken Street, London, E1 8HZ

15 Explanation of the transition to FRS 102

This is the first year that the Partnership has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were prepared for the year ended 30 June 2015, however the date of transition to FRS 102 was 1 July 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with the standard. However, there have been no adjustments to the financials as a result of the transition.

Hermes Real Estate Debt L P
(formerly known as Hermes Real Estate Senior Debt Fund L P)

Alternative Investment Fund Managers Directive (AIFMD) – Remuneration disclosure
Unaudited and does not form part of the financial statements

The Fund Manager of Hermes Real Estate Debt L P , Hermes Alternative Investment Management Limited (HAIML) is authorised by the FCA as an AIFM and appointed as such for the Partnership and for nine other AIFs with total Assets under Management of £1,754 million

The FCA's general guidance on the AIFM Remuneration Code (SYSC 198) was published in January 2014. Under this Code, the Remuneration Committee of Hermes Fund Managers Limited (Hermes) in its oversight of HAIML must make relevant remuneration disclosures no later than six months following the end of the financial year, splitting remuneration into fixed and variable remuneration for all employees and Code staff. Code staff consists of Senior Management, who are members of the AIFM's Board and Other Code Staff who are employees performing a significant influence function, other senior managers and heads of control functions.

The Remuneration Committee has established a Remuneration Policy and its purpose is to ensure that the remuneration of employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of Hermes or the Funds that it manages. The Remuneration Committee approves the list of AIFM Code staff on an annual basis and all AIFM Code Staff are notified of their status and the implications of this.

All staff are employed by Hermes Fund Managers Limited and provide services to all group companies. The Trust Manager itself does not pay any remuneration to the staff providing these services.

The table below provides an overview of the aggregate total remuneration paid by Hermes to all employees that provide services to HAIML and for the Code Staff although these employees may also provide services for other group companies. The figures have been prorated against the assets under management of the Trust Manager relative to the total Hermes assets under management. All information below is for the year ended 31 December 2015.

	Headcount	Total Remuneration (£'000s)
Hermes employees providing services to HAIML in respect of all AIFs	300	1,999
of which		
Fixed remuneration		1,371
Variable remuneration		628
Hermes Code Staff providing services to HAIML in respect of all AIFs	31	1,177
of which		
Senior Management	5	324
Other Code Staff	26	853