

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**HERMES REAL ESTATE DEBT GP LIMITED**  
**30 JUNE 2019**

**Registered No. 8661436**



**HERMES REAL ESTATE DEBT GP LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Page</b>
Company information	2
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

**HERMES REAL ESTATE DEBT GP LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**COMPANY INFORMATION**

**Directors**

K Wilman

S Cunningham (Resigned 1 December 2018)

C Judd (Appointed 1 December 2018)

M Torode (Resigned 23 August 2019)

J Lisbey (Appointed 23 August 2019, Resigned 28 February 2020)

D Duncan (Appointed 28 February 2020)

**Secretary**

Hermes Secretariat Limited

Sixth Floor

150 Cheapside

London, England

EC2V 6ET

**Registered office**

Sixth Floor

150 Cheapside

London, England

EC2V 6ET

**Registered number**

8661436

**Incorporation date**

22 August 2013

**Auditor**

KPMG LLP

15 Canada Square

Canary Wharf

London

E14 5GL

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****DIRECTORS' REPORT**

The directors present their audited financial statements for the year ended 30 June 2019. This Directors' Report has been prepared in accordance with the special provisions relating to small companies under s415 of the Companies Act 2006 and therefore taking exemptions from the requirement to prepare a Strategic Report.

<b>Directors:</b>	K Wilman
	S Cunningham (Resigned 1 December 2018)
	C Judd (Appointed 1 December 2018)
	M Torode (Resigned 23 August 2019)
	J Lisbey (Appointed 23 August 2019, Resigned 28 February 2020)
	D Duncan (Appointed 28 February 2020)

**Principal activity and review of the business**

The principal activity during the year was that of managing the affairs of Hermes Real Estate Debt L.P ("the Limited Partnership"). The principal activity of the Limited Partnership is to carry on the business of investing in real estate in the United Kingdom. As noted in the going concern paragraph, the directors are intending to dissolve the Limited Partnership.

**Going concern**

The financial statements are not prepared on the basis of going concern. The Directors intend to dissolve the Limited Partnership within the next twelve months. The intention is to distribute all the assets to the investors. The effect of this is explained in note 1 on page 11.

**Principal risks and uncertainties**

The principal risk of the General Partner is based on their income being dependent on the Limited Partnership. Therefore, unforeseen changes in the underlying Limited Partnership could potentially have a material impact on the General Partner. The business mitigates these risks through balanced investment strategies under the direction of property specialists with industry experience. The effects of these financial risks will have a minimal impact on the financial performance and position of the Company.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 8.

**Disclosure of information to the auditor**

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

- So far as the director is aware, there is no relevant audit information of which the auditor is 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 auditor is aware of that information.

**HERMES REAL ESTATE DEBT GP LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (CONTINUED)**

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP. KPMG LLP, statutory auditor, have indicated their willingness to remain as auditor until the Company is dissolved and appropriate arrangements have been put in place for them to be deemed appointed as auditor in absence of an Annual General Meeting.


**Political contributions**

The Company did not make any political donations or incur any political expenditure during the year (2018:£nil).

**Brexit disclosure**

The Company has considered the risk of Brexit. Given the uncertainty of consequences, the Company has evaluated the risk of Brexit to be minimal as at the date of the report. However, the Company would continuously monitor and evaluate any risks which arise out of Brexit.

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



Director  
Christian Judd

24 March 2020

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES REAL ESTATE DEBT GENERAL PARTNER LIMITED****Opinion**

We have audited the financial statements of Hermes Real Estate Debt General Partner Limited ("the company") for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Emphasis of matter – non-going concern basis of preparation**

We draw attention to read the disclosure in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES REAL ESTATE DEBT GENERAL PARTNER LIMITED (CONTINUED)****Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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 was not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).




**HERMES REAL ESTATE DEBT GP LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERMES REAL ESTATE  
DEBT GENERAL PARTNER LIMITED (CONTINUED)**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
CA8E841D41CB47A...

**Richard Kelly (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
30 March 2020

**HERMES REAL ESTATE DEBT GP LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**PROFIT AND LOSS ACCOUNT**

		<b>Year ended 30 June 2019</b>	<b>Year ended 30 June 2018</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	4	10,000	10,000
Administrative expenses		(3,225)	(2,500)
<b>Profit on ordinary activities before taxation</b>	2	<u>6,775</u>	<u>7,500</u>
Tax on profit on ordinary activities	5	(1,287)	(1,425)
<b>Profit for the year</b>		<u>5,488</u>	<u>6,075</u>

There were no recognised gains or losses for the year other than those included in the Profit and Loss Account and as a result no Statement of Other Comprehensive Income has been prepared.

The notes to these financial statements are on pages 11 to 15.


**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****BALANCE SHEET AS AT 30 JUNE 2019**

	Notes	2019 £	2018 £
<b>CURRENT ASSETS</b>			
Debtors:	6	592,658	381,780
Creditors:	7	(568,923)	(363,533)
<b>NET CURRENT ASSETS</b>		<u>23,735</u>	<u>18,247</u>
<b>NET ASSETS</b>		<u>23,735</u>	<u>18,247</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account		<u>23,734</u>	<u>18,246</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>23,735</u>	<u>18,247</u>

The notes to these financial statements are on pages 11 to 15.

The financial statements are prepared in accordance with applicable law and Section 1A of FRS102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The financial statements were approved by the Board of Directors and were authorised for issue on 24 March 2020 and signed on their behalf by:

Signed on behalf of the Board of Directors



Director  
Christian Judd

Registered company number: 8661436

**HERMES REAL ESTATE DEBT GP LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Called up share capital</b>	<b>Profit And Loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 30 June 2017</b>	1	12,171	12,172
Profit for the year	-	6,075	6,075
<b>At 30 June 2018</b>	1	18,246	18,247
Profit for the year	-	5,488	5,488
<b>At 30 June 2019</b>	1	23,734	23,735

The notes on pages 11 to 15 form an integral part of these financial statements.

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2019****1. ACCOUNTING POLICIES**

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

In previous years, the financial statements have been prepared on a going concern basis. However the directors intend to dissolve the Company within the next 12 months. Accordingly, the directors have not prepared the financial statements on a going concern basis. Debtors and creditors are recognised at their recoverable amounts which is equal to amortised cost.

a) **Going concern**

The financial statements are not prepared on the basis of going concern. The Directors intend to dissolve the Company and Hermes Real Estate Debt L.P within the next twelve months. The intention is to distribute all the assets to its parent, Hermes Fund Managers Limited.

b) **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of FRS 102 issued by the Financial Reporting Council, as applicable to small entities.

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.

c) **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.

d) **Taxation**

Current tax, including UK corporation 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 laws that have been enacted or substantively enacted by the balance sheet date. 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.

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2019 (CONTINUED)****e) Trade and Other Receivables**

Trade and other receivables are recognised initially at transaction value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses.

A provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified.

**f) Trade and Other Payables**

Trade and other payables are recognised initially at transaction value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

**g) Cash flow Statement**

The Company has taken advantage of exemptions available under FRS 102 Section 1A not to present a cash flow statement and related notes as it meets the definition of a small entity as set out in Section 1A FRS 102.

**h) Critical accounting judgement and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, 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.

**i) Related Party Transactions**

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.

**2. OPERATING PROFIT**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
This has been arrived after charging		
Auditors Remuneration for audit services	3,225	2,500
	<u>3,225</u>	<u>2,500</u>

The auditor's remuneration is £3,225 (2018: £2,500). The directors were not remunerated for their services to the Company during the year (2017: £nil).

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2019 (CONTINUED)****2. OPERATING PROFIT (continued)**

As at 30 June 2019, there were no non-audit services provided by the Company's auditors.

**3. EMPLOYEES AND DIRECTORS' EMOLUMENTS**

The Company had no employees during the year (2018: nil).

The directors received no remuneration in respect of their services to the Company (2018: nil).

**4. TURNOVER**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Management fee income	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The Company accounts for the priority profit share receivable from Hermes Real Estate Debt L.P. as turnover. Under the terms of the Limited Partnership Agreement dated 14 September 2017, the Company is entitled to a priority profit share depending on the level of investor commitments in the Partnership.

**5. TAXATION**Analysis of charge in yearCurrent tax:

UK corporation tax

Tax on results on ordinary activities

<b>2019</b>	<b>2018</b>
<b>£</b>	<b>£</b>
1,287	1,425
<u>1,287</u>	<u>1,425</u>

Factors affecting tax charge for the year

The tax charge in the year is the same as the standard rate of corporation tax in the UK

Profit on ordinary activities before tax

Tax on profit on ordinary activities at standard corporation tax rate of 19% (2018: 19%)

6,775	7,500
<u>1,287</u>	<u>1,425</u>

**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2019 (CONTINUED)****6. DEBTORS: amounts falling due within one year**

	2019 £	2018 £
Amount due from Group undertakings	592,657	381,779
Unpaid share capital	1	1
	<u>592,658</u>	<u>381,780</u>

Debtors are repayable on demand

**7. CREDITORS: amounts falling due within one year**

	2019 £	2018 £
Accruals	567,636	362,108
Corporation tax	1,287	1,425
	<u>568,923</u>	<u>363,533</u>

Creditors are repayable on demand

**8. CALLED UP SHARE CAPITAL**

	2019 £	2018 £
Allotted, called up and unpaid:		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

**9. ULTIMATE PARENT AND CONTROLLING PARTY**

The immediate parent undertaking is Hermes Real Estate Investment Management Ltd. Hermes Fund Management Limited is the parent of the smallest group which includes the Company and for which group financial statements are prepared.

For the year ended 30 June 2019 the directors regard Federated Investors, Inc. 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 Management Limited can be obtained at the Registered Office, Sixth Floor, 150 Cheapside, London, England, EC2V 6ET.

The address of the Company's ultimate parent company, Federated Investors, Inc. is Federated Investors Tower 1001, Liberty Avenue, Pittsburgh, PA 15222.



**HERMES REAL ESTATE DEBT GP LIMITED****FOR THE YEAR ENDED 30 JUNE 2019****NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2019 (CONTINUED)****10. SUBSEQUENT EVENTS**

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of this impact.'

**11. MARKET CONSIDERATION - BREXIT**

The 'Brexit' process by which the United Kingdom is due to leave the European Union, continues to create economic and other consequence which are risks that affect the real estate industry, particularly market values of investment property. Although there is no evidence post the balance sheet date that Brexit has adversely affected the Company's activities, the consequences in relation to the impact on the UK and EU economics may impact the valuation of the Company's investments in the coming years.