

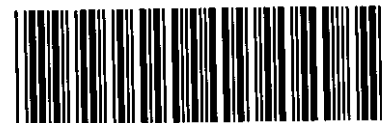
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Hermes Paradise Circus GP Two Limited

Directors' Report and Financial Statements

For the year ended 30 June 2020

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**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
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**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Company Information**

Directors

R Carnan
C R A Darroch
C M Taylor
T O Jackson
I A Panova

Company Secretary

Hermes Secretariat Limited

Registered office

150 Cheapside
London
EC2V 6ET

Auditor

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Registered number

10029641

**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Directors' Report**

Financial statements

The directors present their report and financial statements for the year ended 30 June 2020. The Directors' Report has been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and section 1A as applicable to small entities and therefore taking the exemption from preparing a strategic report and equity statement.

A copy of the latest accounts for Hermes Paradise Circus Limited Partnership, a Qualifying Partnership under The Companies and Partnership (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 S441 of the Companies Act 2006.

Directors

The directors who served throughout the year are as stated in the Company Information.

Principal activity, review of business and future developments

The Company commenced trading on 26 February 2016 and is registered in the United Kingdom. The principal activity of the company is that of a General Partner of Hermes Paradise Circus Limited Partnership which is currently developing commercial investment property.

The share capital of the company is jointly held by Britel Fund Nominees Limited and CPPIB US RE-1, Inc.

The directors do not foresee any changes to the company's investment or activity in the forthcoming year. The company had no employees during the year.

Going concern

The financial statements have been prepared on the basis of going concern, as the directors intend Hermes Paradise Circus Limited Partnership to continue to develop and hold its investment property for the foreseeable future.

Under the Limited Partnership Deed of Hermes Paradise Circus Limited Partnership, the Limited Partnership meets the General Partner's expenses by distributing amounts equal to all costs and expenses incurred by the General Partner from time to time in relation to the conduct of its affairs.

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.

The directors have assessed the going concern assumption including the impact of COVID 19 on the operations of the Company. As the Company is dependent on the Limited Partnership, the directors have made the necessary inquiries and have prepared the cash flow forecasts incorporating severe plausible downside scenarios of the Limited Partnership for the 12 months ending the date of the report. Based on the assumptions made and the cash-flow forecasts prepared, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The principal risk of the General Partner is based on their income being dependent on the Limited Partner. Therefore unforeseen changes in property value patterns which could potentially have a material impact on the business of the Limited Partnership will directly impact the General Partner. The business mitigates these risks through balanced development and investment strategies under the direction of property specialists with significant industry experience.

**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Directors' Report**

Results

The results of the company for the year are set out in the profit and loss account on page 7.

Disclosure of information to 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 company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 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 will therefore continue in office.

Approved by the Board on 13 April 2021 and signed on its behalf by:

DocuSigned by:

640E7EBE8ECC42C...
C Taylor
Director
13 April 2021

**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020**

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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; and
- 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.

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.

Independent Auditor's Report to the Members of Hermes Paradise Circus GP Two Limited

Opinion

We have audited the financial statements of Hermes Paradise Circus GP Two Limited ("the company") for the year ended 30 June 2020, which comprise the Profit and Loss Account, Balance Sheet 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 2020 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Hermes Paradise Circus GP Two 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 directors' 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 were not entitled to prepare the financial statements in accordance with the small companies regime 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 4, 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.

Independent Auditor's Report to the Members of Hermes Paradise Circus GP Two Limited (continued)

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.

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.



Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

13 April 2021

Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Profit and Loss Account

	Notes	Year Ended 30 June 2020	Year Ended 30 June 2019
		£	£
Revenue	2	9,219	3,656
Administrative expenses		(9,219)	(3,656)
Operating profit	3	<u>-</u>	<u>-</u>
Profit on ordinary activities		<u>-</u>	<u>-</u>

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

All amounts derive from continuing operations.

The notes on pages 10 to 13 form part of these financial statements.

Hermes Paradise Circus GP Two Limited
Balance sheet
As at 30 June 2020

	Notes	As at 30 June 2020 £	As at 30 June 2019 £
Current assets			
Debtors	6	100	100
Net current assets		<u>100</u>	<u>100</u>
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	-	-
Shareholders' funds		<u>100</u>	<u>100</u>

Company number: 10029641

The notes on pages 10 to 13 form part of these financial statements.

The financial statements were approved by the Board on 13 April 2021 and signed on their behalf by:

DocuSigned by:

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C Taylor
Director
Hermes Paradise Circus GP Two Limited
13/4 April 2021

**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Notes to the Financial Statements**

1 Accounting policies

The principal accounting policies of Hermes Paradise Circus GP Two Limited (the "Company") are summarised below. They have all been applied consistently throughout the current year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with Section 1A of FRS 102 *The Financial Standard applicable in the UK and Republic of Ireland* ("FRS 102") as applicable to small entities and the requirements of the Companies Act 2006.

The functional and presentational currency of Hermes Paradise Circus GP Two Limited is considered to be pounds sterling as this is the currency of the primary economic environment in which the Partnership operates.

Going concern

The financial statements have been prepared on the basis of going concern, as the directors intend Hermes Paradise Circus Limited Partnership to continue to develop and hold its investment property for the foreseeable future.

Under the Limited Partnership Deed of Hermes Paradise Circus Limited Partnership, the Limited Partnership meets the General Partner's expenses by distributing amounts equal to all costs and expenses incurred by the General Partner from time to time in relation to the conduct of its affairs.

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.

The directors have assessed the going concern assumption including the impact of COVID 19 on the operations of the Company. As the Company is dependant on the Limited Partnership, the directors have made the necessary inquiries and have prepared cash flow forecasts incorporating severe plausible downside scenarios of the Limited Partnership for the 12 months ending the date of the report. Based on the assumptions made and the cash-flow forecasts prepared, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Revenue

Revenue represents the priority profit share receivable from Hermes Paradise Circus Limited Partnership in accordance with the Limited Partnership Agreement, and is recognised on an accruals basis.

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 method, less any impairment losses.

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 method.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the 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 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 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 Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Notes to the Financial Statements

1 Accounting policies (continued)

Cash flow statement

The company has taken advantage of exemptions available under FRS 102 not to present a cash flow statement as it meets the definition of a small entity as set out in FRS 102.

Related party transactions

The Company has taken advantage of exemptions available under FRS 102 whereby transactions with and between wholly owned subsidiaries are not required to be disclosed. There are no other related party transactions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Revenue

	Year Ended 30 June 2020	Year Ended 30 June 2019
	£	£
Revenue	<u>9,219</u>	<u>3,656</u>

3 Auditor's remuneration

This has been arrived at after charging:

	Year Ended 30 June 2020	Year Ended 30 June 2019
	£	£
Auditor's remuneration for audit services	<u>8,602</u>	<u>3,400</u>

There were no non-audit services provided by the Company's auditors (2019: £nil).

Auditor's remuneration for year end 30 June 2020 includes prior year overruns of £4,692.

4 Employees

The company had no employees during the year (2019: nil).

5 Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year (2019: nil).

Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Notes to the Financial Statements

6 Debtors

	Year Ended 30 June 2020 £	Year Ended 30 June 2019 £
Amounts due from related parties (note 9)	100	100

7 Called up share capital

	As at 30 June 2020 £	As at 30 June 2019 £
Allotted and called up:		
50 "A" shares of £1 each	50	50
29 Director non-voting "B" shares of £1 each	29	29
21 full voting "B" shares of £1 each	21	21
	<u>100</u>	<u>100</u>

"A" shares have full voting rights as set out in the Articles of Association.

Director non-voting "B" shares have all the same rights as "A" shares and full voting "B" shares except the holder of director non-voting "B" shares may not vote in the appointment or removal of directors of the company.

Full voting "B" shares have full voting rights as set out in the Articles of Association.

8 Reconciliation of movement in shareholders' funds

	Called up share capital £	Profit and loss account £	Shareholders' funds £
At 30 June 2018	100	-	100
Profit for the year	-	-	-
As at 30 June 2019	<u>100</u>	<u>-</u>	<u>100</u>
Profit for the year	-	-	-
As at 30 June 2020	<u>100</u>	<u>-</u>	<u>100</u>

9 Related parties

As at 30 June 2020 the following amounts were outstanding:

	As at 30 June 2020 £	As at 30 June 2019 £
Amounts due from Hermes Paradise Circus Limited	<u>100</u>	<u>100</u>

This amount represents £100 (2019: £100) called up share capital.

**Hermes Paradise Circus GP Two Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020
Notes to the Financial Statements**

10 Ultimate parent company

The directors regard the BT Pension Scheme (a UK pension scheme with scheme registration number 100850030) and Canada Pension Plan Investment Board (a Canadian crown corporation) as the immediate and ultimate joint controlling entities.

Copies of Hermes Paradise Circus GP Two Limited and copies of the BT Pension Scheme accounts are available from 150 Cheapside, London EC2V 6ET. The address of Canada Pension Plan Investment Board is One Queen Street East, Suite 2500, Toronto, ON, M5C 2W5, Canada where copies of Canada Pension Plan Investment Board's accounts are available.

11 Events after the balance sheet date

There were no significant events occurring after the balance sheet date but before the signing of this report.

**Registered number
LP017290**

Hermes Paradise Circus Limited Partnership
General Partners' Report and Financial Statements
For the year ended 30 June 2020

**Hermes Paradise Circus Limited Partnership
Report and Financial Statements
For the year ended 30 June 2020
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**Hermes Paradise Circus Limited Partnership
Partnership Information**

General Partners

Hermes Paradise Circus GP One Limited
150 Cheapside
London EC2V 6ET

Hermes Paradise Circus GP Two Limited
150 Cheapside
London EC2V 6ET

Registered Office
150 Cheapside
London EC2V 6ET

Operator
Hermes Investment Management Limited
150 Cheapside
London EC2V 6ET

Auditor
KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Registered number
LP017280

Hermes Paradise Circus Limited Partnership General Partners' Report

The General Partners present their report and audited financial statements for the year ended 30 June 2020.

Hermes Paradise Circus Limited Partnership ("the Partnership") is regulated by an Amended and Restated Limited Partnership Deed dated 22 November 2017.

Principal activities

The Partnership commenced trading on 9 March 2016 and is registered in England. The principal activity during the year was to develop commercial investment property. The General Partners do not foresee any material changes in the scope or nature of the Partnership's activities for the forthcoming year.

Review of the business

The results for the year are set out in the Profit and Loss Account on page 8. The turnover for the year was £3,265,652 (2019: nil) and profit for the year before unrealised gains was £928,955 (2019: loss of £580,608).

No distributions were paid during the year to the partners. At the year end no distributions remained unpaid.

Going concern

The financial statements have been prepared on the basis of going concern, as the General Partners intend Hermes Paradise Circus Limited Partnership to continue to develop and hold commercial investment property for the foreseeable future. The Partnership has predictable cash flows deriving from monthly contractual drawdowns from the Limited Partners which will enable it to meet its obligations as they fall due.

The General 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.

The General Partner has prepared a cash flow forecast for the Partnership for at least 12 months from the date of approval of the financial statements. The forecast considers that both properties have reached practical completion during the financial year and are now generating rental income. Additionally, the General Partner has taken account of the implications of COVID-19 which impacted the cash flows from rental income, albeit the Partnership has continued to receive rental income during the pandemic, and more specifically, the various lockdowns. The General Partner has modelled a severe but plausible downside scenario in respect of the Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, the Partnership's cash needs are still within the available financial resources.

In preparing this forecast, the General Partner has considered the following key business risks and uncertainties:

- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having considered the risks and uncertainties and including the impact of COVID that exist within the business, the General Partner has concluded that the Partnership has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner has concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Brexit disclosure

The Partnership has considered the risk of Brexit with respect to the valuation of investment properties and discount rate assumptions. Given the uncertainty in the future considerations, the Partnership has evaluated the risk of the Brexit to be minimal as at the date of the report. However, the Partnership would continuously monitor and evaluate any risks which arise out of Brexit.

The Partners

The capital of the Partnership has been provided by the Partners in the following amounts:

	Capital and loan advances		Holding	
	2020	2019	2020	2019
Hermes Paradise Circus GP One Limited	£0.00	£0.00	0%	0%
Hermes Paradise Circus GP Two Limited	£0.00	£0.00	0%	0%
Britel Fund Trustees Limited (as trustee of Britel Fund Unit Trust)	£10,094,217	£26,839,386	50%	50%
CPP Investment Board Real Estate Holdings Inc.	£10,094,217	£26,839,386	50%	50%

Partners are not entitled to repayment of Partnership Capital until such time as the Partnership is dissolved, or until such time as they cease to be a Partner of the Partnership.

Under the terms of the 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.

**Hermes Paradise Circus Limited Partnership
General Partners' Report (continued)**

Capital and loan advances

Loan advances of £20,188,434 (2019: £53,678,772) were made to the Partnership during the year by the Partners.

Results

The results of the Partnership for the year are set out in the profit and loss account on page 8.

Events after the Balance Sheet date

There were no significant events since the balance sheet date.

Future developments

The General Partners expect the general level of activity to continue in the forthcoming year.

Duration

The Partnership will continue indefinitely unless terminated in accordance with the Limited Partnership Agreement.

Political contributions

The Partnership did not make any political donations or incur any political expenditure during the year (2019: £nil).

Financial risk management objectives and policies

The Partnership's activities expose it to a number of financial risks including market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that market prices of investment properties change. The General Partners mitigate this risk through balanced investment strategies under the direction of property specialists with significant industry experience.

Credit risk

The Partnership's principal financial assets are cash and deposits, debtors and work in progress.

The Partnership's credit risk is primarily attributable to its debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on cash and deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

The Partnership is financed by Partners' loans and capital. The Partnership maintains sufficient reserves of cash to meet its liquidity requirements at all times.


Auditor

The General Partners at the date of approval of this report confirm that:

- so far as the General Partners are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the General Partners have taken all the steps that they ought to have taken as a General Partners in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the General Partners on 13 April 2021 and signed on their behalf by:

DocuSigned by:

048E7EBE8ECC42C...
For Hermes Paradise Circus GP One Limited
Chris Taylor (Director)
13 April 2021

Hermes Paradise Circus Limited Partnership
Statement of the General Partners' responsibilities in respect of the General Partners' Report and the Financial Statements

The general partners are responsible for preparing the General Partners' Report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulation 2008 require the general partners to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the general partners have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including 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 general partners 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the general partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- assess the qualifying partnership'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 qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The General Partners are responsible for such internal control as they determine is necessary to enable the preparation of the 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 partnership and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Partners of Hermes Paradise Circus Limited Partnership

Opinion

We have audited the financial statements of Hermes Paradise Circus Limited Partnership ("the qualifying partnership") for the year ended 30 June 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Partnership Funds 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 qualifying partnership's affairs as at 30 June 2020 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 qualifying partnership 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.

Emphasis of matter – uncertainty in the valuation of investment properties

We draw attention to note 3 to the financial statements concerning the material valuation uncertainty clause in the assessment of fair value of the investment properties due to the impact of COVID-19 and subsequent Government restrictions. Our opinion is not modified in respect of this matter.

Going concern

The general partners have prepared the financial statements on the going concern basis as they do not intend to liquidate the qualifying partnership or to cease its operations, and as they have concluded that the qualifying partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the general partners' conclusions, we considered the inherent risks to the qualifying partnership's business model and analysed how those risks might affect the qualifying partnership's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the qualifying partnership will continue in operation.

Independent Auditor's Report to the Partners of Hermes Paradise Circus Limited Partnership (continued)

General Partners' report

The general partners are responsible for the general partners' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the general partners' 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 that report;
- in our opinion the information given in the general partners' 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 as applied to qualifying partnerships 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 member's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

General partners' responsibilities

As explained more fully in their statement set out on page 4, the general partners 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 qualifying partnership'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 qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

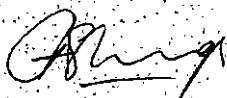
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

Independent Auditor's Report to the Partners of Hermes Paradise Circus Limited Partnership (continued)

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

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 required by regulation 4 of 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

13 April 2021

Hermes Paradise Circus Limited Partnership
Profit and Loss Account
For the year ended 30 June 2020

	Note	Year Ended 30 June 2020 £	Year Ended 30 June 2019 £
Revenue	2	3,265,652	-
Service charge income	2	312,149	-
Property expenses		(2,236,487)	(328,277)
Gross Profit/(loss)		1,341,314	(328,277)
Administrative expenses		(412,359)	(252,331)
Operating Profit/(loss)	3	928,955	(580,608)
Unrealised gains on revaluation of investment property	4	18,352,066	8,076,818
Profit before distributions		19,281,021	7,496,210
Distributions		-	-
Profit for the year attributable to partners		19,281,021	7,496,210

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

All amounts derive from continuing operations.

Notes 1 to 12 form part of these financial statements.

Hermes Paradise Circus Limited Partnership
Balance Sheet
As at 30 June 2020

	Note	As at 30 June 2020 £	As at 30 June 2019 £
Non-current assets			
Investment property	4	148,023,093	108,820,000
Current assets			
Debtors	5	4,111,356	3,187,192
Cash at bank and in hand		357,957	143,974
		<u>4,469,313</u>	<u>3,331,166</u>
Creditors: amounts falling due within one year	6	(1,053,755)	(181,970)
Net current assets		<u>3,415,558</u>	<u>3,149,196</u>
Net assets attributable to Partners		<u>151,438,651</u>	<u>111,969,196</u>
Capital and liabilities due to Partners			
<i>Capital</i>			
Partners' capital accounts	7	3,810	3,810
<i>Liabilities due to Partners</i>			
Partners' loan accounts	7	125,108,518	104,920,084
Profit and Loss	7	(1,297,156)	(2,226,111)
Revaluation reserve	7	27,623,479	9,271,413
Partnership funds		<u>151,438,651</u>	<u>111,969,196</u>

Notes 1 to 12 form part of these financial statements.

The financial statements of Hermes Paradise Circus Limited Partnership (registered number LP017290) were approved by the General Partners and authorised for issue on 13 April 2021. They were signed on its behalf by:

DocuSigned by:

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For Hermes Paradise Circus GP One and GP Two Limited
Chris Taylor
Director
13 April 2021

Hermes Paradise Circus Limited Partnership
Statement of Changes in Partnership Funds
For the year ended 30 June 2020

	Capital accounts	Loan accounts	Profit and Loss	Revaluation reserve	Total
	£	£	£	£	£
Balance at 1 July 2018	3,810	51,241,312	(1,645,602)	1,194,595	50,784,215
Additions	-	53,678,772	-	-	53,678,772
Profit for the year	-	-	7,496,209	-	7,496,209
Transfer to revaluation reserve	-	-	(8,076,818)	8,076,818	-
Balance at 30 June 2019	3,810	104,920,084	(2,226,111)	9,271,413	111,969,196
	£	£	£	£	£
Balance at 1 July 2019	3,810	104,920,084	(2,226,111)	9,271,413	111,969,196
Additions	-	20,188,434	-	-	20,188,434
Profit for the year	-	-	19,281,021	-	19,281,021
Transfer to revaluation reserve	-	-	(18,352,066)	18,352,066	-
Balance at 30 June 2020	3,810	125,108,518	(1,297,156)	27,623,479	151,438,651

Notes 1 to 12 form part of these financial statements.

**Hermes Paradise Circus Limited Partnership
Notes to the Financial Statements
For the year ended 30 June 2020**

1 Accounting policies

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

Basis of accounting

Hermes Paradise Circus Limited Partnership is a Partnership registered and incorporated in the United Kingdom. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out in the General Partners' Report on page 2.

The financial statements have been prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008 and Companies Act 2006 as applicable to qualifying partnerships.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties to fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council as applicable to smaller entities.

The functional and presentational currency of Hermes Paradise Circus Limited Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates.

Statement of compliance

The financial statements have been prepared 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") and per Section 1A of the FRS 102 as applicable to small entities.

Going concern

The Partnership is in a net current asset position as at 30 June 2020 of £3,415,558 (2019: £3,149,196). The Limited Partners have indicated their willingness to make available financing to enable the Partnership to meet its working capital requirements for at least twelve months from the date of approval of the financial statements.

The General Partner has prepared a cash flow forecast for the Partnership for at least 12 months from the date of approval of the financial statements. The forecast considers that both properties have reached practical completion during the financial year and are now generating rental income. Additionally, the General Partner has taken account of the implications of COVID-19 which impacted the cash flows from rental income, albeit the Partnership has continued to receive rental income during the pandemic, and more specifically, the various lockdowns. The General Partner has modelled a severe but plausible downside scenario in respect of the Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, the Partnership's cash needs are still within the available financial resources.

In preparing this forecast, the General Partner has considered the following key business risks and uncertainties:

- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having considered the risks and uncertainties and including the impact of COVID that exist within the business, the General Partner has concluded that the Partnership has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner has concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

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

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.

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

Taxation

No taxation is provided as the tax liabilities on the Partnership's profits are a liability of the Partners and not of the Partnership.

Cash and deposits

Cash and deposits includes cash at bank, cash on hand and overnight deposits.

Hermes Paradise Circus Limited Partnership
Notes to the Financial Statements
For the year ended 30 June 2020

1 Accounting policies (continued)

Cashflow statement

The partnership has taken advantage of exemptions available under FRS 102 not to present a cashflow statement as it meets the definition of a small entity as set out in FRS 102.

Revenue

Property related income is derived from continuing operations in the United Kingdom and are attributable to one activity, the ownership of investment properties. Property related income is accounted for on an accruals basis and recognised on a straight-line basis over the term of the lease, net of any discounts, VAT and other related taxes.

Service charge income and expenditure is accounted for on a gross basis, consistent with the Partnership's status as Principal for the service charge operations at its investment properties.

Leases

Rent receivable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

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

There were no critical judgements, estimate or assumptions made by the General Partners in the current accounting period in the process of applying the Partnership's accounting policies and preparing the financial statements.

Valuation of investment property

Investment property is carried at fair value, determined by market values in accordance with valuations carried out by independent valuers. Valuations are based on a number of key assumptions including an estimate of future rental income and an appropriate discount rate.

The report of external valuer contains a material uncertainty statement, which is in line with RICS guidance. See Note 4 for further details.

	Year Ended 30 June 2020	Year Ended 30 June 2019
	£	£
2 Revenue		
Revenue	3,265,652	-
Service charge income	312,149	-
	<u>3,577,801</u>	<u>-</u>
3 Operating Profit/(loss)		
	Year Ended 30 June 2020	Year Ended 30 June 2019
	£	£
This is stated after charging:		
Auditor's remuneration	<u>13,620</u>	<u>7,600</u>

As of 30 June 2020, there are no non-audit services provided by the Partnership's auditors.

Hermes Paradise Circus Limited Partnership
Notes to the Financial Statements
For the year ended 30 June 2020

4 Investment property

	Leasehold land and buildings £	Lease Incentives £	Total £
<i>Valuation</i>			
At 1 July 2019	108,820,000	-	108,820,000
Additions	20,851,027	-	20,851,027
Revaluation	18,352,066	-	18,352,066
Tenant Incentives	3,476,907	(3,476,907)	-
At 30 June 2020	<u>151,500,000</u>	<u>(3,476,907)</u>	<u>148,023,093</u>
<i>Historic cost</i>			
At 30 June 2020	<u>120,399,614</u>		<u>120,399,614</u>

The Partnership's investment properties as at 30 June 2020 were valued by CBRE Limited, qualified valuers, on a market basis at £151,500,000. The valuations were carried out in accordance with the RICS Valuation Red Book. CBRE Limited has recent experience in the location and class of the investment property being valued.

CBRE have issued the 30 June 2020 property valuation with the following statement to highlight market uncertainty:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation".

Effective 9 September 2020, the Material Valuation Uncertainty Clause mentioned above was lifted across all UK Real Estate with the exception of some assets valued purely with reference to trading potential (e.g. Trading Hotels with Management Contracts). This is being replaced with a Market Conditions statement to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. This recognises the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 and to highlight the importance of the valuation date.

At 30 June 2020 the Partnership had entered into non-cancellable contractual commitments in respect of investment properties of £10,012,236 (2019: £36,112,098).

All of the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The following table shows the significant unobservable inputs used in measuring the fair value of investment property:

Significant unobservable inputs	Impact on the valuation
Yields	Fair Value would decrease if the yield was increased and increase if the yield was reduced.
Occupancy	Fair Value would increase if the occupancy was increased and decrease if the occupancy was reduced.
ERVs	Fair Value would increase if the ERVs were increased and decrease if the ERVs were reduced.

Hermes Paradise Circus Limited Partnership
Notes to the Financial Statements
For the year ended 30 June 2020

5 Debtors

	As at 30 June 2020 £	As at 30 June 2019 £
VAT receivable	144,925	3,187,192
Trade debtors	350,325	-
Prepayments	84,435	-
Lease Incentives	3,476,907	-
Other debtors	54,764	-
	<u>4,111,356</u>	<u>3,187,192</u>

6 Creditors: amounts falling due within one year

	As at 30 June 2020 £	As at 30 June 2019 £
Trade creditors	654,738	22,110
Amounts due to related parties (Note 9)	200	200
Accruals	398,817	159,660
	<u>1,053,755</u>	<u>181,970</u>

7 Capital and liabilities due to Partners

	Britel Fund Trustees Limited (as trustee of Britel Fund Unit Trust) £	CPP Investment Board Real Estate Holdings Inc. £	Total £
Partners' Capital accounts			
At 1 July 2019	1,905	1,905	3,810
Contributions during the year	-	-	-
At 30 June 2020	<u>1,905</u>	<u>1,905</u>	<u>3,810</u>
Partners' Loan accounts			
At 1 July 2019	52,460,042	52,460,042	104,920,084
Advanced during the year	10,094,217	10,094,217	20,188,434
At 30 June 2020	<u>62,554,259</u>	<u>62,554,259</u>	<u>125,108,518</u>
Partners' profit and loss and revaluation reserve			
At 1 July 2019	3,522,650	3,522,652	7,045,302
Profit for the year	464,478	464,477	928,955
Revaluation gain	9,176,033	9,176,033	18,352,066
At 30 June 2020	<u>13,163,161</u>	<u>13,163,162</u>	<u>26,326,323</u>
Net assets attributable to Partners			<u><u>151,438,651</u></u>

Hermes Paradise Circus Limited Partnership
Notes to the Financial Statements
For the year ended 30 June 2020

8 Future minimum lease receivables

At the balance sheet date the Partnership had the following future minimum lease rental income receivable under non-cancellable operating leases for each of the following years:

	As at 30 June 2020	As at 30 June 2019
	£	£
Not later than one year	13,493	-
Later than one year and not later than five years	14,632,972	-
Later than five years	77,932,056	-
	<u>92,578,521</u>	<u>-</u>

9 Related parties

	As at 30 June 2020	As at 30 June 2019
	£	£
As at year end the following amounts were outstanding:		
Amounts due to Hermes Paradise Circus GP One Limited	(100)	(100)
Amounts due to Hermes Paradise Circus GP Two Limited	(100)	(100)
	<u>(200)</u>	<u>(200)</u>

These amounts represent £100 (2019: £100) called up share capital, and £nil (2019: £nil) priority profit share payable to each of the General Partners, as well as £nil (2019: £nil) audit fees and £nil (2019: £nil) other administrative expenses payable by each of the General Partners.

10 Controlling party

The General Partners of Hermes Paradise Circus Limited Partnership are Hermes Paradise Circus GP One Limited and Hermes Paradise Circus GP Two Limited.

The General Partners regard the BT Pension Scheme and Canada Pension Plan Investment Board (a Canadian crown corporation) as the ultimate joint controlling entities.

Copies of BT Pension Scheme accounts are available from 150 Cheapside, London EC2V 6ET. The address of Canada Pension Plan Investment Board is One Queen Street East, Suite 2500, Toronto, ON, M5C 2W5, Canada where copies of Canada Pension Plan Investment Board's accounts are available.

11 Market considerations - Brexit

The United Kingdom has officially left the European Union on 31 January 2020 ("Brexit"); however, under the agreed transitional arrangements, all relevant rules and regulations will currently remain in place until 31 December 2020. It is currently not practicable to forecast with certainty how the value of, or the cash flows arising from, assumption involved in the Company's assets might be affected by Brexit. Consequently, it is currently not possible to accurately quantify the possible effect of Brexit on the Company.

12 Events After the Balance Sheet Date

There were no significant events occurring after the balance sheet date but before the signing of this report.