
Hires Research Limited

Registered number 07134220

Annual Report and Financial Statements

**for the year ended
31 December 2015**



Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

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Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

General Information

| | |
|-----------------------|---|
| Directors: | M Tognarelli M Abramson R Smith |
| Registered Office: | 8 Hanover Street London W1S 1YQ |
| Independent Auditors: | Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London EC4A 3BZ United Kingdom |
| Company number: | 07134220 |

Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

Strategic report for the year ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity, review of the business and future developments

Hires Research Limited (the "Company") was incorporated by the Registrar of Companies for England and Wales on 22 January 2010.

The Company exists solely to provide research services to its German parent company, Heitman International Real Estate Securities GmbH. Its income is derived purely from the parent company, sufficient to cover the operational costs, and the directors are of the opinion that there is no reason to believe that this will not continue for the foreseeable future.

The directors consider the results for the year to be satisfactory. The nature of the Company's results and activities is not expected to change materially in future years.

Review of Business

During the year the Company provided research services to a value of £1,277,188 to its parent. This was an increase of around £381,292 on the previous year. The directors are of the opinion that this level of turnover will be sustained for the foreseeable future.

The profit of the Company for the year amounts to £92,886 (2014: £63,628).

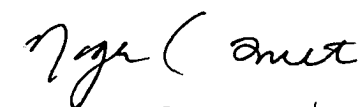
Principal Risks and Uncertainties

The principal risk facing the Company is that the German parent will no longer require the research services of the UK subsidiary, Hires Research Limited.

Key Performance Indicators

The directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

By order of the board



R Smith *Roger Smith*
Director, Hires Research Limited
30 January 2017

Directors' Report

The directors of the Company present the annual report and the audited financial statements of the Company for the year ended 31 December 2015.

Results and Dividends

The Company's Profit for the financial year of £92,886 (2014 profit: £63,628), as disclosed on page 6, was transferred to reserves. No dividends were paid from reserves during the year (2014: £nil).

Financial Risk Management

The functional currency of the Company is GBP ("£"). The vast majority of transactions are incurred in GBP, therefore, foreign exchange risk is not significant.

Post Balance Sheet Events

At the date of this report, the directors are not aware of any matters or circumstance which have arisen that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the year subsequent to 31 December 2015 not otherwise disclosed in this report.

Creditor Payment Policy

The Company seeks to treat all of its suppliers fairly. It is the Company's policy to agree the terms of payment at the start of business with suppliers to ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

Directors

The directors of the Company who held office during the year and to the date of signing are reported on page 1.

Director and Officers Liability Insurance and Indemnity Agreement

The Company purchased insurance to cover Directors' and Officers' liability as permitted by applicable Law, as well as having a Professional Indemnity Insurance in place. There are no indemnity agreements for any Director issued by this Company.

Going Concern

The Company's ultimate parent, Heitman LLC, has confirmed that it will continue to provide financial support to the Company for the foreseeable future. The Directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Directors' Report (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under the 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 those 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

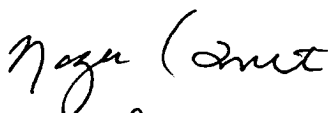
Statement of disclosure of information to auditors

- So far as each director is aware, there is no relevant audit information of which the Company's independent auditors are unaware.
- Each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

The external audit for the financial year ended 31 December 2015 was transferred to Deloitte LLP following the retirement of the prior auditor Newnham & Co. A resolution was passed by the Board of Directors on 12 December 2016 to appoint Deloitte LLP as auditor until such time as the Company decides otherwise.

This report was approved by the Board of Directors on 30 January 2017 and signed on its behalf by:


R Smith Roger Smith
Director, Hires Research Limited
30 January 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIRES RESEARCH LIMITED

We have audited the financial statements of Hires Research Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the statement of cash flows and related notes 1 to 12. 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 to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. 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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the 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.



David Roberts (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
31 January 2017

Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

Statement of Comprehensive Income

| | Note | 31 December 2015 £ | Restated 31 December 2014 £ |
|--|------|-----------------------|-----------------------------------|
| Turnover | | 1,277,188 | 895,896 |
| Administrative expenses | 2 | (1,161,080) | (814,456) |
| Profit on ordinary activities before taxation | | 116,108 | 81,440 |
| Interest receivable and similar income | | - | 59 |
| Profit on ordinary activities before taxation | | 116,108 | 81,499 |
| Taxation on ordinary activities | 4 | (23,222) | (17,871) |
| Profit for the financial year | | 92,886 | 63,628 |
| Total comprehensive income | | 92,886 | 63,628 |

The results above derive from continuing activities.

There was no other comprehensive income other than what is above, and as such, no other statement of other comprehensive income is presented.

The notes on pages 10 to 16 form part of these Financial Statements.

Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

Statement of Financial Position

| | Note | As at 31 December 2015 £ | Restated as at 31 December 2014 £ |
|---|------|--------------------------------|---|
| Current assets | | | |
| Debtors: amounts falling due within one year | 5 | 347,510 | 645,412 |
| Cash at bank | | 437,734 | 189,164 |
| Total current assets | | 785,244 | 834,576 |
| TOTAL ASSETS | | 785,244 | 834,576 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 6 | 449,670 | 591,888 |
| Net current assets | | 335,574 | 242,688 |
| TOTAL ASSETS LESS TOTAL LIABILITIES | | 335,574 | 242,688 |
| Capital and reserves | | | |
| Called up share capital | 7 | 100 | 100 |
| Profit and loss reserve | | 335,474 | 242,588 |
| Total shareholder deficit / Capital and Reserves | | 335,574 | 242,688 |

The notes on pages 10 to 16 form part of these Financial Statements.

The financial statements on pages 6 to 16 were approved by the board of directors of Hires Research Limited (registered number: 07134220) on 30 January 2017 and were signed on their behalf by:


R Smith
Director, Hires Research Limited

Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

Statement of changes in equity

For the year ended 31 December 2015

| | Called-up Share Capital £ | Profit and Loss account £ | Total Equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 January 2014 | 100 | 178,960 | 179,060 |
| Profit for financial year | - | 62,604 | 62,604 |
| At 31 December 2014 as previously stated | 100 | 241,564 | 241,664 |
| Changes on transition to FRS 102 (see note 10) | - | 1,024 | 1,024 |
| Sub-total | 100 | 242,588 | 242,688 |
| At 31 December 2014 as restated | 100 | 242,588 | 242,688 |

| | Called-up Share Capital £ | Profit and Loss account £ | Total Equity £ |
|---------------------------|---------------------------------|---------------------------------|-------------------|
| At 1 January 2015 | 100 | 242,588 | 242,688 |
| Profit for financial year | - | 92,886 | 92,886 |
| At 31 December 2015 | 100 | 335,474 | 335,574 |

Hires Research Limited

Annual Report and Financial Statements – for the year ended 31 December 2015

Statement of cash flows

For the year ended 31 December 2015

| | Note | As at 31 December 2015 £ | Restated as at 31 December 2014 £ |
|---|-------|-----------------------------------|--|
| Cash inflow from operating activities | 11(a) | 248,570 | 105,500 |
| Increase in cash and cash equivalents | | 248,570 | 105,500 |
| Cash and cash equivalents as at 1 January | | 189,164 | 83,664 |
| Cash and cash equivalents as at 31 December | 11(b) | 437,734 | 189,164 |

Notes to the Financial Statements for the year ended 31 December 2015

1 Principal accounting policies

The following accounting policies have been applied consistently in preparation of the financial statements of Hires Research Limited (the "Company").

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), 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 Company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in Note 10. As a consequence of adopting FRS 102, the Company now accrues employee untaken holidays, if any, at each year end.

The financial statements are prepared in Sterling (£) which is the functional currency.

The Company's ultimate parent, Heitman LLC, has confirmed that it will continue to provide financial support to the Company for the foreseeable future. The Directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

(b) Taxation and deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

(c) Revenue recognition

Turnover represents amounts receivable from the ultimate parent undertaking for the provision of marketing services, exclusive of VAT. Turnover is calculated as attributable costs plus 10% in accordance with inter-company agreement between this company and the parent.

All revenue were earned from activities carried out in the United Kingdom.

(d) Bank interest

Interest is recognised on an accruals basis.

Notes to the Financial Statements for the year ended 31 December 2015

1 Principal accounting policies (continued)

(e) Accrued income

Administration services provided to clients in the year that were not billed have been recognised as amounts receivable from clients in the year.

(f) Expenses

Expenses are recognised on an accruals basis.

(g) Debtors

Debtors are recorded at cost less any provision for impairment.

(h) Creditors

Creditors are recorded at their repayment value.

(i) Foreign currency translation

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 retranslated at the rate of exchange ruling at the balance sheet date. All gains and losses are taken to the profit and loss account.

(j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Notes to the Financial Statements for the year ended 31 December 2015

2 Administrative expenses

| | 31 December 2015 £ | Restated 31 December 2014 £ |
|---|-----------------------|-----------------------------------|
| Wages and bonuses | 824,331 | 626,764 |
| Pensions | 12,664 | 8,939 |
| Rent & rates | 151,325 | 68,121 |
| Telephone | 19,799 | 9,553 |
| Post & stationery | 13,572 | 12,419 |
| Travelling & subsistence | 52,131 | 28,321 |
| Subscriptions | 13,349 | 26,797 |
| Repairs & renewals | 12,096 | 5,537 |
| VAT | 3,943 | 7,419 |
| Sundry expenses | 6,128 | - |
| Training | 1,554 | - |
| Accountancy | 5,518 | 962 |
| Consultancy fees | 6,948 | - |
| Legal fees | 91 | - |
| Entertainment | 966 | 1,737 |
| Bank charges | 1,440 | 1,085 |
| Foreign exchange | 1,238 | - |
| Provision for untaken leave | 13,487 | 12,802 |
| | 1,140,580 | 810,456 |
| Services provided by the Company's auditors: | | |
| Fees payable for the statutory audit | 20,500 | 4,000 |
| Total administrative expenses | 1,161,080 | 814,456 |

3 Staff numbers and costs

The average number of persons employed by the Company during the year was as follows:

| | 31 December 2015 | 31 December 2014 |
|-------|---------------------|---------------------|
| Staff | <u>4</u> | <u>4</u> |

Notes to the Financial Statements for the year ended 31 December 2015

3 Staff numbers and costs (continued)

The following staff costs relate to the remuneration of employees who have contracts of employment with the Company.

| | 31 December 2015 £ | Restated 31 December 2014 £ |
|--|-----------------------|-----------------------------------|
| Salaries, wages and bonuses | 726,394 | 552,300 |
| Social security costs | 97,937 | 74,464 |
| Holiday accruals (including payroll tax) | 13,487 | 12,802 |
| Other pension costs | 12,664 | 8,939 |
| Total | 850,482 | 648,505 |

The directors of the Company did not receive any remuneration for their services to the Company during the year (2014: £nil).

4 Taxation

The tax assessed for the year/period is equal to the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20% (2014: 21.493%).

The tax assessed on the profit on ordinary activities is explained below:

| | 31 December 2015 £ | Restated 31 December 2014 £ |
|---|-----------------------|-----------------------------------|
| Profit / Loss before taxation | 116,108 | 81,499 |
| <i>Current tax:</i> | | |
| UK corporation tax at 20% (2014: 21.493%) | 23,222 | 17,517 |
| <i>Effect of:</i> | | |
| Expenses not deductible for tax purposes | - | 354 |
| Total tax charge | 23,222 | 17,871 |

5 Debtors: amounts falling due within one year

| | 31 December 2015 £ | Restated 31 December 2014 £ |
|-----------------------------|-----------------------|-----------------------------------|
| Due from group undertakings | 347,634 | 640,626 |
| Prepayments | - | 4,786 |
| Miscellaneous Receivable | (124) | - |
| Total debtors | 347,510 | 645,412 |

Notes to the Financial Statements for the year ended 31 December 2015

6 Creditors: amounts falling due within one year

| | 31 December 2015 £ | Restated 31 December 2014 £ |
|---------------------------------|-----------------------|-----------------------------------|
| Accrued expenses | 360,692 | 243,504 |
| Due to group undertakings | 33,611 | 326,472 |
| Social security and other taxes | 32,216 | 12,233 |
| Accrued Tax | 23,151 | 9,679 |
| Total creditors | 449,670 | 591,888 |

Holiday pay accrual

An accrual amounting to £13,487 (2014: £12,802) has been included in the accrued figure (above) for the short-term compensated absences, as holiday entitlement earned but not taken at the end of the financial year.

7 Called up share capital

| | 31 December 2015 £ | 31 December 2014 £ |
|--------------------------------------|-----------------------|-----------------------|
| Allotted and called up share capital | | |
| 100 Ordinary share of £1 | 100 | 100 |

The shareholding of the Company is as follows:

| | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| Heitman International Real Estate Securities Gmbh | 100% | 100% |

8 Immediate and ultimate parent undertaking

The company is a wholly owned subsidiary of Heitman International Real Estate Securities Gmbh, incorporated in the Federal Republic of Germany.

Heitman LLC, a company incorporated in the State of Delaware, USA is the ultimate parent company, as well as the controlling party.

9 Related parties

The company has taken advantage of exemption, under the terms of Section 33 paragraph 33. IA3 of FRS 102, not to disclose related party transactions with the parent and wholly owned subsidiaries within the group. Hires Research Limited is a wholly owned subsidiary of Heitman International Real Estate Securities Gmbh, a company incorporated in the Federal Republic of Germany. It exists to provide research services to its parent company and all of its income is derived from the parent company. The amounts outstanding at the Balance Sheet date are:

Owed by Heitman International Real Estate Securities Gmbh: £332,638 (2014: £633,149)
Owed by Heitman Real Estate Securities LLC: £3,770 (2014: £3,770)
Owed by Heitman LLC: £11,226 (2014: £3,707)
Owed to Heitman Financial UK LLC: £33,611 (2014: £326,472)

Notes to the Financial Statements for the year ended 31 December 2015

10 Transition to FRS 102

(a) Reconciliation of comprehensive income at 31 December 2014

| | £ |
|---|---------------|
| Total comprehensive income at 31 December 2014 under previous UK GAAP | 62,604 |
| Additional income relates to accrued holiday pay | 14,082 |
| Holiday pay accruals expensed | (12,802) |
| Corporation tax on accrued holiday pay | (256) |
| Total comprehensive income at 31 December 2014 under FRS 102 | <u>63,628</u> |

(b) Reconciliation of equity at 31 December 2014

| | £ |
|--|----------------|
| Equity Shareholders funds at 31 December 2014 under previous UK GAAP | 241,664 |
| Holiday pay accruals charged | (12,802) |
| Additional income relates to holiday pay accruals | 14,082 |
| Corporation tax effect on holiday pay accruals | (256) |
| Equity Shareholders funds at 31 December 2014 under FRS 102 | <u>242,688</u> |

The adjustments are for 2014 accrued holiday pay of £12,802 (including the payroll tax of £1,422) which was not booked in 2014 under UK GAAP. This, in turn, has effects on turnover, as the Company charges 10% mark-up to its parent company. The profit and corporation tax figures for year ended 2014 have also been adjusted accordingly.

11 Notes to the statement of cash flows

(a) Reconciliation of loss to net cash (outflow) / inflow from operating activities

| | 2015 £ | Restated 2014 £ |
|--|-----------------------|-----------------------|
| Profit for the year | 116,108 | 81,499 |
| Adjustments for: | | |
| Taxation | (23,222) | (17,901) |
| Working Capital movement: | | |
| Decrease / (Increase) in debtors | 297,902 | (151,019) |
| (Decrease) / Increase in creditors | (142,218) | 192,921 |
| Net cash inflow from operating activities | <u>248,570</u> | <u>105,500</u> |

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

| | 2015 £ | 2014 £ |
|----------------------------------|-----------------------|-----------------------|
| Cash at bank | 437,734 | 189,164 |
| Cash and cash equivalents | <u>437,734</u> | <u>189,164</u> |

Notes to the Financial Statements for the year ended 31 December 2015

12 Subsequent events

There are no post balance sheet events to report.