Hires Research Limited

Registered number 07134220

Annual Report and Financial Statements

for the year ended 31 December 2017

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General Information

Directors:	M Tognarelli M Abramson R Smith
Registered Office:	8 Hanover Street London W1S 1YQ
Independent Auditor:	Deloitte LLP Leeds United Kingdom
Company number:	07134220

Strategic report for the year ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Principal activity and review of the business

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 Heitman International Real Estate Securities Gmbh, ("the Parent"). 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.

Future developments

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 significantly in future years.

Review of Business

During the year, the Company provided research services to a value of £2,260,658 (2016: £1,236,543) to its parent. This was an increase of around £1,024,115 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 £164,999 (2016: £107,099).

Principal Risks and Uncertainties

The principal risk facing the Company is that the German parent will no longer require the research services of the Company. As the parent company considers the UK as an important market for its portfolio of customers, the Directors believe that the services provided by the Company will be required in a foreseeable future. The Company is monitoring developments relating to Brexit through discussions with consultants and U.K. based counsel.

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.

This report was approved by the Board of Directors on 23 April 2018 and signed on its behalf by:

R Smith
Director, Hires Research Limited
23 April 2018

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 2017.

Results and Dividends

The Company's Profit for the financial year of £164,999 (2016: £107,099), as disclosed on page 6, was transferred to reserves. No dividends were declared or paid from reserves during the year (2016: £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. The Company's main credit risk arose from the intercompany balances. The directors of the Company review them on a regular basis and make due enquiries. The Company also has concentration risk, as all of its income is derived solely from related party income from another group entity. The Company is able to manage this risk as the Company and the group entity are managed by common directors who actively manage the operations of the Company and the group entity from which the Company derives income.

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 2017 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 to 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 the auditor

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

- 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 s.418 of the Companies Act 2006.

Independent Auditors

Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting in accordance with the provisions of s.485 of the Companies Act 2006.

This report was approved by the Board of Directors on 23 April 2018 and signed on its behalf by:

R Smith
Director, Hires Research Limited
23 April 2018

Independent auditor's report to the members of Hires Research Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements of Hires Research Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 11

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Heitman U.K. Limited – (continued)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

M. Bainbridge

Matthew Bainbridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
23 April 2018

Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Turnover		2,260,658	1,236,543
Administrative expenses	2	(2,055,144)	(1,124,130)
Profit on ordinary activities before taxation		**205,514**	**112,413**
Taxation on ordinary activities	4	(40,515)	(5,314)
Profit for the financial year		164,999	107,099
Total comprehensive income		**164,999**	**107,099**

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 11 to 15 form an integral part of these Financial Statements.

Statement of Financial Position

At 31 December 2017

	Note	As at 31 December 2017 £	As at 31 December 2016 £
Current assets			
Debtors: amounts falling due within one year	5	1,654,020	484,637
Cash at bank		671,211	624,357
Total current assets		**2,325,231**	**1,108,994**
TOTAL ASSETS		**2,325,231**	**1,108,994**
Current liabilities			
Creditors: amounts falling due within one year	6	(1,717,559)	(666,321)
Net current assets		**607,672**	**442,673**
TOTAL ASSETS LESS TOTAL LIABILITIES		**607,672**	**442,673**
Capital and reserves			
Called up share capital	7	100	100
Profit and loss reserve		607,572	442,573
Total shareholder capital and reserves		**607,672**	**442,673**

The notes on pages 11 to 15 form an integral part of these Financial Statements.

The financial statements on pages 7 to 15 were approved by the board of directors of Hires Research Limited (registered number: 07134220) on 23 April 2018 and were signed on their behalf by:

R Smith
Director, Hires Research Limited

Statement of changes in equity

For the year ended 31 December 2017

	Called-up Share Capital £	Profit and Loss account £	Total Equity £
At 1 January 2016	100	335,474	335,574
Profit for financial year	-	107,099	107,099
At 31 December 2016	**100**	**442,573**	**442,673**

	Called-up Share Capital £	Profit and Loss account £	Total Equity £
At 1 January 2017	100	442,573	442,673
Profit for financial year	-	164,999	164,999
At 31 December 2017	**100**	**607,572**	**607,672**

The notes on pages 11 to 15 form an integral part of these Financial Statements.

Statement of cash flows

For the year ended 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Cash inflow from operating activities	10(a)	46,854	186,623
Increase in cash and cash equivalents		**46,854**	**186,623**
Cash and cash equivalents as at 1 January		624,357	437,734
Cash and cash equivalents as at 31 December	10(b)	**671,211**	**624,357**

The notes on pages 11 to 15 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2017

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 under the historical cost convention 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").

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 research services, exclusive of VAT and is recognised on an accruals basis. Turnover is calculated as attributable costs plus 10% in accordance with inter-company agreement between this Company and the parent.

All revenues 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 2017

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. Called up share capital is translated into sterling using the historical exchange rate. 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.

(k) Critical judgements and sources of key estimation uncertainty

There are no critical judgements or sources of key estimation uncertainty of significance to the financial statements.

2 Administrative expenses

	31 December 2017 £	31 December 2016 £
Staff costs	1,764,005	816,284
Audit fee	26,793	29,010
Other administrative expenses	264,346	278,836
Total administrative expenses	**2,055,144**	**1,124,130**

Notes to the Financial Statements for the year ended 31 December 2017

3 Staff numbers and costs

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

	31 December 2017	31 December 2016
Staff	4	4

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

	31 December 2017 £	31 December 2016 £
Salaries, wages and bonuses	1,575,820	694,871
Social security costs	180,130	84,636
Holiday accruals (including payroll tax)	(8,671)	13,184
Other pension costs	16,726	23,593
Total	**1,764,005**	**816,284**

The directors of the Company did not receive any remuneration for their services to the Company during the year ended 31 December 2017 (2016: £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 2017 of 19.25% (2016: 20%).

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

	31 December 2017 £	31 December 2016 £
Profit before taxation	205,514	112,413
Current tax:		
UK corporation tax at 19.25% (2016: 20%)	39,561	22,483
Effect of:		
Expenses not deductible for tax purposes	954	-
Adjustment for prior years	-	(17,169)
Total tax charge	**40,515**	**5,314**

Notes to the Financial Statements for the year ended 31 December 2017

5 Debtors: amounts falling due within one year

	31 December 2017 £	31 December 2016 £
Due from group undertakings (Note 9)	1,653,772	483,556
Miscellaneous receivable	248	1,081
Total debtors	**1,654,020**	**484,637**

6 Creditors: amounts falling due within one year

	31 December 2017 £	31 December 2016 £
Accrued expenses	1,143,824	365,537
Due to group undertakings (Note 9)	427,932	252,751
Social security and other taxes	122,505	37,703
Accrued tax	23,298	10,330
Total creditors	**1,717,559**	**666,321**

Holiday pay accrual

An accrual amounting to -£8,671 (2016: £13,184) has been included in the accruals 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 2017 £	31 December 2016 £
Allotted, called up and fully-paid share capital		
100 Ordinary share of £1	100	100

The shareholding of the Company is as follows:

	31 December 2017	31 December 2016
Heitman International Real Estate Securities Gmbh	100%	100%

The shares are £1 ordinary shares, which are entitled to dividends and carry voting rights.

Notes to the Financial Statements for the year ended 31 December 2017

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 other entities 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: £1,637,880 (2016: £467,664)
Owed by Heitman Real Estate Securities LLC: £3,770 (2016: £3,770)
Owed by Heitman LLC: £11,047 (2016: £11,047)
Owed by Heitman UK Limited: £1,075 (2016: £1,075)
Owed to Heitman Financial UK LLC: £427,932 (2016: £252,751)

10 Notes to the statement of cash flows

(a) Reconciliation of profit to net cash inflow from operating activities

	2017 £	2016 £
Profit for the year before taxation	205,514	112,413
Adjustments for:		
Taxation	(40,515)	(5,314)
Working capital movement:		
Increase in debtors	(1,169,383)	(137,127)
Increase in creditors	1,051,238	216,651
Net cash inflow from operating activities	**46,854**	**186,623**

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017 £	2016 £
Cash at bank	671,211	624,357
Cash and cash equivalents	**671,211**	**624,357**

11 Subsequent events

There are no post balance sheet events to report.