

Hines UK Limited

Annual Report and Financial Statements

Year Ended 31 December 2019



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General Information

Directors

Ian J. P. Brown

Ross Blair

Alexander Knapp (resigned 17 October 2019)

Anthony Leonard (resigned 28 February 2019)

Rajeev Rajput (appointed 1 March 2019)

Robert N. Pitman (appointed 17 October 2019)

Secretary

Abogado Nominees Limited

Bankers

Natwest PLC

34 Sloane Square

London

SW1W 8AZ

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Registered Office

100 New Bridge Street

London

EC4V 6JA

Strategic report

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Review of the business

The principal activity of the company is the management of commercial real estate assets in the UK and Ireland. The company provides a range of services, including: acquisition assistance, development management and asset management.

Objectives and policies

The company intends to grow its assets under management in the UK and continue the expansion of its services across real estate asset classes.

Principal risks and uncertainties

Liquidity risk / Cash flow risk

The ultimate parent undertaking has agreed to provide continuing financial support to the company, and the directors have concluded that the company will have adequate resources to continue in business for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

The directors frequently consider the business' projected future cashflows, covering the period until 31 December 2022. This is updated quarterly to encapsulate changes in projects, staffing levels and general variations in costs.

Foreign currency risk

The majority of the company's transactions are carried out in the functional currency and therefore transaction exposures are limited. The company maintains a Euro bank account for Euro transactions related to its management of several real estate assets in Ireland. Exposure exists on the unhedged short-term US dollar loan to the ultimate parent company.

Price risk

The directors do not consider there to be significant pricing risk associated with the company.

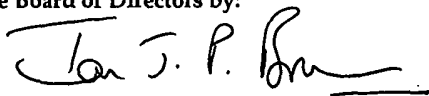
Credit risk

Receivables balances are monitored on an ongoing basis and the company has not suffered any instances of bad debt in the year ended 31 December 2019.

Covid-19 risk

Since the early 2020 coronavirus outbreak, the company has put in place measures to protect its staff and business. Management continue to monitor the evolving situation and the effectiveness of the control measures taken.

On behalf of the Board of Directors by:



Ian J. P. Brown

Director

Date: 15 September 2020

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Principal activity and review of the business

The principal activity of the company is the management of commercial real estate assets in the UK and Ireland. The company provides a range of services, including: acquisition assistance, development management and asset management.

The results of the company for the year, as set out on pages 8 and 9, show a profit for the year ended 31 December 2019 amounting to £2,578,946 (2018: £5,132,272).

During the year the company entered into new property services agreements for development, asset and investment management services mainly in relation to properties in the logistics and student housing sectors.

Going concern

The directors have considered the business activities of the company, together with the factors likely to affect its future development, its financial position and the relationship with the ultimate parent undertaking which has agreed to provide continuing financial support to the company for a period of at least twelve months from the approval of these financial statements.

The directors have also assessed the additional uncertainties brought about by the coronavirus outbreak since early 2020. The level of impact will depend on how the situation evolves, the duration and the effectiveness of the control measures taken. The Company will keep its contingency measures and risk management under review as the situation evolves.

The Directors have concluded that the company will have adequate resources to continue in business for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis of preparation has been adopted.

Dividend

A final dividend of £5,387,880 for the year ended 31 December 2018 was declared and settled on 6 September 2019. No dividend has been declared for the year ended 31 December 2019.

Directors' report (continued)

Directors

The directors of the company who served during the year ended 31 December 2019 and subsequent to that date were as follows:

Ian J. P. Brown
Ross Blair
Alexander Knapp (resigned 17 October 2019)
Anthony Leonard (resigned 28 February 2019)
Rajeev Rajput (appointed 1 March 2019)
Robert N. Pitman (appointed 17 October 2019)

The company purchased and maintained liability insurance for its directors and officers as permitted by section 233 of the Companies Act 2006.

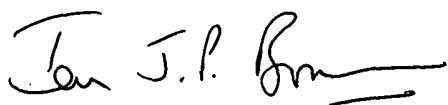
Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the fellow director and the company's auditor, each director has taken all the steps that she/he is obliged to take as a director in order to make herself/himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of Auditors

A resolution to appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors by:



Ian J. P. Brown
Director

Date: 15 September 2020

Statement of Directors' responsibilities

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 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 Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HINES UK LIMITED

Opinion

We have audited the financial statements of Hines UK Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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.

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 below. 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.

Emphasis of matter

We draw attention to Note 2 and Note 17 of the financial statements, which describes the economic and social consequences/disruption the company is facing as a result of COVID-19 which is impacting customer demand/personnel available for work and/or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements:

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 <https://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

Ernst & Young LLP

Oxana Dorrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 September 2020

Income Statement

For the year ended 31 December 2019

		2019	2018
	Notes	£	£
Turnover	3	9,608,288	12,626,801
Operating expenses		<u>(6,827,504)</u>	<u>(7,469,360)</u>
Operating profit and profit on activities before taxation	4	2,780,784	5,157,441
Foreign exchange loss	8	(71,933)	(30,450)
Finance Income		<u>693</u>	<u>39,300</u>
Profit on ordinary activities before taxation		2,709,544	5,166,291
Tax on ordinary activities	7	<u>(130,598)</u>	<u>(34,019)</u>
Profit for the year		<u><u>2,578,946</u></u>	<u><u>5,132,272</u></u>

All the amounts relate to continuing activities.

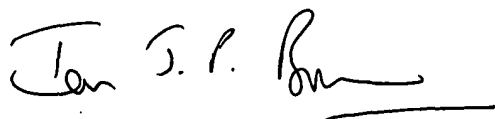
There are no other items of comprehensive income in the current year or prior year and therefore no statement of comprehensive income is shown.

Statement of Financial Position

at 31 December 2019

	Notes	2019 £	2018 £
Non-Current assets			
Long term investments	16	-	-
Deferred tax asset	11	96,804	-
		<u>96,804</u>	<u>-</u>
Current assets			
Debtors:			
amounts falling due within one year	9	4,003,533	7,287,273
Cash at bank and in hand		1,655,371	1,398,321
		<u>5,658,904</u>	<u>8,685,594</u>
Creditors: Amount falling due within one year	10	(2,809,798)	(2,930,750)
Net current assets		<u>2,849,106</u>	<u>5,754,844</u>
Net assets		<u>2,945,910</u>	<u>5,754,844</u>
Capital and reserves			
Share Capital	12	100	100
Profit and loss account		2,945,810	5,754,744
Total shareholder's funds		<u>2,945,910</u>	<u>5,754,844</u>

Approved by the Board of Directors on 15 September 2020
and signed on its behalf by:



Ian J. P. Brown
Director

Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital	Profit and Loss account	Total Shareholders' funds
At 31 December 2017	100	7,906,964	7,907,064
Profit for the year	-	5,132,272	5,132,272
Dividend	-	(7,284,492)	(7,284,492)
At 31 December 2018	100	5,754,744	5,754,844
Profit for the year	-	2,578,946	2,578,946
Dividend	-	(5,387,880)	(5,387,880)
At 31 December 2019	100	2,945,810	2,945,910

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2018
	Notes	£	£
Net cash from operating activities	15	4,544,930	9,166,106
Cash flows from financing activities			
Repayment of loan made to immediate parent undertaking		1,800,000	-
Advance of loan to ultimate parent undertaking		(700,000)	(1,800,000)
Dividend paid		(5,387,880)	(7,284,492)
Loan interest income		-	39,300
Net cash used in financing activities		<u>(4,287,880)</u>	<u>(9,045,192)</u>
Net increase in cash and cash equivalents		<u>257,050</u>	<u>120,914</u>
Cash & cash equivalents at start of the year		1,398,321	1,277,407
Cash & cash equivalents at end of the year		<u><u>1,655,371</u></u>	<u><u>1,398,321</u></u>

Notes to the financial statements

at 31 December 2019

1. Corporate information

The company is a limited company incorporated in England and domiciled in the United Kingdom. The principal activities of the company are described in the Directors' report.

2. Accounting policies

Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The financial statements are presented in sterling and all values are rounded to the nearest pound (£), except when otherwise indicated.

Going concern

The directors have considered the business activities of the company, together with the factors likely to affect its future development, its financial position and the relationship with the ultimate parent undertaking which has agreed to provide continuing financial support to the company for a period of at least twelve months from the approval of these financial statements.

The directors have also assessed the additional uncertainties brought about by the coronavirus outbreak since early 2020. The level of impact will depend on how the situation evolves, the duration and the effectiveness of the control measures taken. The Company will keep its contingency measures and risk management under review as the situation evolves.

The Directors have concluded that the company will have adequate resources to continue in business for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis of preparation has been adopted.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation

Corporation Tax on the profit or loss for the period comprises of current tax. Current tax is based on an accurate assessment of the position for the period.

Deferred Tax arises from timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Agent versus principal relationships

The company regularly reviews the criteria for recognising revenue on a gross versus net basis by reference to the changes in nature of business transactions or agreements concluded. The presentation and disclosure is aimed to properly reflect the underlying nature of the risk and rewards of the transactions during the year.

Notes to the financial statements (continued)

at 31 December 2019

2. Accounting policies (continued)**Estimates and assumptions**

Management consider that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revenue recognition

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of value added tax and trade discounts. Revenue is recognised on long-term service contracts based on the level of performance of the company's contractual obligations.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Pension costs

The Company's pension arrangements consist of a defined contribution scheme. The Company's employees are not the only members of the scheme and therefore the assets are not held exclusively for their benefit. Contributions to defined contribution pension schemes are recognised in the profit and loss account in the period in which they become payable.

Investments

Investments are held at cost less any provision for impairments.

3. Turnover

The whole of the turnover is attributable to property and development management of commercial real estate. All turnover arose within the United Kingdom and Ireland.

Notes to the financial statements (continued)

at 31 December 2019

4. Operating profit before taxation

	2019	2018
This is stated after charging:		
	£	£
Auditor's remuneration	24,300	18,128
Legal and professional charges	236,248	385,824
Travel & entertainment expenses	303,981	291,084
Recharged costs - land & buildings	261,202	225,568
Management services	311,692	396,362

5. Directors' Remuneration

	2019	2018
	£	£
Aggregate remuneration in respect of qualifying services	<u>1,486,267</u>	<u>2,175,386</u>
The above amounts for remuneration include the following in respect of the highest paid director:		
Aggregate remuneration in respect of the highest paid director	<u>702,084</u>	<u>1,008,261</u>

6. Staff costs

	2019	2018
The aggregate remuneration comprised		
	£	£
Wages and salaries	4,308,067	4,499,048
Social security costs	583,623	616,893
Pension contributions	115,089	99,896
Other	240,503	159,206
Total	<u>5,247,282</u>	<u>5,375,043</u>

Included within staff costs above, are costs of £176,070 (2018 - £283,471) which were borne by a related company and recharged to Hines UK Limited.

Staff costs borne by Hines UK Limited but recharged to related companies are included within Related parties note 13.

The average monthly number of persons employed by the company during the year (including executive directors) was as follows:

	2019	2018
	No.	No.
Finance	8	8
Operations	25	21
Administration	2	2
	<u>35</u>	<u>31</u>

Notes to the financial statements (continued)

at 31 December 2019

7. Tax

(a) Analysis of Taxation on Profit on ordinary activities in the year

UK corporation tax

	2019 £	2018 £
Prior year tax adjustment	8,629	(3,021)
Current tax charge	218,773	37,040
Deferred tax	(96,804)	-
Total current tax (note 7(b))	<u>130,598</u>	<u>34,019</u>
Tax charge on profit on ordinary activities	<u>130,598</u>	<u>34,019</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK.
The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,709,544</u>	<u>5,166,639</u>
Profit on ordinary activities multiplied by the averaged standard rate of corporation tax in the UK of 19% (2018 - 19%)	514,813	981,661
<i>Effects of:</i>		
Expenses not deductible for tax purposes	553	4,878
Recognition of previously unrecognised deferred tax	(87,473)	-
Utilisation of previously unrecognised losses	(305,925)	-
Movement in unrecognised deferred tax	-	(949,499)
Prior period tax adjustment	8,629	(3,021)
Current tax for the year (note 7 (a))	<u>130,597</u>	<u>34,019</u>

(c) Factors that may affect future tax charges

There are tax losses of £nil (2018 - £1,643,311) carried forward as at the end of the year.

There are accumulated timing differences of £509,496 (2018 - £465,118) in respect of decelerated capital allowances and other timing differences.

A deferred tax asset has been recognised of £96,804 (2018 £nil). In 2018 there was an unrecognised deferred tax asset of £400,602.

In the February 2020 Budget, the government announced that the enacted reduction in the CT rate from 19% to 17% for the Financial Year beginning 1 April 2020 would be reversed and the rate of tax would remain at 19%. Therefore the deferred tax has been recognised at 19%.

Notes to the financial statements (continued)

at 31 December 2019

8. Foreign Exchange

	2019	2018
	£	£
Realised foreign exchange gain / (loss)	(89,759)	3,115
Unrealised foreign exchange loss	17,826	(33,565)
Total	<u>(71,933)</u>	<u>(30,450)</u>

9. Debtors

Notes

	2019	2018
	£	£
Amount falling due within one year:		
Trade debtors	341,270	1,021,560
Other debtors	24,815	181,847
Amounts due from group undertakings	2,567,278	2,823,697
Prepayments and accrued income	1,070,170	3,260,169
	<u>4,003,533</u>	<u>7,287,273</u>

For details of interest rates and maturity dates for the amounts due from group undertakings, refer to note 13.

10. Creditors

	2019	2018
	£	£
Amounts falling due within one year		
Trade creditors	468,632	473,323
Accruals and deferred income	2,039,045	1,871,872
Amounts owed to group undertakings (note 13)	-	293,943
Other taxes and social security	235,467	227,900
Other payables	66,654	63,712
	<u>2,809,798</u>	<u>2,930,750</u>

11. Deferred Tax

The deferred tax asset consist of the following :

	2019	2018
	£	£
Accelerated capital allowances	8,328	-
Pension contributions	2,910	-
Employment benefits	85,566	-
	<u>96,804</u>	<u>-</u>

12. Authorised and issued share capital

		2019	2018
	No.	£	£
Authorised, allotted, called up and fully paid			
Ordinary shares of £1 each	100	<u>100</u>	<u>100</u>

Notes to the financial statements (continued)

at 31 December 2019

13. Related parties

At 31 December 2019, the amount due from related parties was as follows:

	2019	2018
	£	£
Hines Europe Limited - loan	700,000	1,800,000
Hines Europe Limited - recharges	(9,985)	(21,131)
	<u>690,015</u>	<u>1,778,869</u>
Hines Real Estate Ireland Limited	-	24,906
Hines Italy RE SRL	1,442	34,081
Hines Hellas Real Estate Management Services IKE	-	56,107
Hines Netherlands BV	41,423	-
Hines International Real Estate Holdings LP	1,764,338	-
Student Housing Operations Limited	70,060	929,734
	<u>2,567,278</u>	<u>2,823,697</u>

At 31 December 2019, the amount due to related parties were as follows:

	2019	2018
	£	£
Hines International Real Estate Holdings LP	-	293,943

At 31 December 2019, the following amounts due from related parties were included within accrued income :

	2019	2018
	£	£
HREIS Innova SL	6,030	26,045
Hines Netherlands BV	5,025	41,423
Hines Nordics ApS	27,133	43,933
Hines Hellas Real Estate Management Services IKE	12,059	-
	<u>50,247</u>	<u>111,401</u>

During the year the group made related party transactions with other undertakings controlled by or associates of the ultimate parent. Amounts owed to or from such group undertakings are disclosed in notes 9 to 10.

During the year, the company issued a loan to the immediate parent company, Hines Europe Limited, of £4,287,880 (2018 - £1,800,000). On 6 September 2019 the directors declared a dividend amounting to £5,387,880, this dividend was offset against the loan balance. The balance of the loan remaining at 31 December 2019 is £700,000, and is included within debtors falling due within one year. This is an interest free loan and repayable on demand.

During the year the immediate parent company, Hines Europe Limited, recharged £771,568 of professional fees, overheads and staff costs, of which £9,985 (2018 - £21,131) was outstanding and is offset against debtors falling due within one year.

During the year, the company issued loans to Student Housing Operations Limited, a related party, of £nil (2018 - £432,265) and recharged professional fees, overheads and staff costs of £1,005,055 (2018 - £494,668) of which £70,060 (2018 - £929,735) is included in debtors falling due within one year. This is an interest free loan and repayable on demand.

Notes to the financial statements (continued)

at 31 December 2019

13. Related parties (continued)

Hines International Real Estate Holdings Limited Partnership (HIREH), the company's ultimate parent undertaking, charged costs of £311,692 (2018 - £396,362) in respect of management services, it also reimbursed costs to the Company of £1,740,877 (2018 - charged £265,610). The outstanding receivable balance is £1,694,793 (2018 - £nil).

The company recovered the following amounts from other related parties in respect of recharged professional fees,

	2019	2018
	£	£
Hines Real Estate Ireland Limited	12,912	44,663
Hines Italy RE SRL	1,442	71,827
Hines Hellas Real Estate Management Services IKE	-	56,107
Hines Netherlands BV	41,423	-
Hines Nordics ApS	43,933	-
HREIS Innova SL	26,615	-
	<u>126,325</u>	<u>172,597</u>

14. Parent undertaking and controlling party

At 31 December 2019, the company's immediate parent entity was Hines Europe Limited, a company incorporated in the United Kingdom.

The company's ultimate parent is Hines International Real Estate Holdings Limited Partnership, a partnership registered in the United States of America. The largest group in which the results of the company are consolidated is that headed by Hines Europe Limited, the financial statements of which are publicly available. The smallest group in which the results of the company are consolidated is that headed by Hines Europe Limited, the financial statements of which are publicly available.

Notes to the financial statements (continued)

at 31 December 2019

15. Reconciliation of operating cashflows

	2019 £	2018 £
Cash flows from operating activities		
Profit before taxation	2,709,544	5,166,291
Adjustments for:		
Decrease / (increase) in trade debtors	680,290	(272,078)
Decrease / (increase) in other debtors	157,032	(155,499)
(Increase) / decrease in amounts due from group undertakings	(843,581)	5,680,547
Decrease / (increase) in prepayments and accrued income	2,212,626	(1,622,918)
(Decrease) / increase in trade creditors	(4,691)	104,961
Decrease in accruals and deferred income	192,611	52,629
Increase / (decrease) in amounts owed to group undertakings	(293,943)	277,057
Decrease / (increase) in other taxes and social security	7,567	(33,235)
Decrease in other creditors	2,942	63,712
Less: Cash generated from financing activities include in profit before taxation	-	(39,300)
Cash generated from operations	<u>4,820,397</u>	<u>9,222,167</u>
Corporation tax paid	<u>(275,467)</u>	<u>(56,061)</u>
Net cash from operating activities	<u>4,544,930</u>	<u>9,166,106</u>

16. Investments

The company's investments comprise of B shares held in Brindley Holdco Sarl, a company incorporated in Luxembourg, which were acquired for £348. The total percentage holding amounts to 75% of the issued B shares of Brindley Holdco Sarl. This entitles the holder to a return in certain circumstances where the underlying investment has outperformed. No return is currently expected from this investment, and therefore the investment is held at £nil value (2018 - £nil).

The company's investment in Livingston Holdco Limited, a company incorporated in Guernsey, comprising of B shares acquired for £3, has been considered as an Off-Balance Sheet item. The total percentage holding amounts to 75% of the issued B shares of Livingston Holdco Limited. This entitles the holder to a return in certain circumstances where the underlying investment has outperformed. No return is currently expected from this investment and it is held at £nil value (2018- £nil).

17. Subsequent Events

The coronavirus outbreak since early 2020 has brought additional uncertainty in the Company's operating environment. The Company will keep its contingency measures and risk management under review as the situation evolves. While the circumstances of the outbreak are evolving rapidly, an estimate of the financial impact to the Company at the current stage may not be appropriate as it may be subject to material change over time.

