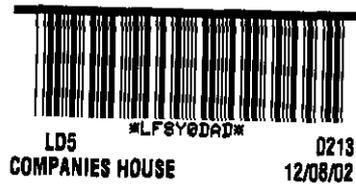




Hines Air Property Limited

Abbreviated accounts for the year ended
31 December 2001

Registered number: 03913276



Contents

	Page
Auditors' report	1
Balance sheet	2
Notes to the accounts	3-5

To Hines Air Property Limited under Section 247B of the Companies Act 1985:

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of the company for the period ended 31 December 2001 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with United Kingdom law under Section 246 of the Companies Act 1985 and the applicable United Kingdom accounting standards. It is our responsibility as established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts to be delivered are properly prepared in accordance with those relevant provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 in respect of the period ended 31 December 2001, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Arthur Andersen
Chartered Accountants and Registered Auditors

180, The Strand
London
WC2R 1BL

30 July 2002

Balance sheet

As at to 31 December 2001

	Notes	31 December 2001 £	31 December 2000 £
Fixed assets			
Tangible assets	2	<u>2,277</u>	<u>4,377</u>
		<u>2,277</u>	<u>4,377</u>
Current assets			
Debtors - due within one year	3	253,359	115,145
- due after more than one year	3	150,517	-
Cash at bank and in hand		<u>14,447</u>	<u>81,526</u>
		418,323	196,671
Creditors: Amounts falling due within one year		<u>(269,999)</u>	<u>(199,427)</u>
Net current liabilities		<u>148,324</u>	<u>(2,756)</u>
Total assets less current liabilities		150,601	1,621
Creditors: Amounts falling due after more than one year	3	<u>(1,744,734)</u>	<u>(740,565)</u>
Net liabilities		<u>(1,594,133)</u>	<u>(738,944)</u>
Capital and reserves			
Called-up share capital	4	100	100
Profit and loss account		<u>(1,594,233)</u>	<u>(739,044)</u>
Equity shareholders' deficit		<u>(1,594,133)</u>	<u>(738,944)</u>

The abbreviated accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

The accounts on pages 2 to 5 were approved by the board of directors on 30 July 2002 and signed on its behalf by:



Director

The accompanying notes on pages 3 to 5 form part of these accounts.

Notes to the accounts

For the year ended 31 December 2001

1 Accounting policies

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared in accordance with the Financial Reporting Standard for Small Entities (effective March 2000) under the historical cost convention, modified by the revaluation of certain fixed assets.

a) *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) *Turnover*

Turnover represents the invoiced value of goods and services provided, excluding value added taxes and charges between group companies.

c) *Tangible fixed assets*

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Computer equipment	3 years
--------------------	---------

Residual value is calculated on prices prevailing at the date of acquisition.

d) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) *Foreign currencies*

Transactions denominated in foreign currencies are recorded in the local currency at actual rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

f) *Cashflow statement*

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not prepared a cash flow statement because it qualifies as a small company as defined by statute and has taken advantage of the exemption afforded by sections 246 to 249 of the Companies Act 1985.

Notes to the accounts (continued)

2 Tangible fixed assets

	Fixtures Fittings & Equipment £
Cost	
At 1 January 2001	6,303
Additions	-
Disposals	-
At 31 December 2001	<u>6,303</u>
Depreciation	
At 1 January 2001	1,926
Charge for the year	2,100
Disposals	-
At 31 December 2001	<u>4,026</u>
Net book value	
At 31 December 2001	<u>2,277</u>
At 31 December 2000	<u>4,377</u>

3 Debtors

	£	£
Amounts falling due after more than one year:		
Prepayments	150,517	-
Amounts falling due within one year:		
Trade debtors	6,110	-
Other debtors	38,234	-
Prepayments	175,515	-
Amounts owed by group undertakings	33,500	115,145
	<u>403,876</u>	<u>115,145</u>

4 Creditors: Amounts falling due after more than one year

Included within creditors falling due after more than one year is an amount of £1,744,734 (2000: £740,565) due to the ultimate parent company which is unsecured and has no fixed repayment date.

Notes to accounts (continued)

5 Called-up share capital

	31 December 2001 £	31 December 2000 £
<i>Authorised, allotted, called-up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

6 Going concern

The company is in a net liability position. The directors have considered the forecast future operations of the company and the relationship with the ultimate holding company which has agreed to provide continuing financial support, and 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 accounts. Accordingly, the going concern basis of accounting has been adopted.

7 Ultimate parent company

The company's ultimate parent is Hines International Real Estate Holdings Limited Partnership, a partnership registered in the United States of America. The largest and smallest group in which the results of the company are consolidated is that headed by Hines International Real Estate Holdings Limited Partnership, the accounts of which are not available to the public.