Registered No. 04402895

Hines 99 QVS Developments Limited

Report and Financial Statements

31 December 2007

Directors
M Topham
S H R Musgrave
A J Reynolds
I Brown

Secretaries
A J Reynolds
Abogado Nominees Limited

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
NatWest Bank plc
34 Sloane Square
London
SW1W 8AZ

Registered Office
100 New Bridge Street
London
EC4V 6JA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2007

Results and dividends

The loss for the year amounted to £3,740 (2006 – loss of £2,614) The directors do not recommend the payment of a dividend (2006 – £nil)

Principal activity and review of the business

The company's principal business activity was the procurement and development of 99 Queen Victoria Street, London This development was completed during 2005 and no new activity is planned for this company

Directors

The directors who served during the year ended 31 December 2007 and subsequent to that date were as follows

M Topham	
S H R Musgrave	
A J Reynolds	
J Riddell	(appointed 9 February 2007, resigned 31 January 2008)
I Brown	(appointed 6 February 2008)

Qualifying third party indemnity provisions

An associated undertaking maintains an indemnity to the company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Disclosure of information to the 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 fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the Board

Director 29/10/08

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 proper accounting records that 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 1985 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 auditors' report

to the members of Hines 99 QVS Developments Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet and the related notes 1 to 11 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report

to the members of Hines 99 QVS Developments Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

30 October 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	*2007* £	*2006* £
Turnover	2	1,985	28,373
Cost of sales		(1,985)	(28,373)
Gross result		–	–
Administrative expenses		(3,671)	(2,750)
Other operating charges		(69)	(163)
Operating loss	4	(3,740)	(2,913)
Interest receivable		–	299
Loss on ordinary activities before taxation		(3,740)	(2,614)
Tax on loss on ordinary activities	5	–	–
Loss for the year	9	(3,740)	(2,614)

All amounts relate to continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2007

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

Balance sheet

at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	6	2,085	32,341
Cash at bank		96	4,146
		2,181	36,487
Creditors: amounts falling due within one year	7	(8,293)	(38,859)
Net current liabilities		(6,112)	(2,372)
Total assets less current liabilities		(6,112)	(2,372)
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(6,212)	(2,472)
Equity shareholder's deficit	9	(6,112)	(2,372)

The financial statements were approved by the Board on
and signed on its behalf by

Director 29/10/08

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards

Going concern

At 31 December 2007, the company was in a net current liability and 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 financial statements Accordingly, the going concern basis of accounting has been adopted

Statement of cash flows

Under the provisions of Financial Reporting Standard 1 (Revised), the company is exempt from preparing a statement of cash flows 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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

Turnover represents the invoiced value of goods and services provided in one geographical location, the United Kingdom

3. Staff costs and directors' remuneration

There were no staff employed by the company during the year ended 31 December 2007 (2006 – none)

The directors have received no remuneration in respect of their services to the company during the year ended 31 December 2007 (2006 – £nil)

Notes to the financial statements

at 31 December 2007

4. Operating loss

This is stated after charging

	2007	*2006*
	£	*£*
Auditors' remuneration		
- For the statutory audit of the financial statements	2,250	2,750

5. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

UK corporation tax

	2007	*2006*
	£	*£*
UK corporation tax	–	–

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is different compared to the standard rate of corporation tax in the UK of 30% (2006 – 30%) The differences are explained below

	2007	*2006*
	£	*£*
Loss on ordinary activities before tax	(3,740)	(2,614)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%)	(1,122)	(784)
Effects of:		
Tax losses not utilised	1,122	784
Total current tax (note 5(a))	–	–

(c) Factors affecting future tax charges

There are tax losses of £6,660 (2006 - £2,920) carried forward as at the end of the year There is no persuasive and reliable evidence at this time that there will be suitable accounting profits from which to set against this loss, consequently no deferred tax asset has been recognised in respect of these losses

The UK corporation tax charge decreased from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the company

Notes to the financial statements

at 31 December 2007

6. Debtors

	2007	*2006*
	£	*£*
Amounts falling due after more than one year		
Amounts owed by group undertakings	100	100
Amounts falling due within one year		
Amounts owed by group undertakings	–	32,241
Prepayments and accrued income	1,985	–
	2,085	32,341

7. Creditors: amounts falling due within one year

	2007	*2006*
	£	*£*
Amounts owed to group undertakings	4,779	35,241
Accruals and deferred income	2,644	2,750
Other creditors	870	868
	8,293	38,859

8. Share capital

	2007	*2006*
Authorised, allotted, called up and unpaid	*£*	*£*
100 Ordinary shares of £1 each	100	100

9. Reconciliation of movement in shareholder's deficit

	Share capital	*Profit and loss account*	*Total shareholder's funds/(deficit)*
	£	*£*	*£*
At 1 January 2006	100	142	242
Loss for the year	–	(2,614)	(2,614)
At 31 December 2006	100	(2,472)	(2,372)
Loss for the year	–	(3,740)	(3,740)
At 31 December 2007	100	(6,212)	(6,112)

Notes to the financial statements

at 31 December 2007

10. Related party transactions

During the year the company recharged at cost the residual costs associated with the development of 99 Queen Victoria Street, London to Hines GB Holdings LLC, the company's immediate parent undertaking The total amount recharged was £1,985 (2006 – £nil) This balance has been included in prepayments and accrued income

At 31 December 2007, the amount owing from Hines GB Holdings LLC in respect of share capital was £100 (2006 – £100), this is included in debtors falling due after more than one year At 31 December 2006 an additional £28,373 was owed by Hines GB Holdings LLC, this was settled in the current year

At 31 December 2007, the amount owed to Hines UK Limited, a fellow subsidiary undertaking, was £655 (2006 – £36,109)

At 31 December 2007 the amount owed to Hines 101 QVS Developments Limited, a fellow subsidiary undertaking, was £4,124 (2006 – amounts receivable of £3,868)

11. Parent undertaking and controlling party

The company's immediate parent undertaking is Hines GB Holdings LLC, a company incorporated in the United States of America

The company's ultimate parent undertaking and controlling party 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 group are consolidated is that headed by Hines International Real Estate Holdings Limited Partnership, the financial statements of which are not available to the public