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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale was effected.

This document does not constitute an offer of any securities for sale. The distribution of this document and/or the accompanying Form of Proxy into jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions.

This document should be read as a whole and incorporates information included in the prospectus relating to the Company dated 30 September 2009 (the "Prospectus").

Your attention is drawn to the "Letter from the Chairman" set out in Part I of this document which contains a recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. For a discussion of certain risks and other factors that should be considered in connection with the Proposed Acquisition discussed in this document, see "Risk Factors" set out in Part II of this document.

Hansteen Holdings PLC

(incorporated and registered in England and Wales with registered number 05605371)

Proposed acquisition of a portfolio of real estate assets from HBI S.à r.l. and HBI Delta Sub S.à r.l.

Circular to Shareholders and Notice of General Meeting

Notice of a General Meeting of the Company to be held at 21 Tudor Street, London EC4Y 0DJ at 10.30 a.m. on 1 April 2010 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU by not later than 10.30 a.m. on 30 March 2010. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.

This document, which comprises a circular relating to the Proposed Acquisition, has been prepared in accordance with the Listing Rules. This document has been approved as a circular by the FSA under section 87A of FSMA. This document does not constitute a prospectus in accordance with the Prospectus Rules.

KBC Peel Hunt Ltd, which is authorised and regulated in the United Kingdom by the FSA, is acting for the Company and for no-one else in connection with the Proposed Acquisition and will not be responsible to any person other than the Company for providing the protections afforded to clients of KBC Peel Hunt or for providing advice in relation to the matters described in this document.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “projects”, “assumes”, “expects”, “intends”, “may”, “will”, “would” or “should”, or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

They appear in a number of places throughout this document and include statements regarding the Directors’, the Company’s and the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s result of operations, financial condition, prospects, growth strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position of the Group, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this document.

Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. However, these forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved.

Except to the extent required by applicable law, the Listing Rules or the Disclosure and Transparency Rules, the Company disclaims any obligation or undertaking to update any forward-looking statement contained in this document to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PRESENTATION OF INFORMATION ON THE ENLARGED GROUP

Unless the context otherwise requires, references in this document to the “**Enlarged Group**” are to the Hansteen Group as constituted immediately following completion of the Proposed Acquisition and, therefore such references include the Hansteen Group as enlarged by the Proposed Acquisition. Completion of the Proposed Acquisition is subject to a number of conditions which are set out in Part III of this document.

DEFINITIONS AND GLOSSARY

Capitalised and certain technical terms contained in this document have the meanings set out in Part VI of this document.

ROUNDING

Certain figures included in this document have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

This document is dated 16 March 2010.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors of the Company:	James Daryl Hambro (<i>Non-executive Chairman</i>) Morgan Lewis Jones (<i>Joint Chief Executive</i>) Ian Richard Watson (<i>Joint Chief Executive</i>) Richard Stephen Mully (<i>Non-executive Director and Senior Independent Director</i>) Stephen Trevor Gee (<i>Non-executive Director</i>)
<i>All of:</i>	6th Floor Clarendon House 12 Clifford Street London W1S 2LL
Registered Office:	6th Floor Clarendon House 12 Clifford Street London W1S 2LL
Telephone Number:	020 7016 8820
Company Secretary:	Richard Lowes, FCCA
Sponsor and Broker:	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Auditors:	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD
Legal Advisers to the Company:	Jones Day 21 Tudor Street London EC4Y 0DJ
Registrars:	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Property Valuers:	King Sturge LLP 30 Warwick Street London W1B 5NH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2010

Announcement of the Proposed Acquisition and posting of this document to Shareholders	16 March
Latest time and date for receipt of Forms of Proxy	by 10.30 a.m. on 30 March
General Meeting	10.30 a.m. on 1 April
Completion of the Proposed Acquisition	8 April

Notes:

- (1) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company. The Company will notify the Financial Services Authority and, where appropriate, Shareholders of any such changes.
- (2) All references to times in this document are to London times unless stated otherwise.

PART I

LETTER FROM THE CHAIRMAN

Hansteen Holdings PLC

(incorporated and registered in England and Wales with registered number 05605371)

Directors:

James Hambro (Non-executive Chairman)
Morgan Jones (Joint Chief Executive)
Ian Watson (Joint Chief Executive)
Stephen Gee (Non-executive Director)
Richard Mully (Non-executive Director)

Registered Office:

6th Floor
Clarendon House
12 Clifford Street
London W1S 2LL

Tel: +44 (0)20 7016 8820

16 March 2010

Dear Shareholder

**Proposed acquisition of entire issued share capitals of
HBI Holding S.à r.l. and HBI Delta GP S.à r.l. from HBI S.à r.l.
and the six per cent. limited partnership interests in
Hero One S.à r.l. & Co KG from HBI Delta Sub S.à r.l.**

1. INTRODUCTION

Today, Hansteen announced that it has entered into a conditional agreement to acquire or procure the acquisition of a German industrial property portfolio from the Sellers for an effective acquisition cost of approximately €330 million. The Portfolio to be acquired comprises 34 freehold industrial properties, which were acquired in the period from 2005 to 2007 by the Sellers. The acquisitions of the properties within the Portfolio are partially funded by a €260 million bank facility arranged by UniCredit, which is secured against the assets of the Target Group. The remaining consideration of approximately €70 million (including the Swap Break Costs of up to €30 million) will be funded from Hansteen's existing cash resources. For some time, HBI Holding S.à r.l. has been in breach of the covenants in its existing bank facility. UniCredit has agreed to arrange ongoing financing to the Target Group, if the Portfolio is purchased by Hansteen, on terms which the Directors believe to be beneficial. The Directors consider the assets in the Portfolio to be highly compatible with Hansteen's existing German portfolio and intensive management approach. The Proposed Acquisition provides an opportunity for Hansteen to purchase a large, high yielding industrial property portfolio in which the Directors believe significant added value opportunities exist, particularly through improvements in occupancy levels.

In view of the size of the Proposed Acquisition, which constitutes a Class I transaction under the Listing Rules, the Proposed Acquisition is conditional on Shareholder approval at a General Meeting. The General Meeting will be held at the offices of Jones Day, 21 Tudor Street, London EC4Y 0DJ at 10.30 a.m. on 1 April 2010.

The purpose of this document is to provide Shareholders with details of the Proposed Acquisition and to explain why the Board considers it to be in the best interests of Shareholders as a whole and to recommend that Shareholders vote in favour of the resolution approving the Proposed Acquisition.

2. DESCRIPTION OF THE PORTFOLIO

The Portfolio comprises 34 freehold properties in Germany let or partially let to occupiers for industrial, workshop and office use. The properties are valued at an aggregate of €330.2 million as

described in the Valuation Report prepared by King Sturge which is set out in Part V of this document.

The key characteristics of the Portfolio, as at 25 February 2010 (the effective date of the Valuation Report), are as follows:

- approximately 861,010 sq m of leasable area on 205 hectares of land;
- the capital value per sq m of leasable area is €384 per sq m, compared to an insurance rebuild cost of €798 per sq m;
- net annual rent receivable of €30.3 million;
- an initial yield of 9.2 per cent. from passing rents; and
- current vacancy of 24.4 per cent. with an estimated rental value of up to €7.7 million.

Each property in the Portfolio is held in a separate special purpose vehicle. As a result, the Proposed Acquisition will be structured as an acquisition of the entire issued share capitals of HBI Holding S.à r.l. and HBI Delta GP S.à r.l. from HBI and the six per cent. limited partnership interests in Hero One from HBI Delta (which together hold all of the special purpose vehicles).

3. BACKGROUND TO THE PROPOSED ACQUISITION

Hansteen's stated objective is to achieve consistent high returns for its Shareholders by identifying properties which represent value opportunities and managing them vigorously to realise the value identified.

In July 2009, Hansteen raised £200.8 million in new equity to pursue opportunistic property acquisitions resulting from the economic downturn. At that time, Hansteen's expectation was that the bulk of this capital would be invested in UK based investment property opportunities. Since raising this new equity, in the Director's view, the number of value opportunities that have become available at attractive prices in the UK has been very limited although the Directors believe that better value opportunities are likely to emerge in the UK in due course. In the meantime, Hansteen was invited by UniCredit and GPT Halverton (now Internos Investors) to investigate the potential acquisition of the Portfolio and the restructuring of the Target Group's existing debt.

As Shareholders will be aware, Hansteen has a substantial portfolio of industrial and office property in Germany, which has been acquired since 2006; this has performed positively, notwithstanding the property downturn. In Hansteen's experience the limited supply of new industrial property in Germany, low rents and capital values and lack of focused industrial property competitors means that there are good opportunities to create value through the acquisition of additional industrial properties in Germany. Hansteen's current German portfolio was valued at 30 June 2009 at €227 million with a rent roll of €20.1 million, representing an initial yield of 8.9 per cent. That valuation remains above the total acquisition cost of the portfolio including all capital expenditure. Furthermore, the properties in Germany sold to date have been sold at prices above original cost. Net occupancy of Hansteen's portfolio in Germany during 2009 was broadly unchanged for the year at approximately 84 per cent.

4. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

Hansteen is familiar with the Portfolio, which was acquired during the same period that Hansteen was acquiring its own German portfolio. The Directors believe that the assets in the Portfolio are highly compatible with Hansteen's existing German portfolio. Hansteen's active management approach should also, in the Directors' opinion, provide an opportunity to create significant added value, particularly through improvements in the occupancy levels. UniCredit has arranged a new five year loan to the Target Group on terms that the Directors consider to be very beneficial, making this opportunity particularly attractive in the Directors' opinion.

In the Directors' view, the Portfolio has recently suffered significant capital constraints. The Directors understand that there has been a large turnover both of senior staff within the asset management company as it sought to return to profitability and of the firms engaged as property managers to the

Portfolio. Hansteen will therefore provide a stable platform which the Directors believe will allow more successful management of the Portfolio.

The Portfolio was originally acquired for a total acquisition cost of approximately €439 million and at its peak was valued at €454 million in November 2007. As asset values fell, the Target Group breached its loan to value covenants, in respect of the Portfolio, and UniCredit subsequently implemented a “cash trapping” procedure which further constrained the management of the Portfolio. During the 12 month financial period ending 31 December 2009, the estimated gross profits generated by the Portfolio, as extracted from unaudited historic HBI management information, amounted to €29.7 million, which have continued to decline as the asset management of the Portfolio has deteriorated.

Furthermore, the asset management strategy in relation to the Portfolio appears not to have actively considered sales or change of use, both of which, in the Directors’ opinion, could selectively add value. With Hansteen’s focus on active management and its access to capital, in the Directors’ view, the Portfolio has the potential to achieve occupancy rates at least as good as Hansteen’s existing portfolio in Germany at this stage in the market cycle. The Directors believe that both the Portfolio and Hansteen’s existing portfolio in Germany are well placed to improve occupancy in the event economic conditions improve. In addition, the acquisition of the Portfolio into Hansteen’s existing German portfolio should present, in the Directors’ view, an opportunity to exploit economies of scale in respect of the management of all of the German assets in the Enlarged Group.

5. TERMS OF THE PROPOSED ACQUISITION

Hansteen has entered into a conditional agreement with the Sellers to acquire or procure the acquisition of the entire issued share capitals of HBI Holding S.à r.l. and HBI Delta GP S.à r.l. from HBI and the six per cent. limited partnership interests in Hero One S.à r.l. & Co KG from HBI Delta (which are not already owned by HBI Holding S.à r.l.), for an aggregate cash consideration of €4, and on the basis that Hansteen renegotiates the terms of the Target Group’s existing bank loan with UniCredit in the sum of €300 million. Together HBI Holding S.à r.l., HBI Delta GP S.à r.l. and Hero One S.à r.l. & Co KG own the Portfolio. The Hansteen Group will directly acquire 100 per cent. of the shares in HBI Delta GP S.à r.l., the 6 per cent. interest in Hero One and 94.9 per cent. of the shares in HBI Holding S.à r.l. and Hansteen will procure that a third party will acquire the remaining 5.1 per cent. interest in HBI Holding S.à r.l.. Pursuant to this structure Hansteen will have an effective economic interest of 99.74 per cent. in the Target Group and a third party will have an effective economic interest of 0.26 per cent. in the Target Group. Further details of the terms of the Proposed Acquisition are set out in Part III of this document.

On Completion, Hansteen has agreed to restructure the Target Group’s existing bank loan with UniCredit such that the Target Group’s existing loan of €300 million will be amended and restated. The amended and restated credit agreement will have a term of five years with UniCredit with a reduced facility amount of €260 million. The New Credit Agreement will continue to be between UniCredit and the Target Group and will be non-recourse to the existing assets of Hansteen. Interest on any loan drawn under the New Credit Agreement shall accrue at a rate equal to mandatory costs and EURIBOR plus a margin of 1.10 per cent. per annum.

Further details of the terms of the New Credit Agreement are set out in Part III of this document.

Hansteen will also procure that the Target Group will pay the Swap Break Costs to the lenders. The Target Group will enter into new hedging arrangements in respect of the New Credit Agreement with UniCredit and the other lenders under the New Credit Agreement. The fixed rate under such new hedging arrangements is expected to be lower than the rate fixed under the existing swap arrangements in relation to the Existing Credit Agreement, which have a fixed rate of 4.565 per cent. As at 8 March 2010, the estimated Swap Break Costs were approximately €32.67 million. The actual Swap Break Costs will be determined on the date of Completion and Hansteen has agreed to contribute a maximum of €30 million to the Target Group for the purposes of paying the Swap Break Costs.

To the extent that the actual Swap Break Costs are less than €30 million, the difference will be retained within the Target Group as working capital. To the extent that the actual Swap Break Costs

are more than €30 million (such amount being the “Excess”), the rate of the new hedging to be entered into in respect of the New Credit Agreement will be set at a rate which ensures that the new hedging arrangements will have a value to the hedging counterparties of an amount equal to the Excess.

Hansteen will finance the costs of the Proposed Acquisition (including the payment of the Swap Break Costs) by using €70 million from its existing available cash reserves with the balance of €260 million continuing to be made available under the New Credit Agreement, resulting in an effective acquisition cost of approximately €330 million.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is an acquisition by a “property company” of “property” for the purposes of Listing Rule 13.5.1. As such, Hansteen is not required to include three years of financial information on the Portfolio as set out in Listing Rule 13.5.

However, pursuant to the requirements of Listing Rule 13.4.4, the Directors have commissioned an external property valuation prepared by King Sturge on the Portfolio and this valuation (set out in Part V of this document) together with the Directors’ experience of owning and managing similar properties in Germany over the last four years has comprised the basis of the Directors’ financial assessment of the Proposed Acquisition.

As set out in the Valuation Report, as at 25 February 2010, the value of the gross assets in the Portfolio is €330.2 million and the annual rent attributable to such assets is €30.3 million together with an estimated rental value on the vacant space of €7.7 million per annum.

Based on the estimated difference between anticipated finance costs and the relatively high yield of the Portfolio, and taking into account the irrecoverable costs relating to the high level of vacancies in the Portfolio, the Directors anticipate that the Proposed Transaction will be earnings enhancing.

Upon Completion, Hansteen’s fixed assets will increase by approximately €330 million, cash balances will reduce by approximately €70 million and the Group’s long-term liabilities will increase by approximately €260 million.

Currently Hansteen is unhedged in its exposure to fluctuations in the Euro. Hansteen’s net exposure to Euro denominated assets will increase as a result of the €70 million commitment Hansteen is making in respect of the Acquisition. The Directors will continue to review this exposure and Hansteen’s hedging strategy on an ongoing basis.

7. CURRENT TRADING AND PROSPECTS OF THE ENLARGED GROUP

Since 31 December 2009, Hansteen has traded in line with the Directors’ expectations. The Board views the prospects of the Group and the Enlarged Group for the current financial year with confidence.

8. RISK FACTORS

Shareholders should consider fully and carefully the risk factors associated with the Proposed Acquisition, the Enlarged Group and the industry in which the Group and the Target Group operate and your attention is drawn to the risk factors set out in Part II of this document.

9. GENERAL MEETING

In view of the size of the Proposed Acquisition, Shareholders’ approval is required in order for Hansteen to proceed with the Proposed Acquisition. Notice of a General Meeting of the Company to be held at 21 Tudor Street, London EC4Y 0DJ at 10.30 a.m. on 1 April 2010 is set out at the end of this document, at which a resolution in connection with the Proposed Acquisition, a summary of which is set out below, will be proposed.

Resolution

To approve the Proposed Acquisition and to authorise the Directors to take all necessary or appropriate steps and do all necessary or appropriate things to complete, or procure the completion,

of the Proposed Acquisition and give effect thereto with such modifications, variations, revisions, waivers or amendments of a non-material nature as the Directors may deem necessary, expedient or appropriate in connection with the Proposed Acquisition.

The full text of the Resolution is set out in the Notice of General Meeting set out at the end of this document. In the event that the Resolution is not passed, the Proposed Acquisition will not be completed.

10. FURTHER INFORMATION

You are advised to read all the information contained in this document before deciding what action to take in respect of the General Meeting.

11. FINANCIAL ADVICE

The Directors have received financial advice from KBC Peel Hunt in relation to the Proposed Acquisition. In providing their advice to the Directors, KBC Peel Hunt has taken into account the Directors' commercial assessment of the Proposed Acquisition.

12. ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, it is important that you complete and sign the enclosed Form of Proxy in accordance with the printed instructions and return it as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU by not later than 10.30 a.m. on 30 March 2010. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.

If you hold shares in CREST, you may appoint a proxy in accordance with the procedures set out in the notice convening the General Meeting set out at the end of this document.

In addition, should you wish to submit your Form of Proxy via the Internet at www.capitashareportal.com, it should reach the registrar by not later than 10.30 a.m. on 30 March 2010. Please refer to the terms and conditions of the service on the website for further details.

13. RECOMMENDATION TO THE SHAREHOLDERS

Your Board considers the Proposed Acquisition to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolution, as each individual Director intends to do in respect of his beneficial holdings. In aggregate, the Directors' beneficial holdings amounted to 9,250,000 Ordinary Shares as at 15 March 2010 (the latest practicable date prior to the publication of this document), representing approximately 2.04 per cent. of the Company's entire issued ordinary share capital (excluding treasury shares).

Yours faithfully,

James Hambro
Chairman

PART II

RISK FACTORS

All of the information set out in this document, including, but not limited to, the risks described below, should be carefully considered. If any of the following risks actually materialise, the business, financial condition and prospects of the Enlarged Group and the price of the Ordinary Shares could be materially and adversely affected to the detriment of the Company, the Enlarged Group and Shareholders, and you may lose all or part of your investment in the Ordinary Shares. The risks described below are those material risks of which the Directors are aware; however, further risks that are not presently known to the Directors, or that the Directors currently deem immaterial, may also have a material and adverse effect on the Company's and the Enlarged Group's business, financial condition and prospects and the market price of the Ordinary Shares.

1. RISKS RELATING TO THE PROPOSED ACQUISITION

1.1 Integration risk

The Enlarged Group's success will depend on Hansteen's ability to integrate the Portfolio into the Group. The Enlarged Group may encounter integration challenges in connection with the Proposed Acquisition, including challenges which are not currently foreseeable. To the extent that Hansteen is unable to successfully integrate the Portfolio, meet any increased staffing requirements to manage the Portfolio or tenants and avoid unforeseen costs or delay, there could be a material adverse effect on the Enlarged Group's business, its financial condition and prospects.

1.2 Limited warranties in connection with the Proposed Acquisition

Due to the distressed nature of the Portfolio, the Sellers themselves will only receive consideration of €4 from Hansteen in respect of the Proposed Acquisition. Consequently the Sellers have only been willing to dispose of the Target Group on the basis that the Acquisition Agreement contains limited title warranties in respect of HBI's ownership of the entire issued share capitals of HBI Holding S.à r.l. and HBI Delta GP S.à r.l. and HBI Delta's ownership of the 6 per cent. limited partnership interest in Hero One. The Acquisition Agreement does not contain any warranties on the business, properties or liabilities of the Target Group. Although Hansteen has undertaken a due diligence exercise in relation to the Proposed Acquisition, the Target Group will be acquired together with any potential risks and liabilities associated with them, without Hansteen having any recourse against any person for any undiscovered liabilities or obligations connected with the Target Group, including any title defects to the properties in the Portfolio. If any such issues arise after Completion, the Enlarged Group could be left with unexpected additional liabilities or obligations.

1.3 The Proposed Acquisition is conditional on Shareholder approval

The Proposed Acquisition is conditional upon the passing of the Resolution at the General Meeting and other conditions that are customary for a transaction of the nature of the Proposed Acquisition. There can be no assurance that these conditions will be satisfied or that Completion will occur.

1.4 The ability to manage the Portfolio will depend on the necessary documentation and information being available

The assets comprising the Portfolio were previously bought from a variety of previous sellers. The management of the Portfolio, including in relation to lettings, rent collections, lease deposits, general asset management and, in particular, building law compliance will depend on the relevant information and documentation (sometimes original documentation) being available. To the extent such information or documentation is not available, this could considerably impair the Enlarged Group's ability to manage the Portfolio, to assert claims against tenants, to evidence

compliance with building laws, and any such lack of information or documentation may adversely affect the Enlarged Group's ability to sell or lease the real estate or to borrow using the real estate as security, each of which may have a material adverse effect on the Enlarged Group's returns.

2. RISKS RELATING TO REAL ESTATE

2.1 Property valuation is inherently subjective and uncertain

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

2.2 Real estate investments are relatively illiquid

Properties such as those in which the Enlarged Group currently invests and intends to invest are relatively illiquid. Such illiquidity may affect the Enlarged Group's ability to vary its portfolios or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiry of the originally agreed term. This could have an adverse effect on the Enlarged Group's financial condition and results. The Enlarged Group's operating performance would be likely to be adversely affected by a downturn in the property market in terms of capital and/or rental values.

2.3 The value of any property portfolio may fluctuate as a result of factors outside the owner's control

Property investments are subject to varying degrees of risks. Rents and values are affected by changing demand for real estate, changes in general economic conditions, changing supply with a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of any property portfolio may also fluctuate as a result of other factors outside the owner's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, the financial condition of lessees, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and internal expenses. The Enlarged Group's operating performance would be likely to be adversely affected by a downturn in the property market in terms of capital and/or rental values.

In addition, changes in gross domestic product in the economies in which the properties are located may also impact on employment levels, which in turn may impact the demand for premises.

2.4 Potential liability for environmental problems could result in substantial costs

Notwithstanding the fact that the Enlarged Group carries out normal environmental due diligence investigations prior to the acquisition of properties, the Enlarged Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a property owned or leased by it. The costs of any required removal, investigation or remediation of such substances may be substantial.

The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Enlarged Group's ability to sell or lease the real estate or to borrow using the real estate as security. Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a real estate investment, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the existence of these substances. The owner's liability as

to any property is generally not limited under such laws and could exceed the value of the property or the aggregate assets of the owners. Other laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. The Target Group usually has no recourse to the previous owners of the relevant properties for environmental issues, and where such recourse is available, any claims the Target Group may have are at risk of not being fully enforceable against previous owners.

2.5 The Enlarged Group must make an ongoing effort to comply with the applicable building laws in Germany

In Germany, not only the construction of a building but also future usage changes, as well as material alterations, may require building permits from the competent authorities. Due to the complexity of the Portfolio and the high number of tenancies in the Portfolio, there is an increased risk that material alterations and/or usage changes have been made, for which no building permits were issued. Furthermore, each building permit granted in relation to the Portfolio has a high number of additional orders and conditions that must be fulfilled by the relevant owner. Finally, the authorities can issue enhanced fire protection requirements at any time if this is required for the safety of the building and its occupiers. Any action required in the context of building law compliance may require significant capital expenditure, which may have a material adverse effect on the Enlarged Group's returns.

2.6 The Enlarged Group's ability to generate its desired returns will also depend on its ability to lease its properties to appropriate tenants on appropriate terms and to dispose of properties on appropriate terms

The Enlarged Group's ability to implement its strategy and achieve its desired returns may be limited by its ability to lease its properties to, and manage them for (together with providing related services to), appropriate tenants on satisfactory terms, and to dispose of them on appropriate terms. Revenue earned from, and the value of, properties held by the Enlarged Group may be adversely affected by a number of factors, including:

- (A) vacancies that lead to reduced occupancy rates which would reduce the Enlarged Group's revenue and its ability to recover certain operating costs such as local taxes and service charges and would result in it incurring additional expenses until the property is re-let, including legal and surveying fees and marketing costs;
- (B) the Enlarged Group's ability to collect rent and service charge payments from tenants and other contractual payments under real estate outsourcing contracts on a timely basis or at all;
- (C) to the extent standard form lease agreements have been used in the Portfolio, tenants may successfully claim that the leases violate the German laws on standard terms and conditions so that subsequently less favourable terms may apply to these leases (in particular in relation to maintenance and repair obligations) than those agreed in the leases;
- (D) tenants may successfully claim in certain cases that leases with a fixed term of more than one year violate the German statutory form requirement for such leases so that the agreed lease terms may not be enforceable but can be terminated with 6 months' notice to the end of each calendar quarter;
- (E) tenants seeking the protection of insolvency laws which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all or the termination of a tenant's lease, all of which could hinder or delay the sale of a property;
- (F) the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- (G) the amount of rents may not be agreed at the estimated rental value of any particular property; and

-
- (H) a competitive rental market which may affect rental levels or occupancy levels at the Enlarged Group's properties.

2.7 The Enlarged Group may be unable to let a property or re-let a property following the expiry of a tenancy

Secondary industrial property, such as the property within the Hansteen Group's and the Target Group's portfolios, by its nature tends to be let on short lease terms or leases with regular breaks. Part of the income strength of such portfolios comes from the number and diversity of the different tenants that make up the total month roll of the portfolios and, in the case of the Enlarged Group, no one tenant will be liable for rent which is more than 3.5 per cent. of the total rent roll of the Enlarged Group. Nonetheless, the ability of the Enlarged Group generally to attract new tenants will depend on demand for space at the relevant property and on the regional economy in the relevant catchment area, which can be influenced by a number of factors. Rental levels and the affordability of rents, the size and quality of the building, the amenities and facilities offered, the convenience, location and local environment of the relevant property, the amount of competing space available, the transport infrastructure, the other tenants renting adjacent and nearby properties, the age and facilities of the building in comparison with the alternatives and changing trends in the industrial property market are all examples of factors which influence tenant demand. Similarly, changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the surrounding areas on which the relevant property depends for its tenant base may adversely affect the demand for such property.

Further, there can be no assurance that the Enlarged Group's tenants will renew their leases at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of a tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. During void periods, the Enlarged Group will suffer a rental shortfall and incur additional expenses until the property is re-let.

3. RISKS RELATING TO THE ENLARGED GROUP

3.1 The Enlarged Group may be subject to increases in operating and other expenses

The Enlarged Group's operating and other expenses could increase without a corresponding increase in turnover or tenant reimbursements of operating and other costs. The factors which could materially increase operating and other expenses are:

- (A) increases in the rate of inflation and currency fluctuation;
- (B) increases in payroll expenses and energy costs;
- (C) increases in property taxes and other statutory charges;
- (D) changes in laws, regulations or government policies (including those relating standard terms of conditions for leases, building laws, fire protection, health and environmental compliance safety) as well as court decisions in relation to any of the above which increase the costs of compliance with such laws, regulations or policies;
- (E) increases in insurance premiums;
- (F) unforeseen increases in the costs of maintaining properties; and
- (G) unforeseen capital expenditure may arise as a result of defects affecting the properties which need to be rectified, failure to perform by sub-contractors or increases in operating costs.

Such increases could have a material adverse effect on the Enlarged Group's financial position and its ability to make distributions to its Shareholders.

3.2 **The Enlarged Group may suffer material losses in excess of insurance proceeds**

The Enlarged Group's properties could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, including terrorism or acts of war, also might result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed.

Under such circumstances, the insurance proceeds may be inadequate to restore the Enlarged Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Enlarged Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Enlarged Group could be liable to repair damage caused by uninsured risks. The Enlarged Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. In addition, whilst the Enlarged Group will attempt to ensure that all of the Enlarged Group's properties are adequately insured, changes in the cost, cover or availability of insurance could expose the Enlarged Group to uninsured losses.

3.3 **The Enlarged Group relies on key executives and the loss of any of them could have a material adverse impact**

The Enlarged Group is highly dependent on Ian Watson and Morgan Jones, the loss of the services of either of whom would have a material adverse impact on the Enlarged Group. Although both have entered into service contracts with the Company, there can be no certainty that they will perform under those service contracts.

3.4 **The Enlarged Group may incur losses as a result of fluctuations in the foreign currency exchange rates between the pound and other foreign currencies for which it has not, or not effectively, hedged its risk**

The Enlarged Group's investments in Continental Europe are valued in Euro. The Enlarged Group will report its financial results in Sterling and must translate the valuations of its European properties from Euro to Sterling. This exposure is hedged to a degree by matching the value of the foreign assets with borrowings in foreign currencies. To the extent that the Enlarged Group does not hedge its exposure to foreign currency exchange rate fluctuations, or to the extent that such hedging is inaccurate or otherwise ineffective, such exposure could have an adverse effect on the Enlarged Group's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

3.5 **The Company's ability to continue to pay dividends will depend on the level of profits and cash flows generated by the Company**

Under UK company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. The Company's ability to pay cash dividends in the future is affected by a number of factors including its ability to receive sufficient dividends from subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the Company's subsidiaries.

The ability of these subsidiaries to pay dividends and the Company's ability to receive distributions from its investments in other entities is subject to applicable local laws and regulatory requirements and other restrictions, including, but not limited to, applicable tax laws and covenants in some of the Enlarged Group's credit facilities. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in future restrict the Company's ability to fund other operations or to pay a dividend to Shareholders.

Additionally, because the Company is the principal company of a REIT group, the Company is required, amongst other things, to distribute annually to Shareholders at least 90 per cent. of the Enlarged Group's UK profits (as defined in paragraph 6 of Schedule 17 to the Finance Act 2006) from its qualifying property rental businesses by way of a PID. The Company would be required to pay tax at regular corporate rates on any shortfall to the extent that it distributes as a PID less than the amount required to meet this 90 per cent. test each year, which may have a material adverse effect on the Enlarged Group's business, financial condition or results of operations. If, however, the reason the Company fails to meet this 90 per cent. distribution test is due to a legal impediment, such as having insufficient distributable reserves, the 90 per cent. distribution test will still be considered satisfied provided the Company pays a PID equal to the distributable reserves.

3.6 The Enlarged Group's businesses are subject to various regulations. The regulatory environment in which the Enlarged Group operates may change in each of the relevant jurisdictions.

In each of the jurisdictions in which the Enlarged Group operates it has to comply with laws, regulations and administrative actions and policies which relate to, among other matters, tax, REITs, planning, developing, building, land use, fire, health and safety, environment and employment. These regulations often provide broad discretion to the administering authorities. Each aspect of the regulatory environment in which the Enlarged Group operates is subject to change, which may be retrospective, and changes in regulations could affect existing planning consent, costs of property ownership and the value of properties. Changes in regulations could have an adverse impact on the Enlarged Group's business, results of operations, financial condition or prospects.

4. RISKS RELATING TO BORROWINGS

4.1 The Enlarged Group's businesses are subject to the effects of movements in market interest rates

To the extent that the Enlarged Group's borrowings are not hedged, the Enlarged Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings and the return on its cash investments.

4.2 Use of borrowing could adversely impact on net asset value

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Enlarged Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling.

4.3 Fluctuations in financial markets and the global economic downturn could affect the Enlarged Group's long-term ability to refinance any of its obligations

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions across financial markets and reduced the availability of credit. Continuing global economic turmoil could inhibit the Enlarged Group's ability to rollover its existing borrowings in the event that the Enlarged Group is, in the long term, unable to comply with applicable financial covenants or to meet its financial obligations when they fall due. Such turmoil could also affect the Enlarged Group's long-term ability to refinance its obligations or obtain new financing when those existing facilities which are material to the Existing Group become due, the first of which becomes due in June 2013.

5. RISKS RELATING TO TAXATION

5.1 General

The amount of taxation charged on the Enlarged Group's activities is subject to changes in tax laws (such as legislation relating to the REIT regime) and their practical application in the jurisdictions in which the Enlarged Group operates.

5.2 German Real Estate Transfer Tax

The Directors have been advised that German Real Estate Transfer Tax of approximately €0.4 million will be payable in respect of that part of the Acquisition which relates to the acquisition of the limited partnership interest in Hero One. If, however, German Real Estate Transfer Tax becomes payable in respect of the rest of the Acquisition, a further liability to German Real Estate Transfer Tax of approximately €11.7 million will be payable by Hansteen.

5.3 REIT status

Hansteen is currently in compliance with all of the conditions for REIT status and the Proposed Acquisition will not prevent the Enlarged Group from complying with all of the conditions for REIT status. However, the Enlarged Group cannot guarantee continued compliance with all of the conditions for REIT status set out in the Finance Act 2006 and related regulations. There is a risk that the REIT regime may therefore cease to apply in some circumstances.

HM Revenue & Customs may require the Enlarged Group to exit the REIT regime if:

- it regards a breach of the REIT conditions or failure to satisfy the REIT conditions relating to the tax exempt business, or an attempt to avoid tax, as sufficiently serious;
- if the Enlarged Group has committed a certain number of minor or inadvertent breaches of the REIT conditions in a specified period; or
- if HM Revenue & Customs has given the Enlarged Group at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached or if the Company becomes dual resident or an open-ended investment company, the Enlarged Group will automatically lose its REIT status.

The Enlarged Group could also lose its REIT status as a result of actions by third parties, for example, in the event of a successful takeover of the Company by a company that is not a UK REIT or due to a breach of the “close company” condition (as defined in section 414 of Income and Corporation Taxes Act 1988).

If the Enlarged Group loses its REIT status, the Enlarged Group will no longer be able to benefit from the provisions contained in Part 4 of the Finance Act 2006 and related regulations thereto. This would mean, *inter alia*, that the Enlarged Group would no longer be able to benefit from the exemption on paying UK direct tax on the profits and gains arising from the Enlarged Group’s qualifying property rental business. If the Enlarged Group is required by HM Revenue & Customs to leave the REIT regime (as a result of it breaching any relevant conditions) within 10 years of joining, HM Revenue & Customs has the power to direct how the Enlarged Group is to be taxed (both before and after it leaves the REIT regime) and to determine the date on which the Enlarged Group is to be treated as exiting the REIT regime.

Any such charge could substantially reduce the cash available to the Company to make distributions and, consequently, Shareholders’ yield on their investment. The loss of REIT status would adversely affect the tax treatment of profits and distributions payable to Shareholders.

If the operating profits of the Enlarged Group are less than 1.25 times the amount of interest (and other financing costs) of any external loans, the Enlarged Group may become subject to an additional tax charge.

Additionally, the principal company of a group REIT (being the Company) may become subject to an additional tax charge if it fails to take reasonable steps to avoid paying a dividend to, or in respect of, a corporate shareholder that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company’s dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the Company (a “Substantial Shareholder”). The Articles therefore contain provisions designed to avoid the situation where dividends may

become payable to a Substantial Shareholder. These provisions provide the Directors with powers to identify a Substantial Shareholder and to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholder's holding unless certain conditions are met. The Articles also allow the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholder's holding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions.

The risk factors listed above are not presented in any order of priority and do not necessarily comprise all those risks faced by the Enlarged Group but are the ones judged as material by the Directors.

PART III

PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

This Part III contains a summary of the principal terms of the Proposed Acquisition.

1. THE PROPOSED ACQUISITION

Pursuant to an agreement dated 16 March 2010 between HBI, Hansteen, HBI Holding S.à r.l., HBI Delta GP S.à r.l. and HBI Delta, Hansteen has conditionally agreed to acquire or procure the acquisition of the entire issued share capitals of HBI Holding S.à r.l. and HBI Delta GP S.à r.l. from HBI and the 6 per cent. limited partnership interest in Hero One from HBI Delta for an aggregate cash consideration equal to €4. HBI Holding S.à r.l., HBI Delta GP S.à r.l. and Hero One together own the Portfolio. The Hansteen Group will directly acquire 100 per cent. of the shares in HBI Delta GP S.à r.l., the 6 per cent. interest in Hero One and 94.9 per cent. of the shares in HBI Holding S.à r.l. and Hansteen will procure that a third party will acquire the remaining 5.1 per cent. interest in HBI Holding S.à r.l. Pursuant to this structure Hansteen will have an effective economic interest of 99.74 per cent. in the Target Group and a third party will have an effective economic interest of 0.26 per cent. in the Target Group.

Completion of the Proposed Acquisition is conditional upon:

- (a) approval of the Proposed Acquisition by the Shareholders;
- (b) the Sellers procuring the repayment of certain shareholder loans made by the Sellers' group to the Target Group;
- (c) Hansteen confirming to the Sellers that the conditions precedent to the New Credit Agreement which are capable of being satisfied before 1 April 2010 have been satisfied;
- (d) procurement prior to Completion by the Sellers of the satisfaction of all conditions precedent to the New Credit Agreement which are within the control of the Sellers and the Target Group;
- (e) the pre-completion property searches undertaken by Hansteen in Germany revealing no material changes to the Portfolio;
- (f) no insolvency proceedings being formally initiated in respect of any member of the Target Group; and
- (g) UniCredit confirming that it has taken no enforcement action in respect of the Existing Credit Agreement and it is willing to release its existing security in respect of the Existing Credit Agreement and immediately following Completion complete the New Credit Agreement.

If such conditions are satisfied, Completion shall occur on 8 April 2010. If such conditions are not satisfied, the Acquisition Agreement will be terminated and the Proposed Acquisition will not take place.

The Acquisition Agreement contains limited title warranties in respect of HBI's ownership of the entire issued share capitals of HBI Holding S.à r.l. and HBI Delta GP S.à r.l. and HBI Delta's ownership of the 6 per cent. limited partnership interest in Hero One. The Acquisition Agreement does not contain any warranties on the business, properties or liabilities of the Target Group.

2. AMENDMENT AND RESTATEMENT OF THE EXISTING CREDIT AGREEMENT

On Completion, Hansteen has agreed to amend and restate the Target Group's existing bank loan with UniCredit such that the Target Group's existing loan of €300 million will be replaced by a five year facility with UniCredit in the sum of €260 million on the terms summarised below.

3. COMMITMENT LETTER

Pursuant to the terms of a commitment letter dated 16 March 2010 addressed to Hansteen from UniCredit, UniCredit has agreed, subject to the satisfaction of certain conditions precedent, to amend

and restate the Existing Credit Agreement and continue to make a facility of €260,000,000 available to the Target Group on the terms set out in the New Credit Agreement.

The conditions precedent include resolutions of the board of managers of each company within the Target Group approving entry by each such company into the New Credit Agreement and related security documents and execution of the same.

The Acquisition Agreement is conditional upon the Sellers satisfying any conditions precedent that are within the control of the Sellers and the Target Group and, as a result, if any such condition precedent is not satisfied (to the extent not waived by UniCredit), Completion will not occur under the Acquisition Agreement.

4. TERMS OF THE NEW CREDIT AGREEMENT

Hansteen and UniCredit have agreed the terms of the five year restated credit agreement to be entered into on Completion between, amongst others, UniCredit and the Target Group. Pursuant to the terms of the Commitment Letter, UniCredit is committed to continue to make available to the Target Group a term loan facility of up to €260,000,000 on terms set out in the New Credit Agreement. The amendment and restatement of the Existing Credit Agreement is subject to certain conditions precedent, *inter alia*, that the Acquisition Agreement has become unconditional in all respects and that Hansteen has procured that the Target Group has been put in funds sufficient to repay the Swap Break Costs and a prepayment of €40,000,000 pursuant to the facility outstanding under the Existing Credit Agreement.

The Target Group will repay the Loan in accordance with the following repayment schedule:

- (i) on each Interest Payment Date falling on or after 20 May 2011 to and including 20 February 2012, an amount equal to 0.125 per cent. of the then outstanding balance of the Loan;
- (ii) on each Interest Payment Date falling on or after 20 May 2012 to and including 20 February 2013, an amount equal to 0.1875 per cent. of the then outstanding balance of the Loan;
- (iii) on each Interest Payment Date falling on or after 20 May 2013 to and including 20 November 2014, an amount equal to 0.25 per cent. of the then outstanding balance of the Loan, in quarterly instalments with all Loans being repaid in full on 20 February 2015.

The Target Group also has an option, subject to a notice period, to prepay all or any part of its Loan prior to the stated maturity date. In the event that a member of the Target Group exercises its right to voluntary prepay all or part of its Loan in accordance with the terms of the New Credit Agreement, the scheduled repayment due from that company on the next Interest Payment Date will be reduced by an amount equal to the amount of such voluntary prepayment. Interest on any Loan drawn under the New Credit Agreement shall accrue at a rate equal to mandatory costs and EURIBOR plus a margin of 1.10 per cent. per annum. The Target Group will give various representations and warranties to UniCredit under the terms of the New Credit Agreement which also incorporates provisions whereby UniCredit can demand earlier repayment in the event that certain specified events of default have occurred or if certain specified financial and other covenants have been breached. Such representations and warranties are qualified to ensure that the Target Group will not be in breach of the New Credit Agreement as a result of acts, omissions, circumstances or defaults which occurred or existed immediately prior to Completion. Any Loan under the New Credit Agreement shall be secured by, *inter alia*, share security granted by Hansteen and HBI Holding S.à r.l. over the Target Group and land charges over all real property owned by the Target Group. There is no arrangement fee payable by the Target Group in connection with the New Credit Agreement, but the Target Group will be required to pay an on-going agency fee.

Hansteen will also procure that the Target Group will pay the Swap Break Costs to UniCredit. The Target Group will enter into new hedging arrangements in respect of the New Credit Agreement with UniCredit and the other lender under the New Credit Agreement. The fixed rate under such new hedging arrangements are expected to be lower than the rate fixed under the existing swap arrangements in relation to the Existing Credit Agreement, which have a fixed rate of 4.565 per cent. As at 8 March 2010, the estimated Swap Break Costs were approximately €32.67 million. The actual

Swap Break Costs will be determined on the date of Completion and Hansteen has agreed to contribute a maximum of €30 million to the Target Group for the purposes of paying the Swap Break Costs.

To the extent that the actual Swap Break Costs are less than €30 million, the difference will be retained within the Target Group as working capital. To the extent that the actual Swap Break Costs are more than €30 million (such amount being the “**Excess**”), the rate of the new hedging to be entered into in respect of the New Credit Agreement will be set at a rate which ensures that the new hedging arrangements will have a value to the hedging counterparties of an amount equal to the Excess.

Hansteen will finance the costs of the Proposed Acquisition (including the payment of the Swap Break Costs) by using €70 million from its existing available cash reserves with the balance of €260 million continuing to be made available pursuant to the New Credit Agreement.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear in paragraph 3 of this Part IV, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INCORPORATION BY REFERENCE

<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page reference</i>
Service contracts	Prospectus	Registration Document, pp. 167-168
Related party transactions	Prospectus	Registration Document, p. 182
Material contracts relating to Hansteen	Prospectus	Registration Document, pp. 173-175

3. DIRECTORS' INTERESTS IN SHARES

As at 15 March 2010 (the latest practicable date prior to the publication of this document), insofar as known to the Company, the interests of the Directors, their immediate families and those of any connected person (within the meaning of provisions of the Disclosure and Transparency Rules), the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company were as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights as at 15 March 2010</i>
James Daryl Hambro	275,000	0.06
Morgan Lewis Jones	4,200,000	0.93
Ian Richard Watson	4,200,000	0.93
Stephen Trevor Gee	200,000	0.04
Richard Stephen Mully	375,000	0.08
	<u>9,250,000</u>	<u>2.04</u>

4. MAJOR INTERESTS IN SHARES

As at 15 March 2010 (the latest practicable date prior to the publication of this document), in so far as has been notified to the Company, the name of each person, other than a Director, who, directly or indirectly, holds 3 per cent. or more of the voting rights in the Company and the amount of each such person's interest, is as follows:

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights as at 15 March 2010</i>
BlackRock, Inc	54,930,779	12.11
Artemis Investment Management Limited	45,337,442	9.99
Jupiter Asset Management Limited	26,930,283	5.94
Threadneedle Investments	24,244,499	5.34
Lloyds TSB Group plc	22,424,512	4.94
Cazenove Capital Management Limited	18,171,577	4.01
Aberforth Partners	18,008,293	3.97
Taube Hodson Stonex Partners LLP (on behalf of client funds that it manages or controls)	16,557,219	3.65
Standard Life Investments Limited	15,120,364	3.33
	<u>241,724,698</u>	<u>53.28</u>

Save as disclosed in this paragraph 4, the Company is not aware of any interest (within the meaning of rule 5 of the Disclosure and Transparency Rules) that represents 3 per cent. or more of the voting rights in the Company.

5. MATERIAL CONTRACTS

5.1 Hansteen

Save as disclosed in paragraph 11.1 of Part III of the Securities Note and paragraph 14 of VII of the Registration Document and excluding contracts that are entered into in the ordinary course of business, there are no contracts: (a) to which the Company or any member of the Hansteen Group is or has been a party within the two years immediately preceding the date of this document that are, or may be, material; or (b) that have been entered into by the Company or any member of the Hansteen Group and that contain any provisions under which any member of the Hansteen Group has an obligation or entitlement that is material to the Hansteen Group as at the date of this document.

5.2 HBI Holding S.à r.l.

Excluding contracts that are entered into in the ordinary course of business, HBI Holding S.à r.l. has not been a party: (a) within the two years immediately preceding the date of this document to any agreements that are, or may be, material; or (b) to any agreements that contain any provisions under which HBI Holding S.à r.l. has any obligation or entitlement that is material to HBI Holding S.à r.l. as at the date of this document.

5.3 HBI Delta GP S.à r.l.

Excluding contracts that are entered into in the ordinary course of business, HBI Delta GP S.à r.l. has not been a party: (a) within the two years immediately preceding the date of this document to any agreements that are, or may be, material; or (b) to any agreements that contain any provisions under which HBI Delta GP S.à r.l. has any obligation or entitlement that is material to HBI Delta GP S.à r.l. as at the date of this document.

5.4 Hero One S.à r.l. & Co KG

Excluding contracts that are entered into in the ordinary course of business, Hero One S.à r.l. & Co KG has not been a party: (a) within the two years immediately preceding the date of this document to any agreements that are, or may be, material; or (b) to any agreements that contain any provisions under which Hero One S.à r.l. & Co KG has any obligation or entitlement that is material to Hero One S.à r.l. & Co KG as at the date of this document.

6. LEGAL AND ARBITRATION PROCEEDINGS

6.1 Hansteen

No member of the Hansteen Group is engaged in, or, so far as the Company is aware, has pending or threatened against it, any governmental, legal or arbitration proceedings that may have, or have had in the 12 months preceding the date of this document, a significant effect on Hansteen and/or the Hansteen Group's financial position or profitability.

6.2 HBI Holding S.à r.l., HBI Delta GP S.à r.l. and Hero One S.à r.l. & Co KG

Neither of HBI Holding S.à r.l., and HBI Delta GP S.à r.l., nor Hero One S.à r.l. & Co KG nor any member of their respective groups is engaged in, or, so far as Hansteen aware, has pending or threatened against it, any government, legal or arbitration proceedings that may have, or have had in the 12 months preceding the date of this document, a significant effect on the Target Group's financial position or profitability.

7. WORKING CAPITAL

The Company is of the opinion that, taking into account its existing available facilities together with the New Facilities and existing cash resources, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

8. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Hansteen Group since 30 June 2009, the date to which the latest published financial information for the Hansteen Group was prepared.

There has been no significant change in the value of the Portfolio since 25 February 2010, being the effective date of the Valuation Report.

9. CONSENTS

KBC Peel Hunt has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included or referenced.

King Sturge has given and has not withdrawn its written consent to the inclusion in this document of its report in the form and context in which it is included.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Jones Day, 21 Tudor Street, London EC4Y 0DJ up to and including the conclusion of the General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the audited consolidated accounts of the Hansteen Group for the year ended 31 December 2008;
- (c) the Interim Financial Statements of the Hansteen Group for the six months ended 30 June 2009;
- (d) the written consents referred to in paragraph 9 above;
- (e) the Acquisition Agreement; and
- (f) this document and the Form of Proxy.

PART V

VALUATION REPORT



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16 March 2010

KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

Dear Sirs

**Hansteen Holdings PLC (“Hansteen” or the “company”)
Valuation for Stock Listing Purposes – 34 Assets in Germany**

1. INTRODUCTION

In accordance with instructions received from Hansteen Holdings PLC, which were confirmed in our letter of engagement dated 1 March 2010, we have inspected the properties (the “**Properties**” and each a “**Property**”) to be acquired by Hansteen Holding PLC and its subsidiaries (the “**Group**”), in order to advise you of our opinion of the Market Value (as defined below) of 100 per cent. of the freehold interests in each of those Properties held by the Group, subject to and with the benefit of the various occupational leases to which the Properties may be subject, as at 25 February 2010 (the “**Valuation**”).

The Properties comprise a portfolio of 34 German multi-let industrial assets from HBI S.à r.l. and HBI Delta Sub S.à r.l..

2. INSPECTIONS

The properties were inspected by our valuation team consisting of qualified chartered surveyors from 21 January through to 27 January 2010. We confirm that these surveyors have the necessary experience in these types of properties in these locations in order to undertake this valuation.

3. COMPLIANCE WITH RICS VALUATION STANDARDS

We confirm that the valuations have been made by us in accordance with the RICS Valuation Standards, 6th Edition (the “**Red Book**”) issued by the Royal Institution of Chartered Surveyors (“**RICS**”).

4. STATUS OF VALUER

We confirm that we have undertaken the Valuation acting as an External Valuer (as defined in the Red Book) for the purposes of valuing the Properties pursuant to the terms of the engagement letter with Hansteen dated 1 March 2010.

5. PURPOSE OF THE VALUATION

We confirm that these valuations are each prepared for a Regulated Purpose as defined in the Red Book. We understand that our valuation report and the Appendices to it (together the “**Valuation**”

Report) is required for inclusion in Hansteen's Class I Circular (the "**Circular**") which is to be published in connection with seeking Shareholders' approval to the acquisition.

The effective date of the Valuation is 25 February 2010 (the "**Valuation Date**").

In accordance with UKPS 5.4 we have made certain disclosures in connection with this valuation instruction and our relationship with the Group. These are included in item 6 below.

6. DISCLOSURES

6.1 Signatory

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since 2005. King Sturge has continuously been carrying out valuation instructions for the addressee of this report since 2005.

6.2 King Sturge's relationship with client

King Sturge ("**KS**") has carried out Valuation, Agency and Professional services on behalf of the addressee for at least 5 years.

KS, and its predecessor firms, has had a long association with the Group over several decades and has dealt with investment purchases and sales, property management, lettings, rent reviews, rating, strategic advice and other general property matters.

In any event the Group has confirmed it is happy for us to act on its behalf.

6.3 Fee income from the Group

In KS's financial year to 30 April 2009, the proportion of total fees payable by the Group to the total fee income of KS was less than 5 per cent. It is not anticipated that this situation will vary in the financial year to 30 April 2010.

We do not consider that any conflict of interest arises for us in preparing this Valuation Report and the Group has confirmed to us that it also considers this to be the case.

We confirm that we do not have any material interest in the Group or any of the Properties.

7. BASIS OF VALUATION

Our opinion of the Market Value of each of the Properties has been primarily derived using comparable recent market transactions on arm's length terms.

8. MARKET VALUE

The value of each of the Properties has been prepared in accordance with the Valuation Standards published by the RICS. These are compliant with the Standards published by the International Valuation Standards Committee. The Properties have been valued to Market Value as defined by the International Valuation Standards Committee.

Under these provisions, the term "**Market Value**" means "*The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

9. TAXATION AND COSTS

We have not made any adjustments in our valuations to reflect any liability to taxation that may arise on rental income from Properties (if any), notional sale prices or any gains that may be realised on disposals, nor for any costs associated with disposals incurred by the Group. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made deductions from our valuations to reflect purchasers' acquisition costs.

10. VAT

The capital valuations and rentals of the Properties included in this Valuation Report are net of value added tax at the prevailing rate.

11. ASSUMPTIONS AND SOURCES OF INFORMATION

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**Assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information.

The Group has confirmed and we confirm that our Assumptions are correct so far as the Group and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions we have made for the purposes of our valuations are referred to below.

12. TITLE

We have been provided with a legal due diligence report prepared by Jones Day dated 1 March 2010 which we have relied upon for the purpose of the valuation.

We understand that the lawyers carried out a full review of the ownership through land register excerpts. We have, where supplied, examined sample title documents and other relevant information.

All Properties are encumbered with land charges in favour of the financing banks. For the purpose of the valuation we have disregarded these charges.

There are a number of properties that have encumbrances, easements, restrictions, outgoings or conditions and these have been reflected in our valuation where applicable.

Unless otherwise informed in the legal due diligence reports, we have made an Assumption that the Group is possessed of good and marketable freehold title in each case and that the Properties are free from rights of way or easements, restrictive covenants, burdens, disputes or onerous or unusual outgoings.

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in Property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the Valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the Valuation as it relates to any Property.

13. CONDITION OF STRUCTURE AND SERVICES, DELETERIOUS MATERIALS, PLANT AND MACHINERY AND GOODWILL

In undertaking our valuations, due regard has been paid to the apparent state of repair and condition of each of the Properties, but condition surveys have not been undertaken, nor have woodwork or other parts of the structures which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to confirm that the Properties are structurally sound or free from any defects. We have made an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than as may be mentioned in our Valuation Report.

We were not provided with a technical due diligence report however we have been provided with costs based on a technical review that Watts Partners performed in January 2010. We have reflected these capital expenditures within our valuation and deferred any future costs using an appropriate discount rate.

We have not arranged for investigations to be made to determine whether high alumina cement concrete (HAC), calcium chloride additive or any other deleterious materials have been used in the

construction or any alterations, and therefore we cannot confirm that the Properties are free from risk in this regard. We are aware of the presence of HAC in certain isolated locations within certain Properties and understand that the presence of HAC in those Properties has not had a detrimental effect. For the purposes of our valuations as they relate to these Properties, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the inspection of the Properties for the purposes of our Valuation that may fall within relevant legislation regarding Asbestos. During our inspection we noted the presence of asbestos cement tiles in a number of properties and we have reflected any remedial costs for treatment or removal (where deemed necessary) within the capital expenditure highlighted by Watts and the environmental specialist subcontractors, Ambiente. Otherwise, we have assumed that the properties are free from asbestos.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed (or to be constructed) thereon. We have also made an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in our valuations for any items of plant or machinery not forming part of the service installations of the buildings on the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuations of any business goodwill that may arise from the present occupation of any of the Properties.

For those Properties in the course of development, we have assumed that the completed buildings will also satisfy the various matters discussed above.

14. ENVIRONMENTAL MATTERS

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to make an Assumption that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites, and have therefore made an Assumption that none exists.

In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of these Properties would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the values now reported.

We have been provided with environmental reports carried out by Ambiente who are specialists in the field. Overall the portfolio has a low-medium risk of environmental issues and we have reflected any costs relating to environmental matters within our valuations.

Flooding

If any of the Properties lie within or close to a flood plain, or have a history of flooding, we have made the Assumption that building insurance is in place regarding flooding and available to be

renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

15. AREAS

The vendors, HBI S.à r.l. and HBI Delta Sub S.à r.l., provided us with a tenancy schedule as well as a breakdown of floor areas by use type as at 15 January 2010. This schedule has been amended through due diligence carried out by King Sturge and Jones Day following reviews of leases and inspections. We have made these amendments to the floor areas and adopted these for the purpose of the valuation as agreed with the client. As requested by the client we conducted an informal cross check measurement exercise on some vacant areas. Our review provided areas that came within an acceptable margin of error and thus we decided to continue to use the floor areas provided.

16. STATUTORY REQUIREMENTS AND PLANNING

All our enquiries have been undertaken on an informal basis, by either telephone or via the Internet. Enquiries have not been made of the relevant planning authorities in whose areas the Properties lie as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the relevant legislation. Similarly, we have also made an Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made an Assumption that the Properties comply with all relevant statutory requirements.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued the Property with the benefit of a recently granted planning consent, we have made an assumption that it will not be challenged under Judicial Review.

17. LEASING

We have not been provided with leases and related documents as we were instructed to rely upon the findings of the leases that Jones Day reviewed. Where this information has not been provided, we have relied upon the management information that has been provided to us by the Group and made an Assumption that this is complete and accurate.

We have not undertaken investigations into the financial strength of the occupiers of any Property. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary we have made an Assumption that the occupiers of any Property are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever indexation reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

18. INFORMATION

We have made an Assumption that any information the Group and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

19. PROPERTIES IN THE COURSE OF DEVELOPMENT OR REQUIRING REFURBISHMENT

We have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the Group and its professional advisers. Our valuations have been based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current European Standards and any relevant codes of practice. We have also made an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

20. PORTFOLIOS

We have, as instructed, valued the Properties on the assumption that the portfolio will come under the ownership of Hansteen and managed by their asset management team. As a result we have made no reduction or addition to the valuations to reflect the possible effect of flooding the market were the portfolio, or a substantial number of Properties within it, to be placed on the market at the same time.

We have been instructed to provide the market value of 100 per cent. of the property interest in any of the Properties.

21. MARKET CONDITIONS

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

22. VALUATION

Having regard to the foregoing we are of the opinion that at 25 February 2010 the aggregate of the Market Values of the freehold interests in the Properties, subject to the Assumptions, and comments in this Valuation Report and in the Appendices is as follows:

€330,220,000

(Three Hundred and Thirty Million, Two Hundred and Twenty Thousand Euros)

The property located at Berlin Holzhauser Strasse is the only property in the Portfolio that the Directors regard as material for the purposes of valuation. Having regard to the foregoing we are of the opinion that as at 25 February 2010 this property had a market value, subject to the Assumptions, and comments in this Valuation Report and in the Appendices as follows:

€37,380,000

(Thirty Seven Million, Three Hundred and Eighty Thousand Euros)

The individual values are exclusive of VAT. There are no negative values to report.

23. CONFIDENTIALITY AND DISCLOSURE AND PUBLICATION

The contents of this Valuation Report may be used only for the specific purpose to which they refer. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure

must first be obtained, but may not be unreasonably withheld or delayed where it relates to the acquisition. For the avoidance of doubt such approval is required whether or not King Sturge is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

Yours faithfully

Christopher Lavery MRICS

Partner

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APPENDIX 1

PORTFOLIO OVERVIEW

The HBI portfolio comprises 34 properties spread across 10 of the 16 States in Germany and clustered around the main industrial hubs in Germany, i.e. the Ruhr region, Frankfurt, Hamburg and Berlin.

21.7 per cent. of the portfolio value is located in Nordrhein Westphalia, 19.2 per cent. in Lower Saxony, 15.2 per cent. in Berlin, 13.7 per cent. in Hessen, 13.5 per cent. in Baden Württemberg and the 16.8 per cent. in the 5 remaining States.

The portfolio has a total leaseable area of 861,010 m² (which excludes the area burnt down in the fire at Bremen), with a vacancy area of 210,228 m² equating to a vacancy rate of 24.4 per cent. The largest single asset by floorspace is Bremen (123,811 m²) with the smallest asset being Hamburg-Billbrook (3,328 m²). The arithmetical average floor area is 25,324 m² although this is skewed by Bremen. The median area which is perhaps a better indicator is 14,642 m².

9.8 per cent. of the floor area is logistics-distribution warehousing, 11.0 per cent. is light industrial units, 14.3 per cent. is industrial parks and 64.9 per cent. is warehousing/industrial warehousing.

The majority of the portfolio was constructed in the 1960-1980's with a number of newer more modern warehouses constructed in the 1990's.

There are a total of 685 tenants with a total of 845 tenancies and across the portfolio. The top 25 tenants (3.6 per cent. of the total) account for 40.39 per cent. of the portfolio income. The 5 largest tenants in the portfolio in terms of income account for 16.27 per cent. and comprise a good national and international companies including Alcan Singen GmbH (5.05 per cent.), the Rewe Group (4.53 per cent.), Sony DADC Germany GmbH (2.56 per cent.), VOLKSWAGEN AG (2.13 per cent.) and Terratrans Interantionale Spedition GmbH (2.0 per cent.).

The portfolio has a weighted average unexpired lease term of 2.84 years. 25 per cent. of the total income expires within 1 year of the Valuation Date which rises to 70 per cent. within 3 years. Only 3.3 per cent. of the income has an expiry date beyond 10 years.

The portfolio generates net annual rent receivable of €30,327,672 and a total Market Rent of €36,660,425 per annum making the portfolio 17.34 per cent. reversionary.

Approximately two thirds (62.0 per cent.) of the portfolio income would be considered by the investment market as being let to tenants with an "Average" covenant strength. Just under one third of the income (32.8 per cent.) would be considered as having a "Good" covenant. 4.0 per cent. of the income would be let to tenants with "Weak" covenant strength whereas only 1.2 per cent. would have an "Excellent" covenant strength.

The property located at Berlin Holzhauser Strasse is the largest asset in terms of value within the portfolio comprising 11.52 per cent. of the portfolio value. This property is the only property in the Portfolio that the Directors regard as material for the purposes of valuation. The Berlin Holzhauser Strasse property generates net annual rent receivable of €3,379,188 and a total Market Rent of €3,590,357 per annum. Mercator Park in Dormagen is the smallest asset comprising only 0.5 per cent. of the total portfolio value. The average lot size in the portfolio is €9,712,647.

PART VI

DEFINITIONS

“Acquisition Agreement”	the conditional share acquisition agreement dated 16 March 2010 between HBI, Hansteen, HBI Holding S.à r.l., HBI Delta GP S.à r.l. and HBI Delta relating to the Proposed Acquisition and described in Part III of this document;
“Articles”	the articles of association of the Company;
“Board” or “Directors”	the board of directors of the Company, whose names appear on page 6 of this document;
“Commitment Letter”	the commitment letter dated 16 March 2010 addressed to Hansteen from UniCredit, pursuant to which UniCredit is legally committed, subject to the satisfaction of certain conditions precedent, to continue to make the restated €260,000,000 facility available to the Target Group pursuant to the terms of the New Credit Agreement and as more fully described in Part III of this document;
“Company” or “Hansteen”	Hansteen Holdings PLC a public limited company incorporated in England and Wales;
“Completion”	completion of the Proposed Acquisition in accordance with the terms of the Acquisition Agreement;
“Continental Europe”	Europe, other than the UK;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);
“CREST Regulations”	The Uncertificated Securities Regulations 2001;
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules published by the Financial Services Authority in accordance with section 73A(2) of FSMA;
“Enlarged Group”	the Hansteen Group as enlarged following the Proposed Acquisition;
“EUR” or “€”	the current lawful single currency of the member states of the European Union participating in the Euro;
“Existing Credit Agreement”	credit agreement dated 7 December 2007 between, amongst others, UniCredit and the Target Group;
“Financial Services Authority” or “FSA”	the Financial Services Authority of the United Kingdom;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders at the General Meeting;
“FSMA”	the United Kingdom Financial Services and Markets Act 2000, as amended;
“General Meeting”	the general meeting of the Company to be held at the offices of Jones Day, 21 Tudor Street, London EC4Y 0DJ at 10.30 a.m. on 1 April 2010, notice of which is set out at the end of this document;
“Hansteen Group” or “Group”	the Company and each of its subsidiaries, prior to the Proposed Acquisition;
“HBI”	HBI S.à r.l.;

“HBI Delta”	HBI Delta Sub S.à r.l.;
“Hero One”	Hero One S.à r.l. & Co KG;
“Interest Payment Date”	20 February, 20 May, 20 August and 20 November in each year and 20 February 2015, with the first Interest Payment Date being 20 May 2010. If an Interest Payment Date falls on a day which is not a business day, the Interest Payment Date will instead be the next business day in that calendar month (if there is one) or the preceding business day (if there is not);
“KBC Peel Hunt”	KBC Peel Hunt Ltd, sponsor and stockbroker to the Company;
“King Sturge”	King Sturge LLP, an independent property valuation expert;
“Listing Rules”	the Listing Rules published by the Financial Services Authority in accordance with 73A(2) of FSMA;
“Loan”	means the principal amount borrowed by the Target Group under the New Credit Agreement;
“London Stock Exchange” or “LSE”	London Stock Exchange PLC;
“New Credit Agreement”	the Existing Credit Agreement as amended and restated pursuant to the terms of a supplemental agreement between, amongst others, UniCredit and the Target Group entered into on Completion as appended to the Commitment Letter and as more fully described in Part III of this document;
“New Facilities”	the debt facilities committed to continue being provided to the Target Group pursuant to the terms of the Commitment Letter and the New Credit Agreement;
“Official List”	the official list maintained by the Financial Services Authority for the purposes of Part V of FSMA;
“Ordinary Shares”	ordinary shares in the capital of the Company which have a nominal value of 10p each;
“PID”	property income distribution (as defined in the Real Estate Investment Trusts (Financial Statements of Group Real Estate Investment Trusts) Regulations 2006);
“Portfolio”	the portfolio of properties to be acquired pursuant to the terms of the Acquisition Agreement, as more particularly described in both paragraph 2 of Part I of this document and the Valuation Report;
“Proposed Acquisition”	the proposed acquisition by Hansteen or, as applicable, a nominee or nominees of Hansteen of the Target Group pursuant to the Acquisition Agreement;
“Prospectus”	the prospectus published by the Company on 30 September 2009, comprising, <i>inter alia</i> , the Registration Document and the Securities Note;
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority for the purposes of Part VI of FSMA;
“Registration Document”	the registration document dated 23 June 2009 prepared in accordance with the Prospectus Rules relating to the Company;
“REIT”	Real Estate Investment Trust;
“REIT Regime”	the REIT Regime introduced by the Finance Act 2006;

“Resolution”	the resolution to be proposed at the General Meeting;
“Securities Note”	the securities note dated 30 September 2009 prepared in accordance with the Prospectus Rules relating to the Company;
“Sellers”	together HBI and HBI Delta;
“Shareholders”	holders of Ordinary Shares in the Company;
“Sterling” or “£”	the current lawful currency of the United Kingdom;
“Swap Break Costs”	the costs payable by the Target Group to UniCredit in consideration of the early termination of the existing hedging arrangements entered into in connection with the Existing Credit Agreement;
“Target Group”	<ul style="list-style-type: none"> (a) HBI Holding S.à r.l. and its subsidiaries; (b) HBI Delta GP S.à r.l.; and (c) Hero One;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of FSMA;
“UniCredit”	UniCredit Bank AG, London Branch (formerly Bayerische Hypo- und Vereinsbank AG); and
“Valuation Report”	the valuation report prepared by King Sturge dated 16 March 2010.

NOTICE OF GENERAL MEETING

Hansteen Holdings PLC

(incorporated in England and Wales with company number 5605371)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ at 10.30 a.m. on 1 April 2010 to consider and, if thought fit, pass the following ordinary resolution:

ORDINARY RESOLUTION

THAT the acquisition by the Company or, as applicable, a nominee or nominees of the Company, of HBI Holding S.à r.l. and its subsidiaries, HBI Delta GP S.à r.l. and Hero One (the “**Proposed Acquisition**”) pursuant to the conditional share acquisition agreement dated 16 March 2010 between HBI S.à r.l., the Company, HBI Holding S.à r.l., HBI Delta GP S.à r.l. and HBI Delta Sub S.à r.l. (the “**Acquisition Agreement**”), as more particularly described in the circular to shareholders of the Company dated 16 March 2010 (a copy of which has been laid before the meeting and initialled by the Chairman for identification purposes only), and all agreements and arrangements made or entered into, or which may in the future be made or entered into, by the Company, or any of its subsidiaries, in connection with, or which are ancillary to, the Proposed Acquisition, including the Acquisition Agreement, be and are hereby approved and that the directors (or any duly constituted committee thereof) of the Company be and are hereby authorised to make any non-material amendment, variation, waiver or extension to the terms or conditions of the Proposed Acquisition, the Acquisition Agreement and/or any ancillary agreement which the directors (or any duly constituted committee thereof) consider necessary, desirable or expedient and to do all such other things as they may consider necessary, desirable or expedient in connection with the Proposed Acquisition.

By order of the Board

Richard Lowes

Secretary

16 March 2010

Hansteen Holdings PLC
6th Floor, Clarendon House,
12 Clifford Street, London, W1S 2LL
T: 020 7016 8820 F: 020 7016 9124 W: www.hansteen.co.uk
Reg No: 5605371

Notes:

- (1) Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member. A proxy need not be a member. To appoint more than one proxy you may photocopy the proxy form and indicate on each form the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice.
- (2) Proxy Forms should be lodged with the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or submitted not later than 10.30 a.m. on 30 March 2010. Completion of the appropriate Proxy Form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes.
- (3) In accordance with Section 325 of the Companies Act 2006 (the "Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Act. Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- (4) In the case of joint holders, the vote of the senior who tenders the vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which names stand in the Company's relevant register of members for certificated or uncertificated shares of the Company (as the case may be) (the "Register") in respect of the joint holding.
- (5) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those ordinary Shareholders entered on the Register at 6.00 p.m. on 30 March 2010 (the "Specified Time") will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.
- (6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournments of it by using the procedures described in the CREST Manual.
- (7) CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsors or voting service providers, who will be able to take the appropriate action on their behalf.
- (8) For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for those instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company's agent (RA10) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. No messages received through the CREST network after this time will be accepted. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (9) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed voting service providers, to procure that its CREST sponsors or voting service providers take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (10) If you submit your proxy form via the internet at www.capitashareportal.com, it should reach the registrar by 10.30 a.m. on 30 March 2010. Should you complete your proxy form electronically and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or posted. Please refer to the terms and conditions of the service on the website. You may not use any electronic address provided either in this Notice of General Meeting or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

