Hansteen Holdings PLC

SUMMARY

30 September 2009

This Summary should be read as an introduction to the full text of the registration document issued by the Company dated 23 June 2009 (the "Registration Document") and the securities note issued by the Company dated 30 September 2009 (the "Securities Note"), which together with this Summary comprise a prospectus of the Company (the "Prospectus"). Only the combined Securities Note, Registration Document and Summary comprise, and may be relied upon as, a prospectus. Any decision to invest in the Company should be based on consideration of the Prospectus as a whole by the investor.

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Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the document before the legal proceedings are initiated. Civil liability attaches to the persons who are responsible for this Summary including any translation of this Summary, but only if this Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.

The definitions used in the Securities Note and/or the Registration Document apply to this Summary. Where there is any conflict between the definitions in the Registration Document and the Securities Note, the definitions in the Securities Note shall prevail.

Applications have been made for the Ordinary Shares in the Company, currently trading on the AIM market of London Stock Exchange plc, to be admitted to the Official List and to be traded on London Stock Exchange's market for listed securities ("Admission"). It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 6 October 2009.

1. Business overview

Hansteen was established in 2005 by Ian Watson and Morgan Jones to take advantage of opportunities in industrial investment property in Continental Europe and admitted to trading on AIM in November 2005. Since 2005, Hansteen has built up a portfolio of industrial investment properties in Western Europe. Ian and Morgan previously ran Ashtenne Holdings PLC from 1989 to 2005, which achieved shareholder returns averaging 20 per cent. per annum until its sale to Warner Estate Holdings in 2005.

The Group's principal activities are investing in prime logistics property, single let properties as well as in the more traditional secondary buildings when the property market experiences low or falling values. The Group's operations are carried out through a focused and experienced team supplemented by a number of tried and tested advisors and associates in each of its investing countries.

Hansteen finances its activities primarily through a mixture of equity retained earnings, borrowings and surplus cash arising directly from its operations. Consequently, through its ready availability of capital and ability to move quickly, the Group is able to obtain well priced investments, after which it will actively manage the properties in order to add value through marketing, letting and refurbishment work.

Since 2005, the Group's focus has been on the continental European logistics and warehouse investment market. Over the years the Group's property portfolio has grown substantially and has a diverse spread of tenants. As at 30 June 2009, the portfolio comprised 954,000 sq m of property with a value of €496.4 million producing an annual rent roll of €43.1 million representing an initial yield, including the land and residential investments, of 8.7 per cent. Additionally, as at 30 June 2009, the Group owned 117 acres of development land and approximately 142,821 sq m of vacant non income producing but lettable space.

Hansteen's core investing markets have been Germany and the Netherlands. Since 2007, the Group has gradually invested in Belgium and France.

On 23 June 2009 Hansteen announced a placing and open offer to raise £200.8 million in order to take advantage of the exceptional opportunities to buy industrial properties in the UK. The difficult economic conditions, restricted availability of financing and sharply falling property values currently being experienced in the UK market, following a sustained period of rising property values and plentiful availability of debt has created a state of considerable distress in the UK property market. The Directors, therefore, believe industrial property acquisitions can be made at double digit initial yields. This has led the Directors to conclude that there is an outstanding opportunity to create value for Hansteen's shareholders by re-entering the UK industrial property market.

2. Reasons for seeking Admission to the Official List

It has, for some time, been the intention of the Company to seek a listing on the Official List when the maturity of the Company so warranted it. The Company publicly announced its intention to move from AIM to the Official List on 23 June 2009 at the time of announcing its placing and open offer and, in accordance with Rule 41 of the AIM Rules for Companies, announced a firm intention to move from AIM to the Official List on 7 September 2009, subject to receiving the necessary regulatory approvals.

Hansteen has grown significantly since admission to AIM in November 2005 and the Board believes that the Official List will be a more appropriate platform than AIM for the continued growth of the Group by increasing its profile, assisting in the liquidity of the Company's shares and providing a greater range of potential investors in the Company.

3. Conversion to a REIT

As announced on 7 September 2009, Hansteen also proposes to convert into a REIT once it meets the relevant qualification criteria. The proposed conversion to a REIT is a change in Hansteen's tax status, and such a change in status will have tax consequences for Hansteen and its shareholders. The conversion of the Group to a REIT will take place after Admission.

In connection with the REIT conversion, certain amendments were made to the Company's Articles of Association on 25 September 2009 (effective from 00.01 a.m. on 1 October 2009) following a General Meeting of the Company during which the proposed changes to the Company's Articles of Association were approved by Shareholders. The amendments to the Articles of Association were required for Hansteen to be confident that it should have the rights and powers to try and avoid certain additional tax charges that can arise under the REIT Regime.

4. Selected financial information

A summary of the Group's consolidated financial information, which has been extracted without material adjustment from the financial information for the years ended 31 December 2008, 31 December 2007 and 31 December 2006 and the six month period ended 30 June 2009 set out in full in Part II(B) of the Securities Note, is set out below.

	30 June 2009 £'000	*31 December 2008 £'000*	*31 December 2007 £'000*	*31 December 2006 £'000*
Goodwill	2,241	2,241	2,252	–
Investment property	419,991	492,357	406,659	139,593
Trading properties	2,844	2,750	5,260	5,151
Cash and cash equivalents	62,705	80,240	19,562	14,395
Derivative financial assets and liabilities (net)	(53,986)	(58,896)	(9,331)	1,434
Borrowings	(239,438)	(281,244)	(169,536)	(15,689)
Other assets and liabilities (net)	(10,582)	(24,084)	(23,473)	(7,012)
Net assets	183,775	213,364	231,393	137,872
Net assets per share (p)	103	119	130	110
Diluted EPRA net assets per share (p)*	107	128	138	114

* Diluted EPRA net assets per share takes into consideration the dilution through any share options and adding back deferred tax on valuation of investment properties.

5. Current trading and prospects

The Group started 2009 with a robust Balance Sheet, solid financing and a high yielding portfolio of business and commercial property spread throughout Germany, Netherlands, Belgium and France. However, Hansteen had limited resources available to take advantage of opportunities arising from the depressed market particularly in the UK. Hansteen's declared aim was to maintain, and if possible, enhance the normalised profit before tax (profit before tax before gains and losses on investment properties, gains and losses on forward currency contracts and foreign exchange and changes in fair value of interest rate derivatives) from the £5.7 million reported for the six months ending 30 June 2008. This would entail maintaining the occupancy and high income surplus from the existing portfolio so far as possible notwithstanding the tough occupational conditions. The Directors were therefore delighted to report that the normalised profit for the first half year has grown to £8.7 million. Under IFRS rules Hansteen shows a £9.7 million (2008: £1.6 million) accounting loss before tax principally as a result of the decline in the value of the Company's investment properties and the weakening of the Euro during the period, indicated by investment property losses of £17.1 million (2008: gain £4.1 million) and foreign exchanges losses of £0.8 million (2008: £15.2 million). Occupancy has slipped slightly from 87 per cent. to 85 per cent. (134,000 sq m of vacant space increasing to 142,821 sq m of vacant space). The annualised rent roll increased from €42.9 million per annum to €43.1 million per annum at the half year end. The bulk of that movement came as a result of selling two properties in Germany and Netherlands at lower yields and acquiring two properties in Germany at higher yields.

On 10 July 2009, Hansteen raised £194.6 million (net of expense) by way of a placing and open offer to enable the Company to take advantage of the current downturn in the property cycle. Additionally, on 3 August 2009, Hansteen announced the launch of the Hansteen UK Industrial Property Unit Trust. This fund was launched with £90 million of equity of which £30 million is provided by Hansteen and the remainder from five institutional investors. These two initiatives provide Hansteen with around £500 million of buying power to enable the Company to take significant advantage of the opportunities arising from the current distress in the market.

Since 30 June 2009, life has continued to be difficult for Hansteen's occupiers in continental Europe as manifested by a slight decrease in net occupancy of the portfolio and the annualised rent roll falling from €43.1 million to €42.6 million as at 31 August 2009. There have been no property sales or purchases since 30 June 2009.

The outlook for all the European economies, including the UK, is still uncertain but there is some cause for believing further downside should be limited. The occupational market will doubtless continue to be very challenging but the Directors believe that high yielding industrial property with low capital values and a broad spread of tenants is a resilient and defensive investment medium. The high income returns from the portfolio will provide a beneficial backdrop as the Company deploys its new capital.

6. Dividend policy

The Company intends, so long as it is prudent, to continue to pay a dividend to shareholders. Dividends per ordinary share paid to date are summarised in the table below:

	2009	*2008*	*2007*
Dividend paid per share	3.2p	3.2p	3.0p

7. Summary of risks

Risks relating to Real Estate

(A) Property valuation is inherently subjective and uncertain.

(B) Real estate investments are relatively illiquid.

(C) The value of any property portfolio may fluctuate as a result of factors outside the owner's control.

(D) The Group may incur environmental liabilities.

(E) The Group's ability to generate its desired returns will depend on its ability to identify and acquire suitable properties and to overcome potentially significant competition in doing so.

(F) The 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.

(G) The Group may be unable to let a property or re-let a property following the expiry of a tenancy.

Risks relating to the Group

(A) The Group may suffer material losses in excess of insurance proceeds.

(B) The Group may be subject to liability following the disposal of investments.

(C) The Group relies on key executives and the loss of any of them could have a material adverse impact.

(D) The 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.

(E) The Company's ability to continue to pay dividends will depend on the level of profits and cash flows generated by the Group.

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

Risks relating to borrowing

(A) The Group's credit facilities may restrict its ability to engage in business activities that may be in its interest.

(B) The Group's businesses are subject to the effects of movements in market interest rates.

(C) Use of borrowing could adversely impact on net asset value.

(D) Fluctuations in financial markets and the global economic downturn could affect the Group's ability to refinance any of its obligations.

(E) If the Group defaults under its facilities, its lender may enforce their security over the Group's assets.

Risks relating to taxation

(A) The amount of taxation charged on the Group's activities is subject to changes in tax laws and their practical application in the jurisdictions in which the Group operates.

(B) The amount of any gain subject to tax on certain investment properties is affected by the rate of exchange between Sterling and the Euro to the date of sale of the properties.

Risks relating to the Ordinary Shares

(A) The market price of the Ordinary Shares may fluctuate widely in response to different factors.

(B) Dividends may only be paid out of the Company's distributable reserves.

(C) Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline.

8. Document availability

Copies of this document (together with the Registration Document and Securities Note) are available, for inspection only, 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. Copies of this document are also available, for inspection only, from the document viewing facility, UK Listing Authority, the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.