

22 September 2008



Hansteen Holdings PLC

("Hansteen", "the Company")

Interim Results

Hansteen Holdings PLC (AIM: HSTN), the pan European property investment company, announces Interim Results for the six months to 30 June 2008.

Highlights

- Net asset value increase of 5% over the six months to 145pence (FY07: 138pence)*
- Normalised profit increased by 40% to £5.7million (HY07: £4.0million)**
- Pre-tax loss £1.6million (HY07: Profit £13.6million)***
- Property assets of £445.0million (FY07 £411.9million)
- Annualised net rental income of £32.9million (HY07 £17.1million)
- Strong finances, net debt to value 35% - interest rate hedging for 95% of debt with a minimum three year remaining term.
- Sold £17.6million, Acquired £14.6million

Jamie Hambro, Chairman commented: "These are good results reported against a backdrop of significant difficulties in the property market. We have achieved continued growth whilst maintaining a strong balance sheet and low gearing.

"We are cautious in our view of further acquisitions in Europe and are husbanding our resources to take advantage of significant opportunities from distressed sellers, particularly in the UK".

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*Diluted EPRA basis

**Pre-tax profit excluding gains and losses on investment properties, foreign currency and interest rate derivatives hedge valuations.

***A loss for the period arises under the IFRS accounting rules largely as a result of the requirement to include the fair value of our currency hedging contract (a loss of £16.1m) to be included in the profit and loss account whereas the equal and opposite gain which has been achieved on the currency movement is shown in the reserves in the balance sheet.

Chairman's Statement

I am pleased to report good results for the six months to 30 June 2008, despite a difficult property market. Continued growth in net asset value has been achieved with a strong balance sheet, low gearing and without reliance on the strengthening Euro which we have substantially hedged. Overall our properties showed a small increase in value at the half year although we do not necessarily expect this to be repeated for the second half of the year. At the same time we are looking forward to a return to investing in the UK market where we are starting to see good value opportunities.

Results

Normalised profits for the six months to 30 June 2008 amount to £5.7million compared with £4.0million in 2007. This measure of profit is the traditional measure of income exceeding costs, excluding gains and losses on investment property, currency hedging instruments and interest rate hedging instruments. However, under IFRS accounting rules, we show a £1.6million accounting loss. This does not reflect the true returns of the business as it includes a £16.1million charge reflecting the fair value of our currency hedge for which there is an equal and opposite gain shown in the reserves in the Balance Sheet. The currency hedge was taken out to remove the currency risk as part of the original strategy of the Company to eliminate currency fluctuations and this it has done.

The net asset value of the company has grown by approximately 5% in the six months to the 30 June to 145pence per share compared to 138pence per share at December 2007, measured on an EPRA basis. On an IFRS basis the NAV per share has increased from 129pence per share to 134pence per share.

The growth in net asset value did not benefit from the strength of the Euro because, as noted above, the currency fluctuations were substantially hedged. The gain was also achieved after deducting a full year's dividend payment. The key ingredients to the growth were the substantial income surplus of rental income over interest costs and a small property valuation gain of approximately 1%.

The valuation gains were largely achieved from properties recently acquired in Germany. In some cases these were acquisitions that we had been pursuing for many months or in one case much longer and have been acquired from German banks that had repossessed property as a result of defaulting loans. These properties at Wurmlingen, Leonberg, and Hanau were acquired at prices substantially below rebuilding cost and in most cases had been neglected on the asset management front for some time. Otherwise, although some of the properties in Germany, Belgium and Holland were valued at slightly higher yields than at December 2007, on average values remained similar due to growth in income. In France, however we saw a net outward shift in yields resulting in a devaluation of these properties.

We are pleased to have sold our portfolio of residential property in Wiesbaden for just over €2million producing a profit over the December 2007 valuation and well above the original cost.

This year has also seen improvements in the generation of rental income. All countries experienced growth through indexation of leases and as a result of our marketing efforts. Net occupancy improved by 19,878 square metres during the period and further lettings have been achieved after the half year, again improving the rent roll. Whilst the macro economic situation in Europe is of concern going forward at present we are seeing no slow down in the appetite of occupiers for industrial warehouses in these countries.

We set out below a schedule of our property ownership on a country by country basis.

	No properties	Area sqm	Rent		Valuation		Yield
			Euros €m	Sterling £m	Euros €m	Sterling £m	%
Germany	48	418,770	18.8	14.9	254.7	201.6	7.4
Holland	34	360,158	15.6	12.4	213.2	168.8	7.3
Belgium	14	52,911	4.1	3.2	54.1	42.8	7.6
France	4	79,042	2.2	1.7	26.5	21.0	8.3
Other Assets	4	9,122	0.5	0.4	13.7	10.8	0.4
Total	104	920,003	41.2	32.6	562.2	445.0	7.3

Finance

The Balance Sheet shows gross property assets of £445million with a running yield of approximately 7.3% at 30 June 2008. Net borrowings, at the same date, amount to £157million which is costing an average gross interest rate of 5.5%. These statistics demonstrate a low net gearing and high interest cover. Our current annualised interest cost on gross borrowings is around £11million compared to our current annualised rent roll of approximately £33million.

Total gross borrowings outstanding at the 30 June, amount to £206million. The bulk of this lending is provided by HBOS (£86million drawn) with an outstanding term of an additional 3 years and FGH Bank (£103million) with an outstanding period of five years.

To insure against interest rate increase Hansteen has interest rate caps covering £119million at an average cap rate of 4.65% and interest rate swaps covering £79million at an average rate of 4.34%.

The low gearing and hedging provide us with substantial financial comfort as well as providing some fire power to take advantage of purchase opportunities in Europe and the UK.

Outlook

Although the occupancy market in Continental Europe remains robust and yields still far exceed the cost of money, given the shortage of bank finance worldwide there may well be outward pressure on yields in the second half of 2008. Our policy in Europe is to be cautious in new acquisitions as we husband our resources for a period where we feel there may be significant opportunities from distressed sellers.

Whilst continuing to maintain a prudently geared Balance Sheet we will nevertheless put aside some of our spare equity to acquire properties in the UK over the next 12 months. Potentially this will be carried out in joint ventures to enhance returns to Hansteen and to ensure that we participate fully in what we believe will be exciting opportunities as the UK market falls. Given the management team's track record, our high yielding portfolio and strong finances we look forward to benefiting from the forthcoming markets.

Jamie Hambro
Chairman
September 2008

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2008**

Year ended 31 December 2007 £'000 Audited		Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited
	Note		
Continuing operations			
18,400	3	16,150	6,648
(1,751)		(2,321)	(668)
16,649		13,829	5,980
(4,159)		(3,080)	(1,768)
Operating profit before gains on investment			
12,490	4	10,749	4,212
19,614		5,094	9,215
32,104		15,843	13,427
(11,014)		(16,165)	551
1,649		750	1,115
(4,549)		(5,809)	(1,281)
238		2,863	260
1,946		936	(412)
20,374		(1,582)	13,660
(6,799)	5	(1,602)	(4,386)
13,575		(3,184)	9,274
Attributable to:			
13,472		(3,256)	9,274
103		72	-
13,575		(3,184)	9,274
Earnings per share			
8.1p		(1.8)p	6.0p
8.1p		(1.8)p	6.0p

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

31 December 2007 £'000 Audited	30 June 2008 £'000 Unaudited	30 June 2007 £'000 Unaudited
Non-current assets		
2,252 Goodwill	2,252	-
31 Property, plant and equipment	38	32
391,242 Investment property	439,695	223,783
15,417 Investment property held for sale	-	-
2,885 Deferred tax asset	-	-
379 Derivative financial instruments	3,718	2,261
412,206	445,703	226,076
Current assets		
5,260 Trading properties	5,353	5,223
3,781 Trade and other receivables	4,032	2,464
19,562 Cash and cash equivalents	49,025	47,191
28,603	58,410	54,878
440,809 Total assets	504,113	280,954
Current Liabilities		
(6,916) Trade and other payables	(7,534)	(4,748)
(2,563) Current tax liabilities	(5,129)	(2,772)
(2,579) Borrowings	(781)	(9,384)
(279) Obligations under finance leases	(348)	-
(12,337)	(13,792)	(16,904)
Non-current liabilities		
(166,957) Borrowings	(205,263)	(44,640)
(3,218) Obligations under finance leases	(4,290)	-
(9,710) Derivative financial instruments	(25,874)	-
(17,194) Deferred tax liabilities	(15,411)	(7,515)
(197,079)	(250,838)	(52,155)
(209,416) Total liabilities	(264,630)	(69,059)
231,393 Net assets	239,483	211,895
Equity		
17,843 Share capital	17,843	17,843
174,312 Share premium account	114,312	174,312
13,287 Translation reserves	29,708	(1,209)
25,772 Retained earnings	76,957	20,932
231,214 Equity shareholders' funds	238,820	211,878
179 Equity minority interests	663	17
231,393 Total equity	239,483	211,895
129.5p Diluted net asset value per share	133.8p	118.7p
138.3p Diluted EPRA net asset value per share	144.8p	123.3p

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2008**

	Share capital £'000	Share premium £'000	Translation reserves £'000	Retained earnings £'000	Minority interest £'000	Total £'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance at 1 January 2008	17,843	174,312	13,287	25,772	179	231,393
Exchange differences arising on translation of overseas operations	-	-	17,268	-	-	17,268
Tax on items taken directly to equity	-	-	(847)	-	-	(847)
Net income recognised directly in equity	-	-	16,421	-	-	16,421
(Loss)/profit for the period	-	-	-	(3,256)	72	(3,184)
Share based payments	-	-	-	173	-	173
Dividends paid	-	-	-	(5,710)	-	(5,710)
Reduction of share premium account	-	(60,000)	-	60,000	-	-
Costs of reduction of share premium account	-	-	-	(22)	-	(22)
Capital invested by minority interests	-	-	-	-	412	412
Balance at 30 June 2008	17,843	114,312	29,708	76,957	663	239,483
Balance at 1 January 2007	12,500	111,133	(1,142)	15,381	-	137,872
Exchange differences arising on translation of overseas operations	-	-	152	-	-	152
Tax on items taken directly to equity	-	-	(219)	-	-	(219)
Net income recognised directly in equity	-	-	(67)	-	-	(67)
Profit for the period	-	-	-	9,274	-	9,274
Share based payments	-	-	-	27	-	27
Dividends paid	-	-	-	(3,750)	-	(3,750)
Ordinary shares issued at a premium	5,343	64,657	-	-	-	70,000
Costs of issue of shares at a premium	-	(1,478)	-	-	-	(1,478)
Capital invested by minority interests	-	-	-	-	17	17
Balance at 30 June 2007	17,843	174,312	(1,209)	20,932	17	211,895

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2008**

Year ended 31 December 2007 £'000 Audited	Note	Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited
8,475 Net cash inflow from operating activities	6	6,050	3,811
1,649 Interest received		749	1,114
(19) Additions to property, plant and equipment		(19)	(11)
(193,367) Additions to investment properties		(14,483)	(75,770)
460 Proceeds from sale of investment properties		18,344	453
(71) Additions to derivative financial instruments		(444)	(15)
(12,339) Acquisition of subsidiaries		-	-
(203,687) Net cash used in investing activities		4,147	(74,229)
(3,750) Dividends paid		(5,710)	(3,750)
70,000 Proceeds from issue of shares at a premium		-	70,000
(1,478) Costs of issue of shares at a premium		-	(1,478)
- Costs of reduction of share premium account		(22)	-
(30) Repayments of obligations under finance leases		(64)	-
132,800 New bank loans raised (net of expenses)		130,476	38,429
- Bank loans repaid		(105,432)	-
1,826 Increase/(decrease) in bank overdrafts		(1,925)	-
69 Capital contribution from minority shareholders		387	17
199,437 Net cash from financing activities		17,710	103,218
4,225 Net increase in cash and cash equivalents		27,907	32,800
14,395 Cash and cash equivalents at beginning of period		19,562	14,395
942 Effect of foreign exchange rate changes		1,556	(4)
19,562 Cash and cash equivalents at end of period		49,025	47,191

**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

1. General information

Hansteen Holdings plc is incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is 1 Berkeley Street, London W1J 8DJ.

The Group's principal activities are those of a property group investing mainly in industrial properties in continental Europe.

The financial information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. This information was derived from the statutory accounts for the year ended 31 December 2007, a copy of which has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. Basis of preparation

The condensed set of financial statements is for the six months ended 30 June 2008 and have been prepared in accordance with IFRS adopted for use by the European Union. The condensed set of financial statements do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2007.

The condensed set of financial statements has been prepared under the historical cost convention as modified by the recording of revaluation of investment properties and certain financial instruments. The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2007.

The condensed set of financial statements is presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The interim report was approved by the Board on 19 September 2008.

3. Revenue includes the following:

Year ended 31 December 2007 £'000 Audited		Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited
18,400	Property rental income	16,150	6,648
1,599	Interest receivable on bank deposits	742	1,076
50	Other interest receivable	8	39
<u>1,649</u>		<u>750</u>	<u>1,115</u>
<u>20,049</u>	Total revenue in the period	<u>16,900</u>	<u>7,763</u>

- 4.** The Group's primary reporting segments are the classification of its properties based on whether they are held for investment or trading. Operating profit includes £nil from the sale of trading properties (Six months ended 30 June 2007: £nil. Year ended 31 December 2007: £nil).

5. Tax on profit on ordinary activities

Year ended 31 December 2007 £'000 Audited		Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited
1,024	UK current tax	871	988
1,242	Foreign current tax	996	395
2,266	Total current tax	1,867	1,383
4,533	Deferred tax	(265)	3,003
6,799		1,602	4,386

6. Notes to the cash flow statement

Year ended 31 December 2007 £'000 Audited		Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited
13,575	Profit/(loss) for the period	(3,184)	9,274
	Adjustments for:		
669	Share-based employee remuneration	173	27
	Depreciation of property, plant and equipment		
16		11	7
(19,614)	Gains on investment properties	(5,094)	(9,215)
11,014	Losses/(gains) on forward currency contracts	16,165	(551)
1,720	Net finance costs	1,769	318
6,799	Tax	1,602	4,386
	Operating cash flows before movements in working capital		
14,179	working capital	11,442	4,246
(109)	Increase in trading properties	(93)	(72)
(1,107)	(Increase)/decrease in receivables	(61)	16
2,908	Increase in payables	154	1,420
15,871	Cash generated by/(used in) operations	11,442	5,610
(3,559)	Income taxes paid	(83)	(506)
(3,837)	Interest paid	(5,309)	(1,293)
8,475	Net cash inflow from operating activities	6,050	3,811

7. The Interim Report and condensed set of financial statements will be posted to shareholders and will be available from the Company's Registered Office at 1 Berkeley Street, London W1J 8DJ.