



**Hansteen Holdings PLC**  
(‘Hansteen’, ‘the Company’, ‘the Group’)

**Half Year Results**

Hansteen Holdings PLC (AIM: HSTN), the pan European property investment company, announces Half Year Results for the six months ended 30 June 2009.

Financials

- Normalised profit increased by 50% to £8.7 million (HY08: £5.7 million)\*
- Net Asset Value down 16% to 107 pence per share (31 December 2008: 128 pence)\*\*
- Portfolio €496 million yielding 8.7% compared with 3.3% cost of borrowing
- Annualised net rental income of €43.1 million (HY08 €41.3 million)

Corporate Developments after 30 June 2009

- £200 million new equity raised
- Launch of £90 million UK Industrial Property Unit Trust
- Move to the Official List expected on 6 October 2009
  - Announcement of intention to become a REIT
  - Adjusted NAV\*\* post issue of new ordinary shares 87 pence per share
  - Net debt to value 7%\*\*\*

**Jamie Hambro, Chairman of Hansteen commented:** “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 your Board believes 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 Group deploys the new capital”.

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\*Normalised profit comprises pre-tax profit excluding gains and losses on investment properties, foreign currency and interest rate derivatives hedge valuations. (Note 6)

\*\*Diluted EPRA basis (Note 7 and 8)

\*\*\* Net debt at 30 June 2009 adjusted for net cash from £200m new equity raised

## Chairman's Statement

During 2009 Hansteen has focused on three key objectives; first, to maintain the strong and secure financial position of the Group; secondly, to grow the normalised profits; and thirdly, to position the business for growth. Despite a difficult economic environment we are able to report solid results and considerable success in meeting these objectives.

## Results

Normalised profits for the six months to 30 June 2009 were £8.7 million compared with £5.7 million in the first half of 2008. This is the result of a 50% increase in the income surplus generated by the underlying business. Under IFRS rules, however, Hansteen shows a £9.7 million accounting loss principally as a result of the decline in the value of the Group's investment properties and the weakening of the Euro during the period.

The decline in the value of Hansteen's property portfolio meant that net asset value per share measured on a diluted EPRA basis as at 30 June 2009 fell by 16% to 107 pence, compared to 128 pence and on an IFRS basis fell by 16% to 103 pence compared to 119 pence at 31 December 2008. Property values in Continental Europe may continue to fall for the rest of the year but we believe that this would be caused by the limited number of comparable transactions and scarcity of credit rather than a fundamental change in values. The valuation at 30 June 2009 reflected a yield of 8.7% compared to the Group's average cost of borrowings including margin, at the same date of 3.3%. Historically, there has always been a closer correlation between the total cost of borrowing and industrial property yields and the Board believes that when the market normalises that relationship will return.

Since 30 June, the Group has announced a substantial equity capital raising and a move from AIM to the Official List, described in more detail below. On an adjusted basis, including the new capital, the diluted EPRA Net Asset Value per share would be 87 pence as at 30 June 2009.

As in 2008, the Board paid a fully covered dividend of 3.2 pence per share in May 2009, reflecting the Directors' belief in the ongoing strength of the business.

## Property Portfolio

At 30 June 2009, the Group's portfolio comprised 954,000 sqm of property with a value of €496 million. The Group started the year with 134,000 sqm of vacant property and an annualised rent roll from the let property of €42.9 million. At the half year, occupancy slipped 2% increasing vacancy to 142,821 sqm, but the annualised rent roll from let properties increased to €43.1 million. This was partly due to indexed rents and partly due to the sale of one property in Germany and a second in the Netherlands at an 8 % yield and the purchase of two properties in Germany at a blended yield of 14 %. Hansteen's primary focus is on retaining occupancy and rental income as far as possible. The Board expects the occupational market in Continental Europe to be very challenging for some time to come but believe that the Group should be able to outperform its peers in terms of attracting and retaining occupiers.

Set out below is a schedule of property on a country-by-country basis.

	No. Properties	Area sqm	Rent		Valuation		Yield
			Euros €m	Sterling £m	Euros €m	Sterling £m	
<b>Germany</b>	51	446,285	20.0	17.1	226.8	193.2	8.9%
<b>Holland</b>	33	370,168	16.3	13.9	192.9	164.3	8.5%
<b>Belgium</b>	13	49,973	3.9	3.3	44.2	37.7	8.7%
<b>France</b>	4	79,042	2.4	2.0	22.7	19.3	10.5%
<b>Other Assets</b>	5	8,909	0.5	0.4	9.7	8.3	5.0%
<b>Total</b>	<b>106</b>	<b>954,377</b>	<b>43.1</b>	<b>36.7</b>	<b>496.3</b>	<b>422.8</b>	<b>8.7%</b>

## Hedging

Of the €283 million of borrowings which Hansteen currently has, €150 million is capped at an average rate 4.7% and €100 million is fixed at an average rate of 4.3%. The substantial element of caps means that the Group has benefited to a large extent from the very low interest rates currently prevailing.

The Group is currently unhedged as to currency. This means that with regard to the element of Hansteen's capital invested in Euro denominated assets the net asset value of the Group will fluctuate as the relationship between Sterling and the Euro changes.

### **New Equity**

In 2008 and 2009 values in the UK property market fell considerably as companies and institutions that had over-borrowed in the boom period, saw the value of their properties fall. This has created an opportunity for Hansteen to invest in the UK market at prices which represent fundamentally good value.

On 9 July 2009 Hansteen raised an additional £194.6 million net of expenses through the issue of 267,768,451 new shares. This provides the Group with the financial firepower to benefit from depressed prices. The monies were raised at a narrow discount to the share price and to the Net Asset Value.

During the period, Hansteen also launched the Hansteen UK Industrial Property Unit Trust ('HIPUT'), a fund of £90 million of equity of which £30 million is provided by Hansteen and the remainder from five institutional investors. HIPUT will be prudently geared to a maximum of 50% loan to value giving a total fund size of £180 million and will only buy industrial properties with a maximum lot size of £15 million and, until fully invested, will be Hansteen's dedicated vehicle for such purchases. As asset manager, as well as substantial investor, Hansteen will receive an ongoing management fee, a performance fee, and a return on its investment.

The result of the Company's fundraising has been to reduce Net Debt to Value to below 10%. Under reasonable assumptions for new borrowing, including HIPUT, we have the ability to invest in the order of £500 million at a time when the market in the UK and Europe is at or near to a low point in the property cycle.

### **Move to the main market and adoption of REIT status**

On 7 September 2009 Hansteen announced its intention to move from AIM to the Official List subject to receiving the necessary regulatory approvals. This move reflects the growing size and maturity of the business and the Board's belief that the Official List will be a more appropriate platform for continued growth. The move is expected to increase the Group's profile, improve the liquidity of its shares, and attract a wider range of potential investors. It is expected that Hansteen will publish a Prospectus shortly and that admission to the Official List will occur on 6 October 2009.

The move will also enable Hansteen to convert to a REIT which the Board intends to do as soon as possible after the shares are admitted to the Official List. The proposed conversion to a REIT will be a change in Hansteen's tax status which will have tax consequences for Hansteen and its shareholders. The change required certain changes to the Company's Articles of Association which were approved by Shareholders in a General Meeting held on 25 September 2009.

The cost of moving to the Official List and becoming a REIT is estimated to be approximately £4.5 million, which is primarily the 2% entry tax charge, payable on the market value of properties subject to UK tax at the time of conversion to a REIT. The benefits will be that the Group will not pay any corporation tax on its UK investments as well as saving UK tax paid on its European investments. The Board believes that a REIT will be the most efficient structure for Hansteen Shareholders.

### **Outlook**

In addition to its existing conservatively financed and income generative portfolio Hansteen now has very substantial capital available to take advantage of the outstanding opportunities to which the current downturn will undoubtedly give rise. One such opportunity is Warner Estate Holdings Plc, the Company which acquired Ashtenne Holdings Plc the previous Company founded and managed by the Hansteen executive directors. Hansteen announced on 17 August 2009 that it acquired a strategic stake of approx 18.5% in Warner in exchange for the issue to the vendors of Hansteen shares to the value of £2.8 million.

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 your Board believes 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 Group deploys the new capital.

Jamie Hambro  
Chairman  
30 September 2009

HANSTEEN HOLDINGS PLC

Condensed consolidated income statement  
for the six months ended 30 June 2009

Year ended 31 December 2008 £'000 Audited			Six months ended 30 June 2009 £'000 Unaudited	Six months ended 30 June 2008 £'000 Unaudited
	<b>Continuing operations</b>			
34,884	Revenue	4	19,809	16,150
(8,174)	Cost of sales		(2,979)	(2,321)
26,710	<b>Gross profit</b>		16,830	13,829
(3,934)	Administrative expenses		(3,358)	(3,080)
22,776	<b>Operating profit before gains on investment properties</b>		13,472	10,749
(41,655)	(Losses)/gains on investment properties		(16,434)	5,094
161	Gain on sale of subsidiary		-	-
(18,718)	<b>Operating (loss)/profit</b>		(2,962)	15,843
(45,006)	Gains/(losses) on forward currency contracts		5,713	(16,165)
2,111	Finance income		477	750
(13,050)	Finance costs		(5,242)	(5,809)
(4,579)	Changes in fair value of interest rate derivatives		(1,189)	2,863
18,299	Foreign exchange (losses)/gains		(6,486)	936
(60,943)	<b>Loss before tax</b>		(9,689)	(1,582)
1,388	Tax credit/(charge)	5	9,094	(1,602)
(59,555)	<b>Loss for the period</b>		(595)	(3,184)
	<b>Attributable to:</b>			
(59,571)	Owners of the parent		(444)	(3,256)
16	Non-controlling interests		(151)	72
(59,555)	<b>Loss for the period</b>		(595)	(3,184)
	<b>Loss per share</b>			
(33.4)p	<b>Basic</b>		(0.2)p	(1.8)p
(33.4)p	<b>Diluted</b>		(0.2)p	(1.8)p

**HANSTEEN HOLDINGS PLC**

**Condensed consolidated statement of comprehensive income  
for the six months ended 30 June 2009**

Year ended 31 December 2008 £'000 Audited		<b>Six months ended 30 June 2009 £'000 Unaudited</b>	Six months ended 30 June 2008 £'000 Unaudited
(59,555)	<b>Loss for the period</b>	<b>(595)</b>	(3,184)
	<b>Other comprehensive income:</b>		
45,855	Exchange differences arising on translation of foreign operations	<b>(23,300)</b>	17,293
211	Translation differences recognised on sale of subsidiary	-	-
1,275	Income tax relating to components of other comprehensive income	-	(847)
47,341	Total other comprehensive income for the period (net of income tax)	<b>(23,300)</b>	16,446
<u>(12,214)</u>	<b>Total comprehensive (expense)/income for the period</b>	<b>(23,895)</b>	13,262
	Total comprehensive (expense)/income attributable to:		
(12,375)	Owners of the parent	<b>(23,653)</b>	13,165
161	Non-controlling interests	<b>(242)</b>	97
<u>(12,214)</u>		<b>(23,895)</b>	13,262



**HANSTEEN HOLDINGS PLC**

**Condensed consolidated statement of changes in equity  
for the six months ended 30 June 2009**

	Six month period to 30 June 2009 Unaudited						
	Share capital £'000	Share premium £'000	Translation reserves £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total £'000
<b>Balance at 1 January 2009</b>	17,843	114,312	60,483	19,907	212,545	819	213,364
<b>Changes in equity for the six months ended 30 June 2009:</b>							
Dividends	-	-	-	(5,710)	(5,710)	-	(5,710)
Share-based payments	-	-	-	9	9	-	9
Total comprehensive income for the period	-	-	(23,209)	(444)	(23,653)	(242)	(23,895)
Capital invested by non- controlling interests	-	-	-	-	-	7	7
<b>Balance at 30 June 2009</b>	<b>17,843</b>	<b>114,312</b>	<b>37,274</b>	<b>13,762</b>	<b>183,191</b>	<b>584</b>	<b>183,775</b>

	Six month period to 30 June 2008 Unaudited						
	Share capital £'000	Share premium £'000	Translation reserves £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total £'000
Balance at 1 January 2008	17,843	174,312	13,287	25,772	231,214	179	231,393
<b>Changes in equity for the six months ended 30 June 2008:</b>							
Reduction of share premium account	-	(60,000)	-	60,000	-	-	-
Costs of reduction of share premium account	-	-	-	(22)	(22)	-	(22)
Dividends	-	-	-	(5,710)	(5,710)	-	(5,710)
Share-based payments	-	-	-	173	173	-	173
Total comprehensive income for the period	-	-	16,421	(3,256)	13,165	97	13,262
Capital invested by non- controlling interests	-	-	-	-	-	387	387
<b>Balance at 30 June 2008</b>	<b>17,843</b>	<b>114,312</b>	<b>29,708</b>	<b>76,957</b>	<b>238,820</b>	<b>663</b>	<b>239,483</b>

**HANSTEEN HOLDINGS PLC**

**Condensed consolidated cash flow statement  
for the six months ended 30 June 2009**

Year ended 31 December 2008 £'000 Audited		<b>Six months ended 30 June 2009 £'000 Unaudited</b>	Six months ended 30 June 2008 £'000 Unaudited
17,925	<b>Net cash inflow from operating activities</b>	<b>7,956</b>	6,050
2,111	Interest received	477	749
(25)	Additions to property, plant and equipment	(5)	(19)
(30,461)	Additions to investment properties	(7,673)	(14,483)
22,659	Proceeds from sale of investment properties	5,686	18,344
531	Disposal of subsidiaries	-	-
(5,185)	<b>Net cash (used in)/from investing activities</b>	<b>(1,515)</b>	4,591
(5,710)	Dividends paid	(5,710)	(5,710)
(22)	Costs of reduction of share premium account	-	(22)
(138)	Repayments of obligations under finance leases	(77)	(64)
165,839	New bank loans raised (net of expenses)	-	130,476
(114,566)	Bank loans repaid (net of expenses)	(9,182)	(105,432)
(2,041)	Decrease in bank overdrafts	-	(1,925)
(464)	Additions to derivative financial instruments	-	(444)
493	Capital contribution from minority shareholders	7	387
(14)	Dividend paid to minority shareholders	-	-
43,377	<b>Net cash (used in)/from financing activities</b>	<b>(14,962)</b>	17,266
56,117	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,521)</b>	27,907
	<b>Cash and cash equivalents at beginning of period</b>		
19,562		<b>80,240</b>	19,562
4,561	<b>Effect of foreign exchange rate changes</b>	<b>(9,014)</b>	1,556
80,240	<b>Cash and cash equivalents at end of period</b>	<b>62,705</b>	49,025

## HANSTEEN HOLDINGS PLC

### Notes to the condensed set of financial statements for the six months ended 30 June 2009

#### 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.

#### 2. Basis of preparation

The annual financial statements of Hansteen Holdings PLC are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International accounting standard 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information for the year ended 31 December 2008 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 2008, 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.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, with the exception that the Group has adopted IFRS8 'Operating Segments and the amendments to IAS 1 'Presentation of Financial statements'

The interim report was approved by the Board on 29 September 2009.

#### 3. Going concern

The group has considerable financial resources following the subsequent fund raising in July 2009. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the potential impact of the current uncertain economic outlook on the Group's operating cash flows and the possibility of tenancy failures and increased vacancies. After consideration of the Group's forecast cash flows and covenant compliance, including the impact of potential further reductions in property valuations, rental income and increases in interest rates, the directors have a reasonable expectation that the group will continue to have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing these condensed financial statements.

#### 4. Operating segments

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Joint Chief Executives to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior periods, segment information reported externally was analysed primarily on the basis of the classification of its properties based on whether they were held for investment or trading and secondly on the basis of geographic location. However, information reported to the Group's Joint Chief Executives for the purposes of resource allocation and assessment of segment performance is more specifically focused on the Group's level of investment in property assets and the related net rental income according to geographic location. The Group's reportable segments under IFRS 8 are therefore determined by geographic location.

Information regarding the Group's operating segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8.

# HANSTEEN HOLDINGS PLC

## Notes to the condensed set of financial statements for the six months ended 30 June 2009

### 4. Operating segments continued

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Six month period ended 30 June 2009 Unaudited		Six month period ended 30 June 2008 Unaudited	
	Revenue £'000	Result £'000	Revenue £'000	Result £'000
Belgium	1,722	1,565	1,628	1,540
France	1,053	1,027	855	825
Germany	9,437	7,208	7,546	5,985
Netherlands	7,597	7,062	6,121	5,509
UK	-	(32)	-	(30)
	<u>19,809</u>	<u>16,830</u>	<u>16,150</u>	<u>13,829</u>
Administrative expenses		<u>(3,358)</u>		<u>(3,080)</u>
Operating profit before losses and gains on investment properties		13,472		10,749
(Losses)/gains on investment properties		<u>(16,434)</u>		<u>5,094</u>
Operating (loss)/profit		<u>(2,962)</u>		<u>15,843</u>
Net finance costs		<u>(6,727)</u>		<u>(17,425)</u>
<b>Loss before tax</b>		<u><b>(9,689)</b></u>		<u><b>(1,582)</b></u>

#### Segment assets

The following is an analysis of the Group's assets by reportable segment:

	30 June 2009 Unaudited				
	Investment properties £'000	Trading properties £'000	Total properties £'000	Other assets £'000	Total assets £'000
Belgium	37,668	-	37,668	5,037	42,705
France	19,366	-	19,366	661	20,027
Germany	198,607	-	198,607	15,554	214,161
Netherlands	164,350	-	164,350	5,914	170,264
UK	-	2,844	2,844	24	2,868
	<u>419,991</u>	<u>2,844</u>	<u>422,835</u>	<u>27,190</u>	<u>450,025</u>
Corporate and unallocated assets					<u>47,222</u>
<b>Entity total</b>					<u><b>497,247</b></u>

# HANSTEEN HOLDINGS PLC

## Notes to the condensed set of financial statements for the six months ended 30 June 2009

### 4. Operating segments continued

#### Segment assets continued

	31 December 2008 Audited				
	Investment properties £'000	Trading properties £'000	Total properties £'000	Other assets £'000	Total assets £'000
Belgium	46,074	-	46,074	5,072	51,146
France	23,442	-	23,442	1,157	24,599
Germany	229,392	-	229,392	19,522	248,914
Netherlands	193,449	-	193,449	6,614	200,063
UK	-	2,750	2,750	58	2,808
	<u>492,357</u>	<u>2,750</u>	<u>495,107</u>	<u>34,243</u>	<u>527,530</u>
Corporate and unallocated assets					69,940
Entity total					<u>597,471</u>

### 5. Tax on profit on ordinary activities

Year ended 31 December 2008 £'000 Audited		Six months ended 30 June 2009 £'000 Unaudited	Six months ended 30 June 2008 £'000 Unaudited
(8,073)	UK current tax	7,835	(871)
(932)	Foreign current tax	(541)	(996)
(7,141)	Total current tax	7,294	(1,867)
8,529	Deferred tax	1,800	265
<u>1,388</u>	<b>Tax credit/(charge)</b>	<u>9,094</u>	<u>(1,602)</u>

### 6. Normalised Profit

In addition to the IFRS measures, the Group has presented a normalised profit measure as a supplementary measure of its performance. Normalised Profit is stated 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, as follows:

Year ended 31 December 2008 £'000 Audited		Six months ended 30 June 2009 £'000 Unaudited	Six months ended 30 June 2008 £'000 Unaudited
34,884	Revenue	19,809	16,150
(8,174)	Cost of sales	(2,979)	(2,321)
(3,934)	Administrative expenses	(3,358)	(3,080)
2,111	Finance income	477	750
(13,050)	Finance costs	(5,242)	(5,809)
<u>11,837</u>	<b>Normalised Profit</b>	<u>8,707</u>	<u>5,690</u>

## Notes to the condensed set of financial statements for the six months ended 30 June 2009

## 7. Net asset value per share

The calculations for net asset value ("NAV") per share are shown in the table below.

The European Public Real Estate Association ('EPRA') has issued recommended bases for the calculation of certain per share information and these are included in the following tables:

31 December 2008 Audited			30 June 2009 Unaudited			30 June 2008 Unaudited		
Equity share- holders' funds £'000	Number of shares 000's	Net asset value per share p	Equity share- holders' funds £'000	Number of shares 000's	Net asset value per share p	Equity share- holders' funds £'000	Number of shares 000's	Net asset value per share p
212,545	178,435	119.1	<b>183,191</b>	<b>178,435</b>	<b>102.7</b>	238,820	178,435	133.8
-	-	n/a	<b>604</b>	<b>850</b>	<b>(0.2)</b>	-	-	-
212,545	<u>178,435</u>	119.1	<b>183,795</b>	<b>179,285</b>	<b>102.5</b>	238,820	<u>178,435</u>	133.8
(2,241)			<b>(2,241)</b>			(2,252)		
-			-			647		
4,180			<b>4,983</b>			-		
13,193			<b>5,841</b>			21,224		
<u>227,677</u>		<u>127.6</u>	<b>192,378</b>		<b>107.3</b>	258,439		<u>144.8</u>

## 8. Adjusted net asset value per share

The calculations for adjusted diluted EPRA net asset value per share are shown in the table below:

	Equity share- holders' funds £'000	Number of shares 000's	Net asset value per share p
<b>Diluted EPRA NAV at 30 June 2009</b> (see note 6)	<b>192,378</b>	<b>179,285</b>	<b>107.3</b>
Shares issued for cash on 9 July 2009 (net of expenses)	<b>194,600</b>	<b>267,769</b>	
Shares issued in exchange for shares in Warner Estates Holdings plc On 20 August 2009	<b>2,868</b>	<b>3,296</b>	
<b>Adjusted diluted EPRA NAV</b>	<b>389,846</b>	<b>450,350</b>	<b>86.6</b>

# HANSTEEN HOLDINGS PLC

## Notes to the condensed set of financial statements for the six months ended 30 June 2009

### 9. Notes to the cash flow statement

Year ended 31 December 2008 £'000 Audited	Six months ended <b>30 June 2009</b> <b>£'000</b> <b>Unaudited</b>	Six months ended 30 June 2008 £'000 Unaudited
(59,555) Loss for the period	<b>(595)</b>	(3,184)
Adjustments for:		
(562) Share-based employee remuneration	<b>9</b>	173
24 Depreciation of property, plant and equipment	<b>10</b>	11
2,802 Impairment of trading properties	-	-
(41,655) Losses/(gains) on investment properties	<b>16,434</b>	(5,094)
(161) Gain on sale of subsidiary	-	-
45,006 (Gains)/losses on forward currency contracts	<b>(5,713)</b>	16,165
6,678 Net finance income	<b>12,564</b>	1,769
(1,388) Tax	<b>(9,094)</b>	1,602
<b>34,499 Operating cash flows before movements in working capital</b>	<b>13,615</b>	11,442
(292) Increase in trading properties	<b>(94)</b>	(93)
(305) Decrease/(increase) in receivables	<b>290</b>	(61)
764 Increase in payables	<b>62</b>	154
<b>34,666 Cash generated by/(used in) operations</b>	<b>13,873</b>	11,442
(4,339) Income taxes paid	<b>(1,164)</b>	(83)
(12,402) Interest paid	<b>(4,753)</b>	(5,309)
<b>17,925 Net cash inflow from operating activities</b>	<b>7,956</b>	6,050

### 10. Events after the balance sheet date

On 9 July 2009, an ordinary resolution passed by the Shareholders approved the increase in the Company's share capital from £25,000,000 to £60,000,000 by the creation of 350,000,000 new Ordinary Shares of ten pence each in the share capital of the Company ranking pari passu for all purposes with the existing Ordinary Shares of ten pence each in the share capital of the Company.

On 10 July 2009 pursuant to a Placing and Open Offer the Company raised gross proceeds of £200.8 million (approximately £194.6 million net of expenses) through the issue of 267,768,451 new Ordinary Shares at a price of 75 pence per new Ordinary Share. As a result, the Company's issued share capital was increased from 178,435,117 Ordinary Shares to 446,203,568 Ordinary Shares.

On 20 August 2009, Hansteen issued 3,296,347 new Ordinary Shares in consideration for the acquisition of 10,377,389 ordinary shares in the capital of Warner Estate Holdings plc which were acquired from Trefick Limited, representing a strategic stake of approximately 18.5 per cent. As a result, the Company's issued share capital was increased from 446,203,568 Ordinary Shares to 449,499,915 Ordinary Shares.

The Company announced on 3 August 2009 that it had committed £30 million in launching Hansteen UK Industrial Property Unit Trust (the "Fund") which will be seeking to invest up to £180 million in UK industrial property. The Fund is managed by a wholly owned subsidiary of the Company, Hansteen Limited, and is the Group's vehicle for investing in UK industrial property with a value of £15 million or less, or portfolios under £30 million. The Fund, which has a life of 6 years, is focussed on both high income generation as well as growth in net assets. It is targeting annual returns, after fees and expenses, of 12-15% with net income to be distributed quarterly. As property adviser to the Fund, the Group will receive an asset management fee and a performance based fee equal to 20% of returns above a hurdle of 10% per annum rising to 30% above a hurdle of 15% per annum. Of the Company's total commitment of £30 million, the sum of £15 million was drawn down by the Fund on 14 August 2009 and the remaining £15 million will be drawn down on 14 January 2010.

On 28 September 2009 the Group repaid €110 million of its revolving credit facility from its cash balances.

**11.** 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.