

HANSTEEN

8 April 2008
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Hansteen Holdings PLC
("Hansteen" or "the Group" or "the Company")

Preliminary Results

Hansteen Holdings PLC (AIM: HSTN), the investor in continental European real estate, announces preliminary results for the twelve months ended 31 December 2007

Highlights

- Net Asset Value of 138 pence per share (2006 114 pence per share) an increase of 21%*
- Pre-tax profits £20.4 million (2006 £22.1 million for a 14 month period)
- Dividend of 3.2 pence per share (2006 3.0 pence per share) an uplift of 7%
- Property assets of £411.9 million (2006 £145.6 million) an increase of 183%
- Net debt of £150 million, 36% net debt to value
- Equity increased through placing of £68.5 million net
- Normalised returns £9.8 million (2006 £6.3 million)**

*Diluted EPRA basis (see note 7)

**Pre tax profit excluding foreign currency contractual effects and gains on investment properties

Hansteen Chairman, James Hambro commented: "2007 has been an active and successful year for Hansteen with net asset value per share increasing by 21%. The Group has started 2008 with a widely spread, high yielding portfolio and low gearing levels. Hansteen's strategy is to continue to develop its portfolio of logistical and warehouse properties and, during the year, we expect to see more interesting and attractively priced buying opportunities."

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CHAIRMAN'S STATEMENT

2007 has been an active and successful year for Hansteen with net asset value per share (diluted EPRA NAV basis) of the Group increasing by 21% to 138 pence from 114 pence in the previous year and the board is recommending a 7% increase in dividend to 3.2 pence per share. This achievement is primarily as a result of Hansteen's focus on the continental European logistics and warehouse investment market which, currently, is proving robust when compared to other countries and investment sectors.

Profits for the year were £20.4 million compared to £22.1 million for the previous 14 month period. Under IFRS accounting, the 2007 profits include a deduction of £11 million for forward currency hedging; this is matched by an equal currency gain shown in the balance sheet. Underlying profitability growth is more accurately reflected by normalised returns which were £9.8 million compared to £6.3 million in 2006.

The dividend of 3.2 pence per share will be paid on 16 May 2008 to shareholders on the register at close of business on 18 April 2008. This dividend will be charged to the 2008 financial statements.

2007 was a year in which Hansteen showed substantial growth in terms of its capital, property portfolio and operational capability.

On 23 March 2007 the Group raised approximately £68.5 million of cash net of expenses through a placing of an additional 53,435,115 shares at a price of 131 pence per share. Since flotation, the capital raised by the Group has amounted to £192.1 million. This compares to a net asset value on an IFRS basis at 31 December 2007 of £231 million.

The Group's property portfolio has grown substantially in 2007. An additional 66 properties have been acquired in 37 separate transactions investing over €300 million. At 31 December 2007 the portfolio comprised 875,511 sq m of property with a value of €61 million producing an annual rent roll of €40.6 million representing an initial yield, including the land and residential investments, of 7.25%. This compares with an average borrowing cost of 5.6%.

During the year the area of significant growth was in Germany where the Group invested €148 million. As a result of increased experience, greater knowledge and access to local markets, Hansteen has been able to select good quality buildings at reasonable prices. We continue to invest heavily in the Netherlands where our activities included investing in approximately €70 million of prime logistic property alongside the more traditional secondary buildings. A new area of investment for Hansteen is Belgium where we successfully concluded the acquisition of 14 properties for approximately €4.5 million.

As at 31 December 2007 Hansteen had net debt of £150 million, a net debt to value ratio of 36%. Annualised interest on those borrowings is currently approximately £8.4 million compared to the current annualised rent roll of £29.8 million. The Group has further committed but undrawn facilities of £60 million. These facilities are committed until July 2011. If fully drawn, this debt would only represent a net debt to value ratio of 45%.

The team at Hansteen has expanded to manage the growth in the business and to optimise returns on the Group's properties. We have increased from eight employees at the start of the year to seventeen today and this has been matched with strengthened relationships with our managing agents, accountants, advisors and brokers in each country.

In the second half of 2007 and during 2008 the financial environment has been dominated by the credit and banking problems. In the UK in particular, and in some sectors in Europe, there have also been declining property values. In the opinion of the board, 2008 and 2009 may well be difficult years for property companies, but may also create some interesting investment opportunities, probably in the UK.

CHAIRMAN'S STATEMENT continued

Hansteen's joint chief executives were previously founders and directors of Ashtenne Holdings Plc, a company which specialised in UK industrial property investments. They built Ashtenne during the early nineties property downturn and engineered the sale of the business in 2005 when, in the opinion of the Ashtenne board, the fundamental drivers for investing in industrial property had left little scope for continued growth at that time. This experience is likely to be of great value to Hansteen over the next two years.

The Group has started 2008 with a widely spread, high yielding portfolio and low gearing levels. Hansteen's strategy is to continue to develop its portfolio of logistical and warehouse properties and, during the year, we expect to see more interesting and attractively priced buying opportunities.

James Hambro
Chairman
7 April 2008

JOINT CHIEF EXECUTIVE'S REVIEW

We started last year's review by restating Hansteen's strategy to provide investors with consistent high and, where possible, realised returns through the creation of a high yielding property portfolio in continental Europe. We also confirmed that having created a robust cash positive core of properties we would then seek out some more management intensive, opportunistic transactions with the capacity for greater capital growth than the core properties.

During 2007 the Group moved a long way towards achieving these objectives. Hansteen achieved substantial profits and NAV growth and has declared a prudent dividend increase. We grew the portfolio from a total of 366,000 sq m with an annual rent roll of €15.8 million and a value of €216 million to 876,000 sq m with an annual rent roll of €40.6 million and a value of €61 million. A number of our purchases present value adding opportunities such that in addition to an initial yield of 7.25% our portfolio offers 110.5 acres of development land and approximately 82,000 sq m of vacant, non income producing but lettable space. If that vacant space was let at our average rent per sq m of €46 per sq m per annum we would add €3.7 million to our annual rent roll.

In our view the key to building value was to acquire very selectively at the local level. Last year we completed 37 purchases spread throughout our four target countries: Germany, the Netherlands, Belgium and France. This required focused hard work and dedication from the entire Hansteen team together with the advice and support of our pan-European network of partners and advisors all of whom are justifiably proud of this achievement.

However despite these excellent results shareholders will no-doubt be concerned by the back drop against which the Group in common with its peers is now operating. We refer to the "credit crunch", the falling commercial property values evident in the UK and the possibility of negative spill over into the general economy. In our view all of these are very real concerns. However having grown Ashtenne, our previous company, through the severe property downturn of the early 1990's we believe we have a real appreciation of both the risks and the opportunities of such an era.

Our experience during that downturn was that with vigorous hands-on management, secondary industrial property was a robust and resilient investment medium. Then, as now, an industrial building was the most flexible, adaptable and low cost form of commercial accommodation. The problem in the UK is that industrial property values reached unsustainably high levels driven by cheap and plentiful capital rather than investment fundamentals.

The fundamentals which gave Ashtenne such defensive security in the UK industrial property market in the early 1990's apply equally today to our portfolio in Europe. At 7.25% the average initial yield of our properties is significantly higher than our average cost of borrowing which is around 5.6%. The income surplus this creates enables the Group to pay a dividend and still grow the business even if asset value growth slows. In our view in today's market conditions a key and reassuring measure of Hansteen's performance is normalised annual returns which excludes the currency contract valuation effect, which hedges our currency exposure, and property investment gains. This figure improved from £6.3 million in 2006 to £9.8 million in 2007 an increase of over 50%.

At our current low level of gearing our interest bill is 3.5 times covered by our rent. Even at a 60% loan to value, which we would still regard as comfortable, at today's rates our annual interest bill would be over 2 times covered by our rent roll. That rent roll comes from 303 different tenants in 103 different blocks of property spread throughout four countries. In each of our countries our average capital value per sq m is materially less than replacement value and our average rent per sq m is significantly less than what one would need to charge for a new build. Furthermore, as is normal in continental Europe, the vast majority of our rents are index linked creating an element of rental growth reflecting inflation.

JOINT CHIEF EXECUTIVE'S REVIEW continued

The Portfolio

At 31 December 2007 the portfolio including investment trading properties was valued at £411.9 million analysed as follows:

Euros

	No. of Properties	Sq. m.	Annualised Rent €m	Valuation €m
Netherlands	34	360,551	15.5	215
Germany	46	347,728	17.2	228.2
France	4	79,042	2.2	27.7
Belgium	14	52,708	4	54.5
Other Assets	5	35,482	1.7	35.6
Total	103	875,511	40.6	561

Sterling

	No. of Properties	Sq. m.	Annualised Rent £m	Valuation £m
Netherlands	34	360,551	11.4	157.9
Germany	46	347,728	12.6	167.5
France	4	79,042	1.6	20.4
Belgium	14	52,708	2.9	40
Other Assets	5	35,482	1.2	26.1
Total	103	875,511	29.7	411.9

Overall the year end valuation showed a yield of 7.25% on the total portfolio and 7.4% excluding the land and residential investments. Over the last year we have seen a valuation uplift of £19.5 million or 5% on our investment properties.

Since the year end we have completed five further acquisitions all in Germany for approximately €19 million with a cumulative current rent roll of €1.87 million p.a. and sold our residential portfolio in Wiesbaden for approximately €22 million. The acquisitions comprised the following:

1. A small retail parade in Rosswein, anchored by EDEKA and Kik and generating €104,000 p.a. rent.
2. A business park in Paderborn near Dortmund constructed in 1993 by a German company Weidmüller as their headquarters and subsequently vacated and let on flexible terms to Telefonica and Massong. The current income is €117,000 p.a.
3. A group of office and industrial buildings on a 4.8 acre segment of central Hanau comprising 48,425 sq m of which 12,083sq m is let producing €604,000 p.a. and the rest vacant. Many of the vacant buildings require substantial refurbishment. The property was bought at auction from IKB Bank.
4. The second half of the Freising Portfolio which consists of two buildings substantially let to the Montessori School producing €393,000 p.a.

JOINT CHIEF EXECUTIVE'S REVIEW continued

5. Finally an industrial building in Wurmlingen let to a variety of tenants on predominantly short leases currently yielding €351,000 p.a. in rent. This property was also bought at auction from IKB Bank.

The sale of our residential portfolio in Wiesbaden was to a company in the CORESTATE Capital AG for approximately €22 million, a small profit over the year end valuation. Whilst in our view the portfolio had considerable further opportunities for growth we came to the conclusion that as a very management intensive portfolio with significant ongoing refurbishment requirements it is best suited to residential specialists and we believe we can more efficiently deploy the proceeds in opportunistic commercial acquisitions.

The Group was extremely active in 2007 and we set out below a geographical breakdown of that activity.

Germany

We started 2007 with eight commercial properties with a total value of €57.2 million and a rent roll of €4.49 million p.a. We ended the year with 46 different blocks of commercial property with a total value of €28.2 million and a rent roll of €7.2 million p.a. We completed 22 transactions spread throughout Germany but with groupings in the Ruhrgebiet area, the larger Frankfurt area and the Baden-Württemberg area.

Details of all the purchases have been press released and are available on the Hansteen website. We set out here some updates in relation to those purchases:

1. At the beginning of the year we purchased two warehouse properties based in Rodgau and Mühlheim for a total cost of €7.5 million producing an annual rent of €0.66 million p.a. The Mühlheim building was let to Alibert a packaging company until 2010 paying €260,000 per annum. Since the purchase Alibert has become part of the Linpack Group and as a result of negotiations with Linpack the company has decided to make Mühlheim its European headquarters. As a result they have taken a new lease until 2025 with a tenants break at the end of 2015 at an increased rent of €277,000 p.a. Linpack are investing a substantial amount in the building and we have recognised this commitment by granting them a six month rent free period.
2. Also in the first half we bought for approximately €16 million a portfolio of 13 properties at Neckarsulm, several of which were vacant with a total rent roll at the time of €1.26 million p.a. During the year we have successfully let three of the units increasing the rent from the portfolio to just over €1.4 million p.a.
3. Around the middle of last year we purchased a portfolio known as the "Engler Portfolio" comprising four blocks of properties providing nearly 40,000 sq m of space within the Ruhr region. The predominantly industrial portfolio was purchased for €14.1 million and generated a total rent of €1.32 million p.a. Since the acquisition we have renewed the leases on the two large industrial buildings in Herne with Rexam for a further two years and have grown the total rent to €1.43 million per annum.
4. In the second half of the year we bought a two-storey warehouse building in Babenhausen near Darmstadt at auction from a bank in possession. The building was 50% occupied and producing an income of €327,960 p.a. Since purchase we have managed to let approximately 50% of the remaining vacant space albeit on short leases and the current income is €480,576.
5. Lastly we would highlight two purchases made in the second half of last year which present a significant opportunity to add value although we have not owned them long enough to make progress to date.

JOINT CHIEF EXECUTIVE'S REVIEW continued

The first is the office and residential complex in Halle purchased in November last year. The complex was developed in the mid 1990's at a cost of approximately €28 million. We purchased it from a controlling bank for €6.2 million. The rent at purchase is €437,392 p.a. with approximately 40% of the office space vacant. At current market levels the property would generate annual income in excess of €650,000 if fully occupied and even then would be let off very low rents.

Secondly at the end of the year we purchased a 7,000 sq m property in Leonberg adjacent to Stuttgart also from a bank in possession. The building was recently constructed by an owner-occupier to a very high specification in an excellent position with direct motorway connections to the A81 and the A8. The building is completely vacant but in our view should be lettable within the next 18 months because of its excellent quality and location.

We continue to look at opportunities in Germany but are being more selective in terms of the opportunities we are pursuing.

Netherlands

Investing in the Netherlands is a core part of Hansteen's strategy. In early 2007 we were witnessing downward yield shift but by midyear this has levelled and has been stable since then. We continue to have confidence in the Dutch market on the fundamental basis that yields remain well above the cost of money and the occupational market has been steadily improving.

During 2007 we saw the best value for new acquisitions in single let properties, sale and leasebacks and in prime logistics. Within our core secondary market best value was achieved in buying units individually rather than acquiring portfolios which tended to be more widely marketed and subject to greater competition. In our case each acquisition made was of single units and were at sensible rental levels and yields between 7.5% and 9%.

In the first half of 2007 we acquired properties at Doetinchem, Emmeloord, Hardenberg and Milsbeek for a total of €16.1 million. In the second half additional acquisitions were made in Drachten, Kerkrade, Waalwijk and Winterswijk, totalling €15.7 million.

The weighted average lease length of these properties was 7.2 years which included a two year rental guarantee at Drachten which was purchased vacant from the prior owner-occupier. This building has since been let on a five year lease to a new tenant.

As reported in last year's review, during 2007 we established a business with joint venture partners Ormix to build a portfolio of prime logistic properties in the Netherlands. During 2007 five prime logistic buildings were acquired with Ormix along with an opportunistic secondary industrial property purchase.

The first prime purchase was made at Houten of a newly developed logistics facility let to Vialis B.V. and PGZ Int. B.V. on leases of five and ten years. Three further acquisitions added to the portfolio with the largest being at Tilburg which has two properties which are let to UPS and Haans Tilburg B.V. and has a value of €27.5 million. Other acquisitions include a building let to Lowland Fashion in 'sHeerenberg and BAS in Almere. The average lease lengths of these properties until the first break or expiry is 6.2 years and all buildings are newly built and well located for the logistic market. The average yield on this portfolio is 6.8%. In addition we concluded a joint purchase of a property in Bunschoten which was identified by the Ormix team and was acquired at opportunistic pricing with the tenant having only a very short period left on its lease. The tenant has now renewed for a longer period and as a result has added value to the property.

JOINT CHIEF EXECUTIVE'S REVIEW continued

The portfolio in the Netherlands has a 10% vacancy rate and we expect net occupancy to improve in 2008. The market remains robust for storage and distribution units and we will increasingly be looking for more active management type properties where we can add value through marketing, letting and refurbishment work.

Belgium

2007 saw our first property investments in Belgium with the acquisition of the "Diamond Portfolio". The purchase was made through the acquisition of nine companies in Belgium which held investments in 14 different properties with a value of approximately €54.5 million. The yield on the portfolio is approximately 7.4%, although the running cash yield is greater as the purchase price was reduced so as to reflect a sharing of the inherent capital gains tax potential burden with the vendor.

Approximately half the portfolio is offices and half warehousing. The buildings are substantially modern and of a high quality. The vacancy rate is 12% although we have negotiated rental guarantees for two years on the majority of these vacancies. We are optimistic of achieving lettings during this period.

The office investments are well located. Two are based in Zaventem close to Brussels airport another two are in central Brussels and the fifth in the Science Park in Louvain-La-Neuve.

The industrial properties also included two in the Brussels area, a centrally located property in Anderlecht let to Hospithera N.V. and Transinter BVBA as well as a newly developed industrial unit in Asse in the outskirts of Brussels let to Stannah BVBA. The remaining warehouse units are in Heist-op-den-Berg, Kontich, Mechelen, Namur, Westerlo, Wommelgem and Naninne.

Having acquired this portfolio and established the management and marketing links in Belgium we will seek to grow the portfolio further.

France

One addition has been made to our portfolio in France which is a warehouse unit on the outskirts of Marseille. The property is let to Lidl on a 3/6/9 year lease and was acquired close to the year end in a situation where our ready availability of capital and ability to move quickly ensured the vendor could achieve a sale in a short period of time and we could obtain a well priced investment.

The property was valued at €5.7 million at 31 December 2007 which gives a running yield in excess of 8% per annum and is itself an uplift in value from our acquisition price.

Whilst we have seen fewer opportunities in France we remain keen to buy opportunistically. Indexation of leases in France have been particularly significant during the year adding to the income surplus generated from these properties.

Overall the French portfolio is currently valued at approximately €8 million comprising four properties. The average period to a lease break or expiry is 6.2 years.

JOINT CHIEF EXECUTIVE'S REVIEW continued

Other assets

As noted in last year's review, the Group owned some residential investments in Wiesbaden in Germany. During 2007 we added to this portfolio with three additional acquisitions of apartment blocks in Magdeburg. Together these added around €6 million of residential properties. We have seen values improved for our residential portfolio and continue to believe that German residential property is out of line with other countries in its values and that growth will continue. However at the end of 2007 we received an offer for the Wiesbaden portfolio of approximately €2 million which crystallized a good profit on cost. We have taken the view that the release of capital and management time made this a sensible deal for the Group to undertake.

The other non core holding is of our 90 acre land plot in Gilston near Falkirk, Scotland. During 2007 the Government confirmed our site as a strategic development site and it is one of the very few in the mid Scotland area that can be delivered in the medium term both planning wise and technically. Again third party interest has been shown in acquiring the site and we are considering our options going forward.

Finance

At 31 December 2007 the balance sheet shows shareholder's funds of £231 million. There are currently 178.4 million shares in issue and therefore the basic NAV in accordance with international financial reporting standards amounts to 129 pence per share. The diluted EPRA NAV which takes into consideration the Director's valuation uplift of trading properties and the dilution through share options and adding back deferred tax on a revaluation of investment properties is 138 pence per share compared to the 2006 figure of 114 pence per share.

At 31 December there were bank borrowings of £169 million which along with retained cash results in net gearing for the Group of 65% or a loan to value of approximately 36%.

The Group has significant borrowing capacity part of which is already in place with our €230 million revolving debt facility with the Bank of Scotland.

Our funding policy, where borrowing is used is to utilise prudent interest rate hedging which includes an element of short term fixed interest rates. At 31 December 2007 the average gross cost of borrowing for Hansteen was 5.6%. €36,000 of financing costs were amortised in the period. Today the Group has three interest rate caps covering total borrowings of €100 million. The caps are set at 4%, 4.5% and 5%. The interest rate caps originally cost £128,000 and were revalued in the 31 December 2007 balance sheet at £235,000.

Additional hedging includes €50 million of interest rate swaps. At 31 December 2007 there were €25 million swapped at 4.16% and €25 million swapped at 4.29%. In the Balance Sheet these instruments showed a fair value of £144,000.

The Group finances its activities primarily through a mixture of equity, retained earnings, borrowings and surplus cash arising directly from its operations. During 2007 operations were largely transacted in Euros. In order to mitigate the currency risk borrowings have been arranged in Euro denomination, but for the equity funded investments the Group endeavours to substantially cover its risk through hedging instruments. The Group has three forward currency purchases to acquire Sterling on 27 July 2009. The forward currency is to acquire £200 million for €282 million. These transactions cover approximately 90% of the equity invested in Europe.

JOINT CHIEF EXECUTIVE'S REVIEW continued

During early 2007 Sterling was strong and the value of these hedging instruments was positive and the value of property investments was reduced. However in the second half of 2007 there has been a significant strengthening of the Euro against the Pound which means that our property investments have significantly improved in value but the hedging instruments have reduced to negative value. Whilst the hedging arrangements are working perfectly for our requirements under IFRS accounting there is a mismatch in that the property value growth caused by currency movement is a balance sheet item and the movement in fair value of the currency hedging instrument is shown on the face of the profit and loss account.

As a result our profit and loss account includes a charge of £11 million on the value of currency contracts, significantly reducing the stated profit before tax. In addition to the accounting mismatch there is also a mismatch in terms of distributability of the gains and losses on currency. Despite the excellent results for the year, under IFRS accounting the gains in value of properties through currency movement are non distributable whereas the losses on the hedging instrument to match those gains reduce distributable profits.

As a result of this we sought shareholder's approval to a reduction of share premium account which was confirmed at the EGM of 18 February 2008. Following this meeting the Court approved a £60 million reduction on the 19 March 2008, the result of which is to transfer £60 million from share premium reserves to profit and loss reserves enabling the Group to continue its dividend policy which in May 2008 will result in the payment of a dividend of 3.2 pence per share.

Outlook

We have assembled a focused and experienced team to carry the business forward over the next years supplemented by a number of tried and tested advisors and associates in our core European countries. Our portfolio is high yielding with that income coming from a large spread of tenants and locations. We have a strong Balance Sheet with low gearing, committed facilities and scope for further prudent borrowings to enable us to grow the portfolio. We believe that the era we are entering should favour professional, experienced management teams prepared to work their assets hard to add value rather than simply accumulate them in the hope of prices rising. We are happy that the fundamentals continue to validate our investment approach in continental Europe and we are convinced that significant opportunities in the UK in the secondary industrial sector will arise in the foreseeable future.

Morgan Jones and Ian Watson

Joint Chief Executives

7 April 2008

**Income statement
for the year ended 31 December 2007**

	Note	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
Group			
Revenue		18,400	16,012
Cost of sales		(1,751)	(8,395)
Gross profit		<u>16,649</u>	<u>7,617</u>
Administrative expenses		(4,159)	(2,847)
Operating profit before gains on investment properties		12,490	4,770
Gains on investment properties	5	19,614	14,789
Operating profit		32,104	19,559
(Losses)/gains on forward currency contract		(11,014)	1,304
Finance income		1,649	1,996
Finance costs		(4,549)	(490)
Change in fair value of interest rate swaps		238	13
Foreign exchange gains/(losses)		1,946	(260)
Profit before tax		<u>20,374</u>	<u>22,122</u>
Tax	6	(6,799)	(6,792)
Profit for the period		<u>13,575</u>	<u>15,330</u>
Attributable to:			
Equity holders of the parent		13,472	15,330
Minority interests		103	-
Profit for the period		<u>13,575</u>	<u>15,330</u>
Earnings per share			
Basic	7	<u>8.1p</u>	<u>13.3p</u>
Diluted	7	<u>8.1p</u>	<u>13.3p</u>

All results derive from continuing operations

Balance sheets
31 December 2007

	Note	Group 2007 £'000	Group 2006 £'000
Non-current assets			
Goodwill		2,252	-
Property, plant and equipment		31	28
Investment property	8	391,242	139,593
Investment property held for sale	8	15,417	-
Deferred tax asset	12	2,885	-
Derivative financial instruments		379	1,434
		<u>412,206</u>	<u>141,055</u>
Current assets			
Trading properties	9	5,260	5,151
Trade and other receivables		3,781	2,485
Cash and cash equivalents	10	19,562	14,395
		<u>28,603</u>	<u>22,031</u>
Total assets		<u><u>440,809</u></u>	<u><u>163,086</u></u>
Current liabilities			
Trade and other payables		(6,916)	(3,333)
Current tax liabilities		(2,563)	(1,675)
Borrowings	11	(2,579)	-
Obligations under finance leases		(279)	-
		<u>(12,337)</u>	<u>(5,008)</u>
Non-current liabilities			
Borrowings	11	(166,957)	(15,689)
Obligations under finance leases		(3,218)	-
Derivative financial instruments		(9,710)	-
Deferred tax liabilities	12	(17,194)	(4,517)
		<u>(197,079)</u>	<u>(20,206)</u>
Total liabilities		<u><u>(209,416)</u></u>	<u><u>(25,214)</u></u>
Net assets		<u><u>231,393</u></u>	<u><u>137,872</u></u>
Equity			
Share capital		17,843	12,500
Share premium account		174,312	111,133
Translation reserve		13,287	(1,142)
Retained earnings		25,772	15,381
		<u>231,214</u>	<u>137,872</u>
Equity attributable to equity holders of the parent		231,214	137,872
Minority interest		179	-
Total equity		<u><u>231,393</u></u>	<u><u>137,872</u></u>

These financial statements were approved by the Board of Directors on 7 April 2008.

**Statement of changes in equity
for the year ended 31 December 2007**

	Share capital £'000	Share premium £'000	Translation reserves £'000	Retained earnings £'000	Total £'000
Group					
Exchange differences arising on translation of overseas operations	-	-	16,143	-	16,143
Tax on items taken directly to equity	-	-	(1,714)	-	(1,714)
Net gain recognised directly in equity	-	-	14,429	-	14,429
Profit for the year	-	-	-	13,472	13,472
Total recognised income and expense for the year	-	-	14,429	13,472	27,901
Ordinary shares issued at a premium	5,343	64,657	-	-	70,000
Cost of issue of shares at a premium	-	(1,478)	-	-	(1,478)
Share based payments	-	-	-	669	669
Dividends paid	-	-	-	(3,750)	(3,750)
Equity shareholders funds at 31 December 2006	12,500	111,133	(1,142)	15,381	137,872
Equity shareholders funds at 31 December 2007	17,843	174,312	13,287	25,772	231,214

**Cash flow statement
for the year ended 31 December 2007**

	Note	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
Group			
Net cash inflow from operating activities	14	8,475	292
Investing activities			
Interest received		1,649	1,996
Additions to property, plant and equipment		(19)	(39)
Additions to investment properties		(193,367)	(126,823)
Proceeds on sale of investment properties		460	118
Additions to derivative financial instruments		(71)	(117)
Acquisition of subsidiaries	13	(12,339)	-
Net cash used in investing activities		(203,687)	(124,865)
Financing activities			
Dividend paid		(3,750)	-
Proceeds from issue of shares at a premium		70,000	125,000
Costs of issue of shares at a premium		(1,478)	(1,367)
Repayments of obligations under finance leases		(30)	-
New bank loans raised (net of expenses)		132,800	15,335
Increase in bank overdrafts		1,826	-
Capital contribution from minority shareholders		69	-
Net cash from financing activities		199,437	138,968
Net increase in cash and cash equivalents		4,225	14,395
Cash and cash equivalents at beginning of period		14,395	-
Effect of foreign exchange rates		942	-
Cash and cash equivalents at end of period		19,562	14,395

1. General information

Hansteen Holdings PLC was incorporated in the United Kingdom under the Companies Act 1985 on 27 October 2005. The address of the registered office is 1 Berkeley Street, London W1J 8DJ. The comparative figures in these financial statements therefore cover the period from its date of incorporation on 27 October 2005 to 31 December 2006. The Company was listed on AIM on 29 November 2005. The Group's principal activities are those of a property group investing mainly in industrial properties in Continental Europe.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in note 3.

The financial information for the year ended 31 December 2007 and the period ended 31 December 2006 does not constitute the statutory accounts as defined in section 240 of the Companies Act 1985 but is derived from those accounts. Statutory accounts for the period ended 31 December 2006 have been delivered to the Registrar of Companies and those for 2007 will be delivered following the Company's annual general meeting. The auditors have reported on these accounts; their reports were unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

2. Adoption of new and revised standards

Standards, amendments and interpretations that became effective in 2007 and were adopted by the Group:

IFRS 7, Financial Instruments: Disclosures and the associated revisions to IAS 1: Presentation of Financial Statements and IAS 32: Financial Instruments: Presentation and Disclosure.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Standards, amendments and interpretations that became effective in 2007 but have no effect on the Group's operations:

IFRIC 7	Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of embedded derivatives
IFRIC 10	Interim financial reporting and impairment

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:

IFRS 8	Operating segments
IFRS 3 (Amendment)	Business Combinations
IAS 1 (Amendment)	Presentation of financial statements
IAS 23 (Amendment)	Borrowing costs
IAS 27 (Amendment)	Consolidated and separate financial statements

Published interpretations to existing standards that are not yet effective and not relevant to the Group's operations:

IFRIC 11	Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction

The Directors anticipate that the adoption of the standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

3. Significant accounting policies

Basis of preparation: Whilst the preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in the near future. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and certain financial instruments.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The principal accounting policies are set out below.

Basis of consolidation: The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries which commenced trading or which were acquired during the period are included in the consolidated income statement from the date on which trading commenced or the date from which they were acquired, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations: The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill: arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

3. Significant accounting policies continued

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units of the Group expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Non-current assets held for sale: Non-current assets (and disposal groups) classified as held for sale, except investment properties, are measured at the lower of carrying amount and fair value less costs to sell.

Investment properties classified as held for sale are carried at fair value in accordance with IAS 40 “Investment Properties”.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment: This comprises computer and office equipment. Computers and office equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of computers and office equipment, over their estimated useful lives, using the straight-line method, on the following bases:

Computers	3 years
Office equipment	3 years

Investment properties: Investment properties, which comprises freehold and leasehold property held to earn rentals and/or for capital appreciation, are treated as acquired when the Group assumes the significant risks and rewards of ownership. Acquisitions of investment properties including related transaction costs and subsequent additions of a capital nature are initially recognised in the accounts at cost. At each reporting date the investment properties are re-valued to their fair values based on a professional valuation at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise.

Investments in subsidiary undertakings: Investments in subsidiary undertakings are stated at cost less provisions for impairment.

Leasing: Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where a property is held under a head lease it is initially recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation. Where only the buildings element of a property lease is classified as a finance lease, the ground rent payments for the land element are shown within operating leases.

3. Significant accounting policies continued

Trading Properties: Trading properties are included in the balance sheet at the lower of cost and net realisable value and are treated as acquired when the Group assumes the significant risks and rewards of ownership. Cost includes development costs specifically attributable to properties in the course of development. Net realisable value represents the estimated selling price less further costs expected to be incurred to completion and disposal.

Financial Instruments

Trade receivables: Trade receivables are not interest bearing and are stated at their nominal value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experiences and known tenant circumstances.

Trade payables: Trade payables are not interest bearing and are stated at their nominal value until settled.

Financial obligation including bank overdrafts: Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption using the effective interest method. Finance charges and issue costs are added to the carrying value of the financial instrument to the extent that they are not settled in the period in which they arise.

Cash and cash equivalents: Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derivative financial instruments: The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

The Group does not hedge account its current forward currency contracts and interest rate swaps and states them at fair value with changes in fair value included in the income statement.

Revenue recognition: Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Rental income is recognised on an accruals basis. Where a lease incentive is granted, which does not enhance the value of the property, or a rent free period is granted, the effective cost is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from the sale of trading and investment properties is recognised when the significant risks and returns have been transferred to the buyer. This is generally on unconditional exchange of contracts. The profit on disposal of trading and investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

3. Significant accounting policies continued

Foreign Currencies: The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Operating leases: Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Taxation: The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured on a non-discounted basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies continued

Share-based payments. The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of options that will eventually vest. Fair value is measured by use of a binomial model for the Employee Share Option Scheme. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of the shares to be awarded under the Long Term Incentive Plan is determined at the measurement date by reference to the current share price at that date less the discounted value of estimated future dividends.

4. Business and geographical segments

Business segments

The Group's primary reporting segments are the classification of its properties based on whether they are held for investment or trading. The secondary reporting segments are the classification of its properties based on geographic location.

The Company's business is to invest in its subsidiaries and therefore it operates in a single segment.

a) Totals by business segment

	Year ended 31 December 2007			Period from 27 October 2005 to 31 December 2006		
	Trading properties £'000	Investment properties £'000	Total £'000	Trading properties £'000	Investment properties £'000	Total £'000
Group						
Property rental income	-	18,400	18,400	2	7,758	7,760
Sales of trading properties	-	-	-	8,252	-	8,252
Revenue	-	18,400	18,400	8,254	7,758	16,012
Direct property operating expenses	(62)	(1,696)	(1,758)	(58)	(757)	(815)
Cost of sales of trading properties	7	-	7	(7,580)	-	(7,580)
Administrative expenses	(59)	(2,954)	(3,013)	(139)	(2,120)	(2,259)
Operating profit/(loss) before gains on investment properties	(114)	13,750	13,636	477	4,881	5,358
Gains on investment properties	-	19,614	19,614	-	14,789	14,789
Segment result	(114)	33,364	33,250	477	19,670	20,147
Unallocated corporate expenses			(1,146)			(588)
Operating profit			32,104			19,559
(Losses)/gains on forward currency contract			(11,014)			1,304
Net finance (costs)/income			(716)			1,259
Profit before tax			20,374			22,122
Tax			(6,799)			(6,792)
Profit for the period			13,575			15,330

Direct property operating expenses relating to investment properties that did not generate any rental income were £35,200 (Period from 27 October 2005 to 31 December 2006: £10,000).

4. Business and geographical segments continued

a) Totals by business segment continued

Balance sheet

	Trading Properties 2007 £'000	Investment Properties 2007 £'000	Total 2007 £'000	Trading Properties 2006 £'000	Investment Properties 2006 £'000	Total 2006 £'000
Group						
Goodwill	-	2,252	2,252	-	-	-
Property assets	5,260	406,659	411,919	5,151	139,593	144,744
Other assets	2	9,487	9,489	-	5,849	5,849
Segment assets	<u>5,262</u>	<u>418,398</u>	<u>423,660</u>	<u>5,151</u>	<u>145,442</u>	<u>150,593</u>
Unallocated corporate assets			17,149			12,493
Consolidated total assets			<u>440,809</u>			<u>163,086</u>
Segment liabilities	<u>(11)</u>	<u>(9,105)</u>	<u>(9,116)</u>	<u>(28)</u>	<u>(2,317)</u>	<u>(2,345)</u>
Unallocated corporate liabilities			(200,300)			(22,869)
Consolidated total liabilities			<u>(209,416)</u>			<u>(25,214)</u>
Additions to properties	<u>109</u>	<u>218,880</u>	<u>218,989</u>	<u>5,151</u>	<u>126,380</u>	<u>131,531</u>

b) Totals by geographic segment

The Group's property operations are located in Belgium, France, Germany, the Netherlands and the United Kingdom. The following table provides an analysis of the Group's revenue by geographical market:

	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
Group		
Belgium	946	-
France	1,145	429
Germany	7,960	2,077
Netherlands	8,349	13,149
United Kingdom	-	357
	<u>18,400</u>	<u>16,012</u>

4. Business and geographical segments continued

b) Totals by geographic segment continued

The following is an analysis of the carrying amount of segment assets and additions to properties analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets 2007 £'000	Additions to properties 2007 £'000	Carrying amount of segment assets 2006 £'000	Additions to properties Period from 27 October 2005 to 31 December 2006 £'000
Group				
Belgium	44,093	36,880	-	-
France	21,144	3,757	14,905	13,058
Germany	192,777	106,965	55,506	47,816
Netherlands	160,384	71,278	75,031	65,506
United Kingdom	5,262	109	5,151	5,151
	<u>423,660</u>	<u>218,989</u>	<u>150,593</u>	<u>131,531</u>

5. Gains on investment properties

	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
Increase in fair value of investment properties	19,595	14,759
Profit on disposal of investment properties	19	30
	<u>19,614</u>	<u>14,789</u>

6. Tax

	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
UK Current tax	1,024	1,665
Foreign current tax	1,242	566
	<hr/>	<hr/>
Total current tax	2,266	2,231
Deferred tax (See note 12)	4,533	4,561
	<hr/>	<hr/>
Total tax charge	6,799	6,792

UK Corporation tax is calculated at 30 per cent (Period from 27 October 2005 to 31 December 2006: 30%) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 31 December 2007 £'000	Period from 27 October 2005 to 31 December 2006 £'000
Profit before tax	20,374	22,122
	<hr/>	<hr/>
Tax at the UK corporation tax rate of 30%	6,112	6,637
Tax effect of :		
Expenses that are not deductible in determining taxable profit	68	116
Short term timing differences	1	5
Marginal relief	-	(8)
Effect of different tax rates of overseas subsidiaries	576	42
Effect on deferred tax balances due to the change in UK tax rate from 30% to 28% effective from 6 April 2008.	335	-
Prior year tax credit	(293)	-
	<hr/>	<hr/>
	6,799	6,792
	<hr/>	<hr/>

In addition to the amount charged to the income statement in the year to 31 December 2007, tax amounting to £1,714,000 (Period from 27 October 2005 to 31 December 2006: £439,000) relating to the unrealised exchange losses on translation of overseas operations has been credited directly to translation reserves (see statement of changes in equity).

7. Earnings per share and net asset value per share

The calculations for earnings per share, based on the weighted average number of shares, 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:

	Year ended		Period from		
	Weighted	31 December	Weighted	31 December	
	average	2007	average	2006	
	number of	Earnings	number of	Earnings	
	shares	per	shares	per	
	000's	share	000's	share	
	Earnings	p	Earnings	p	
	£'000		£'000		
Basic EPS	13,472	8.1	15,330	13.3	
Dilutive share options	-	-	-	-	
	<u>13,472</u>	<u>8.1</u>	<u>15,330</u>	<u>13.3</u>	
Diluted EPS	13,472	8.1	15,330	13.3	
	<u>13,472</u>	<u>8.1</u>	<u>15,330</u>	<u>13.3</u>	
Adjustments:					
Revaluation gains on investment properties	(19,595)		(14,759)		
Profit on the sale of investment properties	(19)		(30)		
Tax on the sale of investment properties	6		9		
Change in fair value of financial instruments	10,776		(1,317)		
Current tax on the change in fair value of financial instruments	(395)		395		
Deferred tax	4,814		4,529		
	<u>9,059</u>	<u>5.4</u>	<u>4,157</u>	<u>3.6</u>	
Diluted EPRA EPS	<u>9,059</u>	<u>5.4</u>	<u>4,157</u>	<u>3.6</u>	

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

	31 December			31 December		
	Equity	Number	Net asset	Equity	Number	Net asset
	shareholder's	of	value	shareholder's	of	value
	funds	shares	per share	funds	shares	per share
	£'000	000's	p	£'000	000's	p
Basic NAV	231,214	178,435	129.6	137,872	125,000	110.3
Unexercised share options	428	400	n/a	428	400	n/a
	<u>231,642</u>	<u>178,835</u>	<u>129.5</u>	<u>138,300</u>	<u>125,400</u>	<u>110.3</u>
Diluted NAV	<u>231,642</u>	<u>178,835</u>	<u>129.5</u>	<u>138,300</u>	<u>125,400</u>	<u>110.3</u>
Adjustments:						
Goodwill	(2,252)			-		
Fair value of trading properties	740			849		
Deferred tax	17,272			4,529		
	<u>247,402</u>		<u>138.3</u>	<u>143,678</u>		<u>114.6</u>
Diluted EPRA NAV	<u>247,402</u>		<u>138.3</u>	<u>143,678</u>		<u>114.6</u>

8. Investment property

	£'000
At 31 December 2006	139,593
Additions – property purchases	196,705
– capital expenditure	689
Acquisition of subsidiaries	36,847
Disposals	(440)
Transfer to investment property held for sale	(15,417)
Revaluations included in income statement	19,595
Exchange adjustment	13,670
At 31 December 2007	<u><u>391,242</u></u>
Balance at 27 October 2005	-
Additions – property purchases	126,137
– capital expenditure	244
Disposals	(88)
Revaluations included in income statement	14,759
Exchange adjustment	(1,459)
At 31 December 2006	<u><u>139,593</u></u>
	£'000
Investment property held for sale	
At 31 December 2006	-
Transfer from investment property	15,417
At 31 December 2007	<u><u>15,417</u></u>

All investment properties are stated at market value as at 31 December 2007 and have been valued by independent professionally qualified external valuers, King Sturge LLP. The valuations have been prepared in accordance with the Appraisal and Valuation Standards published by The Royal Institute of Chartered Surveyors and with IVA1 of the International Valuation Standards.

The Group has pledged certain of its investment properties to secure bank loan facilities and a finance lease granted to the Group.

9. Trading properties

	2007 £'000	2006 £'000
Land and related costs	<u>5,260</u>	<u>5,151</u>

The trading properties were valued at fair market value by the Directors at 31 December 2007 at £6,000,000.

10. Cash and cash equivalents

	Group 2007 £'000	Group 2006 £'000
Cash and cash equivalents	<u>19,562</u>	<u>14,395</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates to their fair value.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

11. Borrowings

	2007 £'000	2006 £'000
Secured at amortised cost		
Bank overdrafts	1,825	-
Bank loans	169,088	16,845
Unamortised borrowing costs	(1,377)	(1,156)
	<u>169,536</u>	<u>15,689</u>
Total borrowings		
Amount due for settlement within 12 months	2,579	-
Amount due for settlement after 12 months	166,957	15,689
	<u>169,536</u>	<u>15,689</u>

The principal borrowing represents Euros 149,000,000 drawn down under a five year Euros 230,000,000 revolving bank loan facility entered into on 25 July 2006 by Hansteen Holdings PLC and certain of its subsidiary undertakings. The loan is secured on the shares of the borrowing subsidiaries and their investment properties and is guaranteed by Hansteen Holdings PLC and the borrowing subsidiaries. Interest on the amounts drawn under the loan facility is charged at Euribor plus 0.8%.

Hansteen Ormix BV, a Dutch subsidiary has a number of bank loans secured on its properties in the Netherlands with an expiry date of 31 December 2009 charged at Euribor plus 0.9%. The aggregate amount outstanding at 31 December 2007 in respect of these bank loans was £42,881,000 (2006: £nil).

The Belgian subsidiaries have a number of facilities secured on all of the Belgian properties with expiry dates ranging from 31 December 2009 to 31 March 2026 charged at Euribor plus 0.75% to 1.5%. The aggregate amount outstanding at 31 December 2007 in respect of these bank loans was £16,800,000 (2006: £nil).

The Directors estimate that the book value of the Groups' bank loans approximates to their fair value.

	2007	2006
	£'000	£'000
Maturity		
The bank loans are repayable as follows:		
Within one year or on demand	753	-
Between one and two years	45,152	-
In the third to fifth years inclusive	114,079	16,845
Over five years	9,104	-
	<u>169,088</u>	<u>16,845</u>
Undrawn committed facilities		
Expiring after more than two years	<u>59,475</u>	<u>138,131</u>

	Floating rate borrowings			
	2007	2006	2007	2006
	%	£'000	%	£'000
Interest rate and currency profile				
Euros	<u>5.31</u>	<u>169,088</u>	<u>4.35</u>	<u>16,845</u>

A number of interest rate caps and swaps have been entered into in respect of the amounts drawn under the loan facility at 31 December 2007 to hedge Euro borrowings at an average rate of rate at 4.39%.

12. Deferred tax

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	Group
	2007	2006
	£'000	£'000
Deferred tax assets	2,885	-
Deferred tax liabilities	<u>(17,194)</u>	<u>(4,517)</u>
	<u>(14,309)</u>	<u>(4,517)</u>

The following are the major deferred tax liabilities and assets recognised and movements thereon during the reporting period.

	Revaluation	Accelerated	Short-	UK tax on	Tax	Total
	of	tax	term	retained	losses	Total
	investment	depreciation	timing	earnings in	£'000	£'000
	properties	£'000	differences	overseas	£'000	£'000
	£'000	£'000	£'000	subsidaries	£'000	£'000
Group						
At 31 December 2006 (see note 13)	4,136	346	64	343	(372)	4,517
Acquired	4,185	-	459	-	(486)	4,158
Charge/(credit) to income	6,696	777	(2,904)	(23)	(13)	4,533
Exchange differences	1,048	85	44	-	(76)	1,101
At 31 December 2007	<u>16,065</u>	<u>1,208</u>	<u>(2,337)</u>	<u>320</u>	<u>(947)</u>	<u>14,309</u>

At the balance sheet date the Group has unused tax losses amounting to £2,796,000 (2006: £1,206,000) available for offset against future profits. These losses arose principally due to the non-recurring start up costs of overseas operations. It is expected that the tax losses will be utilised in the foreseeable future and a deferred tax asset has been recognised in respect of these losses.

At the balance sheet date, the amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have been fully provided is £320,000 (2006: £343,000).

13. Acquisition of subsidiaries

On 31 August 2007 the Group acquired 100% of the issued share capital of a portfolio of nine companies incorporated and registered in Belgium for cash consideration of £11,880,000. Each of these companies is engaged in property investment and management in Belgium. This transaction has been accounted for by the purchase method of accounting.

	Book value £'000	Fair value £'000
Net assets acquired:		
Investment properties	24,534	36,847
Trade and other receivables	311	311
Cash and cash equivalents	70	70
Trade and other payables	(724)	(724)
Current tax liabilities	(419)	(419)
Bank loans	(18,568)	(18,568)
Obligations under finance leases	(3,202)	(3,202)
Deferred tax liabilities	(458)	(4,158)
	<u>1,544</u>	<u>10,157</u>
Goodwill		<u>2,252</u>
Total consideration		<u>12,409</u>
Satisfied by:		
Cash		11,880
Directly attributable costs		529
		<u>12,409</u>
Net cash outflow arising on acquisition		
Cash consideration		12,409
Cash and cash equivalents acquired		(70)
		<u>12,339</u>

The difference between book value and fair value at acquisition relates to the revaluation of investment properties by independent valuers in accordance with the requirements of IAS 40 and the related deferred tax.

The goodwill arising on the acquisition of the subsidiaries is attributable to a sharing of the inherent capital gains tax potential burden with the vendor.

The subsidiaries contributed £946,000 revenue and £302,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of the subsidiaries had been completed on the first day of the financial year, Group revenues for the period would have been £20,607,000. The accounts of the subsidiaries acquired were prepared according to Belgian GAAP and no fair valuations of the investment properties were carried out on 1 January 2007. For this reason it is not practical to determine what the Group profit attributable to equity holders of the parent on an IFRS basis would have been if the acquisition of the subsidiaries had been completed on the first day of the financial year.

14. Notes to the cash flow statement

	Group 2007 £'000	Group Period from 27 October 2005 to 31 December 2006 £'000
Profit/(loss) for the period	13,575	15,330
Adjustments for:		
Share-based employee remuneration	669	51
Depreciation of property, plant and equipment	16	10
Gains on investment properties	(19,614)	(14,789)
Losses/(gains) on forward currency contracts	11,014	(1,304)
Net finance costs/(income)	1,720	(1,259)
Tax	6,799	6,792
Operating cash flows before movements in working capital	14,179	4,831
Increase in trading properties	(109)	(5,151)
Increase in receivables	(1,107)	(2,255)
Increase in payables	2,908	3,334
Cash generated by/(used in) operations	15,870	759
Income taxes paid	(3,559)	(330)
Interest paid	(3,837)	(137)
Net cash inflow/(outflow) from operating activities	8,475	292

15. Gearing ratio

The Group's management reviews the capital structure on a semi-annual basis in conjunction with the Board. As part of this review, management considers the cost of capital and the risks associated with each class of capital and debt.

The gearing ratio at the year end is as follows:

	2007	2006
	£'000	£'000
Debt	169,536	15,689
Cash and cash equivalents	(19,562)	(14,395)
Net debt	149,974	1,294
Equity	231,214	137,872
Net debt to equity ratio	64.9%	0.9%
Carrying value of investment and trading properties	411,919	144,744
Net debt to value ratio	36.4%	0.9%

Debt is defined as long- and short-term borrowings.

16. Events after the balance sheet date

On 19 March 2008 the High Court of Justice, Chancery Division, Companies Court approved the reduction of the Company's Share Premium Account by a sum of £60,000,000. The reduction in the Share Premium Account will result in an increase in the Company's distributable reserves.

On 7 April 2008 the Board declared that an interim dividend of 3.2 pence per ordinary share will be paid on 16 May 2008 to shareholders on the register at the close of business on 18 April 2008.