

Hansteen

Half Year Results
to 30 June 2011



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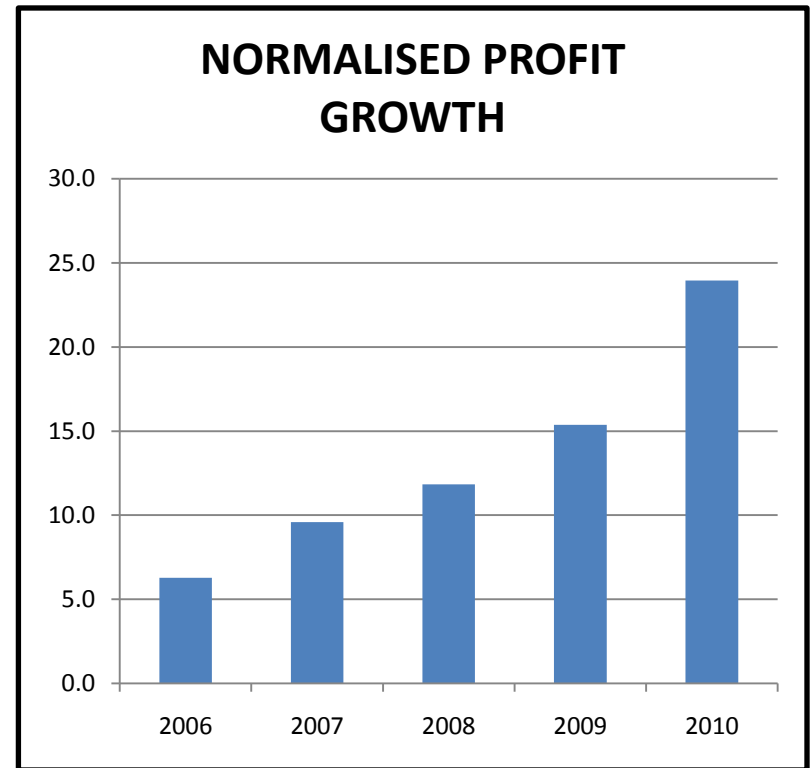
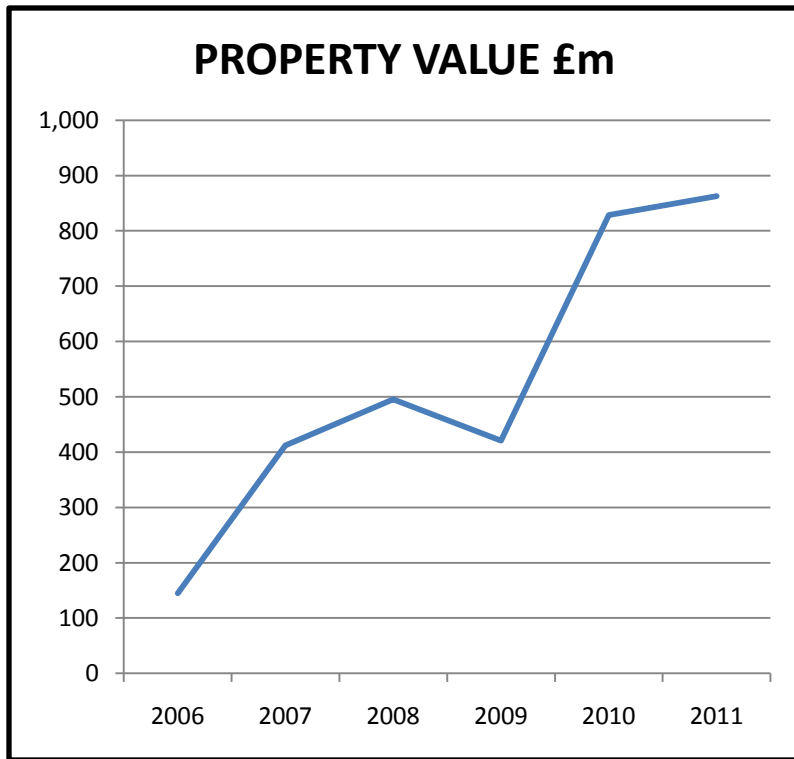
INTRODUCTION

- Previous company Ashtenne 1989 – 2005

Hansteen

- Real Estate Investment Trust (REIT)
- FTSE 250 and EPRA Index
- Founder Directors alignment with shareholders:
 - substantial personal shareholding
 - internal management structure
- Property investments initially focused on Germany and Benelux, followed more recently by the UK
- Track record of dynamic growth: assets and income

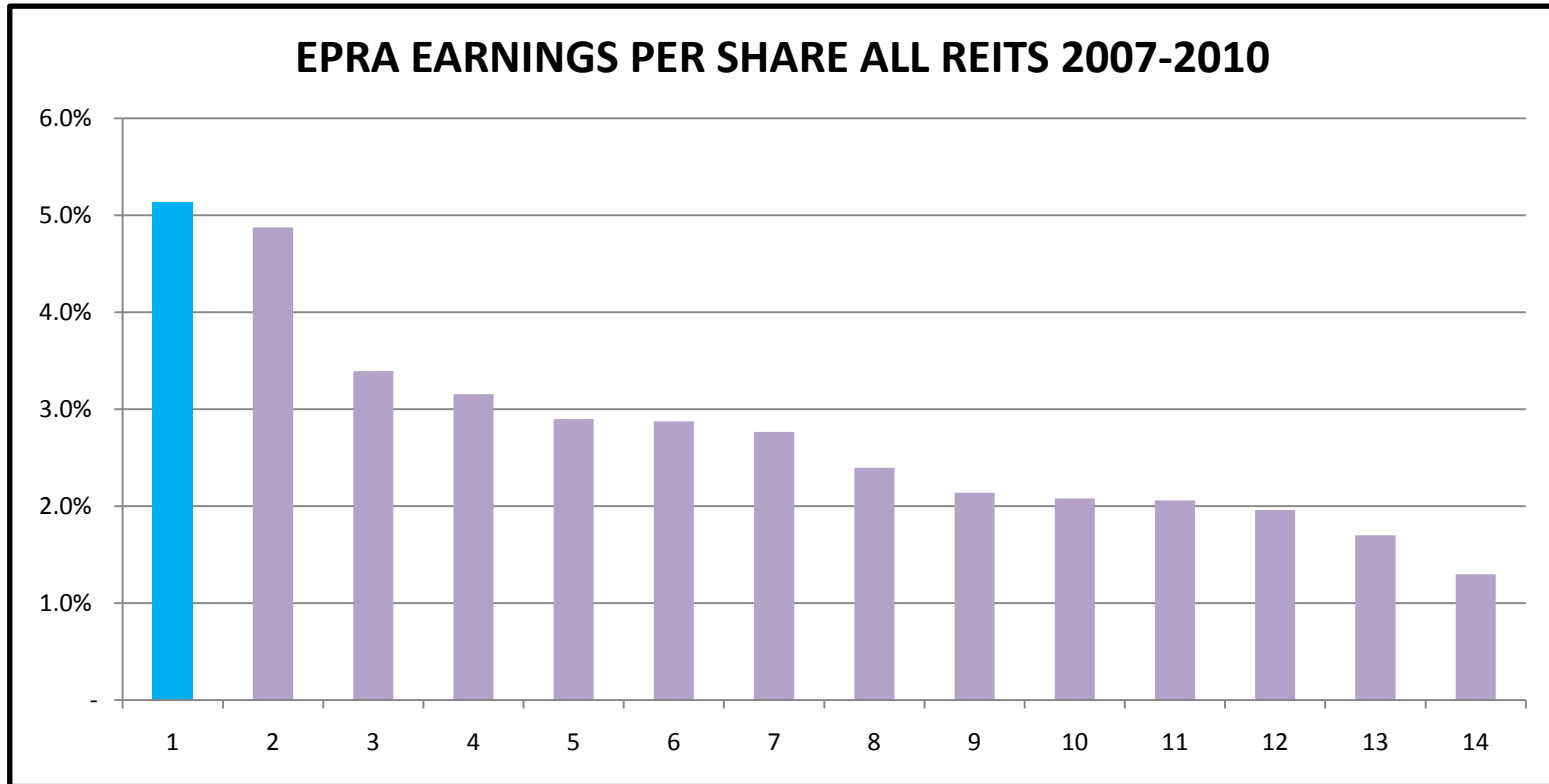
GROWTH OF ASSETS AND INCOME



CURRENT STRATEGY

- Immediate focus on earnings and dividend (rent and occupancy)
- Medium-term asset value growth through:
 - increased occupancy
 - investment market recovery
- Acquisitions targeting distressed situations
 - look to purchase property with strong income yield and asset management opportunities

EPRA EARNINGS



1 – Hansteen
2-14 – Other UK REITs

FINANCIAL RESULTS

H1 2011

- Pre-tax profit up 115% to £16.8 million (H1 2010: £7.8 million)
- Normalised profit up 87% to £18.2 million (H1 2010: £9.7 million)
- EPS up 75% to 2.8p (H1 2010: 1.6p)
- Proposed interim dividend up 14% to 1.6p (H1 2010: 1.4p)
- Adjusted EPRA NAV up 3.6% to 87p (31 Dec 2010: 84p)
- Net debt to value 34% (31 Dec 2010: 53%)
- Raised approximately £150.0 million of equity

PROFIT & LOSS ACCOUNT

for period ending 30 June 2011

£m	30 June 2011	30 June 2010
Turnover*	31.3	23.1
Cost	<u>(6.2)</u>	<u>(4.6)</u>
	25.1	18.5
Admin	(5.9)	(4.7)
Other operating income**	6.6	0
Interest	<u>(7.6)</u>	<u>(4.2)</u>
Normalised Profit	18.2	9.7
Other revaluations***	<u>(1.4)</u>	<u>(1.9)</u>
Pre-tax Profit/ (Loss)	16.8	7.8
Dividend (November)	1.6p	1.4p

* Turnover includes rent of £30.4 million plus fees and trade property sales £0.9 million

** Other operating income includes contribution from HPUT £1.3 million and insurance claim £5.3 million

*** Includes valuation of derivatives, currency movements and goodwill

BALANCE SHEET

as at 30 June 2011

£m	30 June 2011	31 December 2010
Goodwill	2	2
Properties	780	745
Investments	33	32
Debtors/ Creditors	(6)	(3)
Net Debt	(266)	(394)
Derivative Instruments	<u>4</u>	<u>(3)</u>
NAV (IFRS)	547	379
Adjustments	<u>8</u>	<u>10</u>
NAV (EPRA)	555	389
IFRS NAV per share	86p	84p
EPRA NAV per share	87p	84p

BORROWINGS

Cash

- £209 million

Debt	Drawn at June 11	Committed Facility	Margin
HBOS	€136 m	€150 m to July 2014	1.75%
FGH	€109 m	€117m to June 2013	1.55%
UniCredit	€260 m	€260 m to April 2015	1.1%
Various/Belgium	€17 m	€17 m (mainly long term mortgages)	Various
HPUT	Nil	£42 m to July 2015	2.25%

Interest rate hedging

HBOS	Swap	€50 m	2.60%	Feb 2014
	Cap	€25 m	4.00%	Jun 2014
	Swap	€25 m	2.26%	Jun 2014
FGH	Swap	€50 m	4.46%	Jun 2013
	Cap	€50 m	4.95%	Jun 2013
UniCredit	Swap	€208 m	2.20%	Feb 2015
	Cap	€26 m	4.00%	Feb 2015
	Cap	€26 m	9.00%	Feb 2015

Currency

- Net asset 50% euro denominated
- Euro put/Sterling call €200 million, 3 year at €1.20 to £1

PROPERTY PERFORMANCE H1 2011

	Transactions	Value
Acquisitions	2	£3 million
Sales	20	£18 million
Lease renewals	214	£10 million

- Portfolio (including HPUT) 2 million sq m
 - Value £863 million
 - Yield 7.9%
 - Vacancy 23%

PROPERTY PORTFOLIO SUMMARY

as at 30 June 2011

	No. Properties	Built Area sq m	Vacant Area	Passing Rent		Value		Yield
				Euros €m	Sterling £m	Euros €m	Sterling £m	
UK	44	44,409	43.44%	3.03	2.74	59.89	54.09	5.1%
Germany	85	1,285,432	18.69%	50.09	45.23	590.56	533.33	8.5%
Netherlands, Belgium & France	48	472,096	28.63%	15.02	13.56	213.32	192.65	7.0%
Total Wholly owned	177	1,801,937	21.91%	68.14	61.53	863.77	780.07	7.89%
HPUT	11	195,127	31.95%	6.95	6.28	91.80	82.90	7.6%
Total under management	188	1,997,064	22.89%	75.1	67.8	955.6	863.0	7.9%

Exchange rate £1 = €1.1073 30/06/2011

TOTAL PROPERTY PORTFOLIO: STATISTICS

	All props	Wholly owned	All props yield	Wholly owned props yield
Passing rent	£68m p.a.	£62m p.a.	7.9%	7.9%
Contracted rent	£71m p.a.	£64m p.a.	8.3%	8.2%
ERV	£87m p.a.	£78m p.a.	10.1%	10.1%

Number of tenants: 1,900

Average rent: £38,000 per annum

Average to expiry or break: 4.27 years

No tenant > 3% rent roll

Average rent: £3.15 per sq ft per annum

Net occupancy up 24,535 sq m (1.2%)

OUTLOOK

- Maintain and improve income
 - move to direct and enhanced marketing
- New acquisitions
- Focus on dividend and medium-term asset growth

APPENDICES

HBI PROJECT

- 34 industrial properties across Germany acquired in April 2010
- Price €330 million
- €260 million stapled debt on beneficial terms
- Initial yield 9.2%; vacancy 24.4%
- Capital value €384 per sq m compared to rebuild value of €798 per sq m



Walbecker, Germany

HBI PROJECT PROGRESS

- Strong income surplus
 - improving vacancy: FY 2010 – 21%; HY 2011 – 19.5%
 - improving rent roll: FY 2010 - €29.5 million; HY 2011 €30.01 million (despite €300,000 rent lost through sales in the period)
- Capital growth
 - improving value: FY 2010 - €341 million; HY 2011 €344 million (despite €4.3 million sales in period)
- Bremen insurance claim
- Stapled debt – current L.T.V reduced from 79% on acquisition to 71%
- Activity
 - 130 new leases or lease renewals over 155,209 sq m securing annual rent of €3.84 million
 - two sales of properties with a combined rent of €314,000 p.a. for €4.3 million (profit over book value €486,000)



Delta Forum, Gustavsburg, Germany

NON HBI GERMANY

- Vacancy: FY 2010 – 78,337 sq m*; HY 2011 – 74, 837 sq m
- Rent roll: FY 2010 - €18.8 million; HY 2011 – €19.6 million
- Value: FY 2010 - €231 million; HY 2011 – €240.5 million (despite two sales of €400,000 but including a purchase of €970,000)
- Activity:
 - 53 new leases or lease renewals over 72,451 sq m securing annual rent of €4.4 million
 - Hanau:
 - substantial refurbishment of vacant section to facilitate letting to Municipal finance arm of Hanau
 - construction of 600 space substantially pre-let multi-storey car park
 - Heilbron:
 - concluding complex lease re-gear with tenant D.P.D including land acquisition and re-development of yard area

* Including additional 1,607 sq m of vacant space on re-measurement

BENELUX AND FRANCE

- Vacancy: FY 2010 – 134,139 sq m; HY 2011 – 135,160 sq m
- Rent roll: FY 2010 – €16.2 million; HY 2011 – €15 million
- Value: FY 2010 – €235.8 million; HY 2011 – €213.3 million (despite three sales totalling €4.8 million)
- Activity:
 - 16 new leases or lease renewals over 66,922 sq m securing annual rent of €2.4 million
 - three sales including a large vacant unit in France at an overall loss compared to book value of €172,000



Neerveld 9 Kontich, Belgium

- Vacancy: FY 2010 – 71,481 sq m; H1 2011 – 62,351 sq m
- Rent roll: FY 2010 - £6.76 million; H1 2011 – £6.28 million (despite seven sales with a combined rent roll of £360.000)
- Values: FY 2010 – £84 million; H1 2011 – £82.9 million (despite sales of £4.56 million)
- Activity:
 - 10 new leases or lease renewals over 77,240 sq m securing annual rent of £298,994
 - seven sales for a total of £4.56 million at a yield of 7.8% and a profit over book value of £276,000
 - comprehensive asset management strategies commenced at Treforest and Saltley Business Park
- Concluded new £42 million acquisition facility

UK WHOLLY OWNED PROPERTIES

- Vacancy: FY 2010 – 20,104 sq m; H1 2011 – 19,293 sq m
- Rent roll: FY 2010 – £3.26 million; H1 2011 – £2.74 million (despite six sales with a rent of £365,000)
- Value: FY 2010 - £57 million; H1 2011 – £54 million (despite six sales totalling £4.9 million)
- Activity:
 - five new leases or lease renewals over 6,829 sq m securing annual rent of £34,155
 - six sales totalling £4.9 million at a yield of 7.4% and a profit over book value of £94,600