

# Hansteen

Full Year results  
to 31 December 2010



# INTRODUCTION

- REIT - Internal management - Director share ownership
- Business doubled in size in 12 months
- Portfolio spread - Germany (60%), UK including HPUT (17%), Netherlands (17%), Belgium and France (6%)
- Strong earnings and dividend growth
- Dramatic H2 progress
- Opportunities set to increase in 2011
- FTSE 250, EPRA Index

# PRESENTATION

- Financial results 2010
- Key investments 2010
- Property portfolio 2010
- Outlook 2011

# FINANCIAL RESULTS 2010

- Normalised profit up 56% to £24 million (2009: £15.4 million)
- Pre-tax profit £33 million (2009: loss £21.3 million)
- Dividend up 9% to 3.5p (2009: 3.2p)
- Adjusted EPRA NAV up 2.5% to 86p from 84p
  - after deduction of dividends of 3.2p and 1.4p and adverse currency movement of 1.8p

# PROFIT & LOSS ACCOUNT

for period ending 31 December 2010

	2010 £m	2009 £m
Turnover <sup>*</sup>	68.4	38.9
Cost	<u>(22.0)</u>	<u>(5.5)</u>
	46.4	33.4
Admin	(9.5)	(7.2)
Interest	<u>(12.9)</u>	<u>(10.8)</u>
<b>Normalised Profit</b>	<b>24.0</b>	<b>15.4</b>
Property revaluation	4	(32.5)
Other <sup>**</sup>	<u>5.2</u>	<u>(4.2)</u>
Pre-tax Profit/ (Loss)	33.2	(21.3)
Dividend	3.5p	3.2p

\* Includes contribution from HPUT and sale of trade/development properties

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

# BALANCE SHEET

as at 31 December 2010

	2010 £m	2009 £m
Goodwill	2	2
Properties	745	421
Investments	32	24
Debtors/ Creditors	(3)	(7)
Net Debt	(394)	(56)
Derivative Instruments	<u>(3)</u>	<u>(5)</u>
NAV (IFRS)	379	379
Adjustments	<u>10</u>	<u>4</u>
NAV (EPRA)	389	383
IFRS NAV per share	84p	84p
EPRA NAV per share	86p	84p

# AN ACTIVE BUSINESS

- 10 acquisitions totalling £460 million.
- 40 sales totalling £47 million.
- 284 new leases or lease renewals with a total annualised rent of £8.8 million.

# 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
  - Improved vacancy at 21%
- Capital growth
  - £341 million, value at 31 December 2010
- Goodwill
- Active management
- Occupancy
  - Lease renewals
  - New lettings



Delta Forum, Gustavsburg, Germany

# KILMARTIN PROJECTS

- 74 properties £97 million
- 1.38 million sq ft – 778,000 sq ft vacant (56%)
- 3 properties bought by HPUT for £9.9 million



Farnham Road, Slough



Earn House, Perth, Scotland

# KILMARTIN PROJECT UPDATE

- 24 sales £42.5 million profitable and low yielding
- 8% yield on remainder (excluding flats and development land)
- Vacancy reduced from 778,000 sq ft to 216,403 sq ft



Vernon House, Wolverhampton

# HPUT ACQUISITIONS



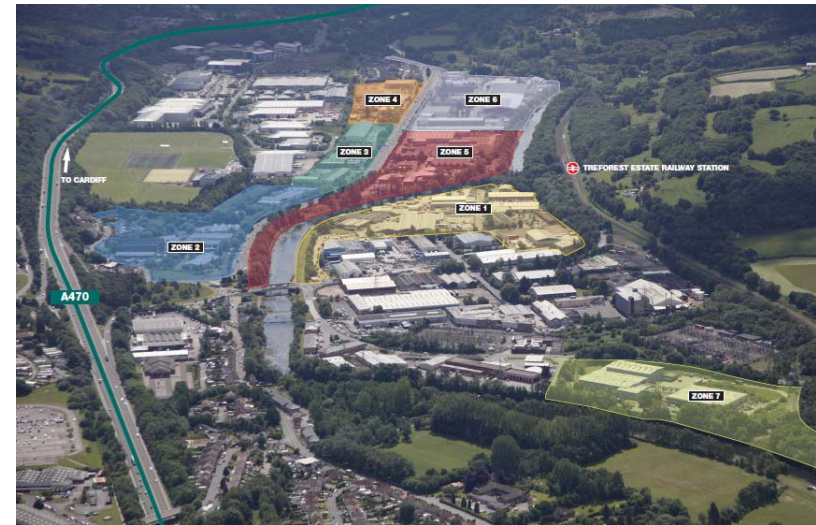
## Saltley Business Park, Birmingham

Acquired for £23 million

Initial yield 9.62%

47 acre industrial site

Rent £2.35 million per annum



## Treforest Industrial Estate, Cardiff

Acquired for £27.7 million

Initial yield 9.94%

136 acre industrial site

Rent £2.78 million per annum

# PROPERTY PORTFOLIO SUMMARY

as at 31 December 2010

	Number of properties	Built Area Sq m	Vacant Area	Passing Rent		Value		Yield
				Euros	Sterling	Euros	Sterling	
				€m	£m	€m	£m	
<b>UK</b>	46	49,499	41%	3.80	3.26	65.77	56.36	5.8%
<b>Germany</b>	87	1,293,601	20%	48.76	41.78	573.46	491.40	8.5%
<b>Netherlands</b>	33	369,056	27%	12.31	10.54	170.25	145.88	7.2%
<b>Belgium</b>	13	49,973	23%	3.23	2.76	39.60	33.94	8.1%
<b>France</b>	4	79,042	29%	1.43	1.23	19.91	17.06	7.2%
<b>Total - wholly owned</b>	<b>183</b>	<b>1,841,171</b>	<b>22%</b>	<b>69.53</b>	<b>59.58</b>	<b>868.99</b>	<b>744.64</b>	<b>8.0%</b>
<b>HPUT</b>	11	223,412	32%	7.89	6.76	98.07	84.04	8.0%

# PROPERTY PORTFOLIO ANALYSIS

	Value	Value Movement	Occupancy	Net occupancy movement (sq m)
<b>UK *</b>	17%	+6%	66%	+ 44,141
<b>Germany</b>	60%	+3%	80%	+36,107
<b>Netherlands</b>	17%	-5%	73%	-37,008
<b>Belgium and France</b>	6%	-5%	73%	-24,354
<b>Total</b>	<b>100%</b>	<b>+0.2%</b>	<b>77%</b>	<b>+18,886</b>

\* Including balance sheet and HPUT

# PROPERTY PORTFOLIO: STATISTICS

<b>Passing rent</b>	£59.6 million pa	€69.5 million pa	8% yield
<b>Contracted rent</b>	£63.5 million pa	€74 million pa	8.5% yield
<b>ERV</b>	£78.9 million pa	€92 million pa	10.6% yield

Number of tenants: 1,700

Average rent £35,000 per annum

Average to expiry or break: 3.23 years

No tenant > 3.5% rent roll

Average rent £3.89 per sq ft per annum

- Markets
- Strengthened Board and Management team
- HPUT debt

## **Hansteen**

- Solid earnings and finances
- Reputation with vendors and banks
- Dividend high and growing

## **Markets**

- Banks now dealing more aggressively with problems
- Limited new lending (importance of equity)
- Property cycle



# FINANCIAL ANALYSIS: BORROWINGS

## Cash

£67 million

<b>Debt</b>	<b>Drawn at Dec 10</b>	<b>Committed Facility</b>	<b>Margin</b>
HBOS	€139 m	€150 m to July 2014	1.75%
FGH	€117 m	€117m to June 2013	1.55%
Various/Belgium	€19 m	€19 m (mainly long term mortgages)	Various
UniCredit	€260 m	€260 m to April 2015	1.1%

# FINANCIAL ANALYSIS: HEDGING

## Interest rate hedging

<b>HBOS</b>	Swap	€50 m	2.60%	Feb 2014
	Cap	€50 m	4.50%	Apr 2011
<b>FGH</b>	Swap	€50 m	4.46%	Jun 2013
	Cap	€50 m	4.95%	Jun 2013
<b>UniCredit</b>	Swap	€208 m	2.20%	Feb 2015
	Cap	€26 m	4.00%	Feb 2015
	Cap	€26 m	9.00%	Feb 2015

## Currency

Net asset 63% Euro denominated.

Euro Put/Sterling call €200 million, 3 year at €1.42 to £1

# BOARD OF DIRECTORS

## ***James Hambro (Non-Executive Chairman)***

Mr. Hambro spent 15 years working at Hambros Bank, mostly in corporate finance and international debt markets and, from 1982 to 1985, as executive director responsible for international operations. In 1986 he became a founder shareholder of J.O. Hambro & Co and in 1988 a founder and joint managing director of J.O. Hambro Magan, the corporate finance boutique. Mr. Hambro is chairman of J.O. Hambro Capital Management Limited and a director of Primary Health Properties PLC and Singer & Friedlander AIM II VCT. He was non-executive chairman of Ashtenne from 1997 until 16 May 2005.

## ***Morgan Jones (Joint Chief Executive)***

Mr. Jones is a chartered accountant who qualified with Touche Ross & Co in 1984 prior to becoming a management consultant in that firm's consultancy division. He joined Arlington Securities plc in 1986 as a development executive, and in 1989 left to set up Ashtenne's business with Ian Watson. Mr. Jones was joint chief executive of Ashtenne from 1989 until its successful sale.

## ***Ian Watson (Joint Chief Executive)***

Mr. Watson qualified as a solicitor with Gouldens in 1984. In 1986 he became a development executive at Arlington Securities plc and left in 1989 to set up Ashtenne's business with Morgan Jones. He was joint chief executive of Ashtenne from 1989 until its successful sale.

# BOARD OF DIRECTORS

## ***Richard Lowes (Finance Director & Company Secretary)***

Mr. Lowes joined Hansteen on 1 January 2006 as Chief Financial Officer and Company Secretary. Prior to this he worked in a similar role for Ashtenne Holdings plc between 1997 and 2005 and as a Finance Director of Trafalgar House Property Limited and a director of Ideal Homes Holdings PLC from 1988 to 1995. Mr. Lowes joined the Hansteen Board on 18 October 2010.

## ***Stephen Gee (Non-Executive Director)***

A chartered accountant, Mr. Gee worked for several years in the financial sector. He was co-founder and a director of My Kinda Town Plc, the restaurant and bar group, from 1977 to 1997. He was subsequently a co-founder and is chairman of Carluccio's Plc, the Italian restaurant and food shop group. He was a non-executive director of Ashtenne from 1990 until 2005.

## ***Richard Mully (Non-Executive Director)***

Mr. Mully is managing partner of Grove International Partners (UK) Limited, an international real estate private equity firm currently managing about \$5 billion of funds. Prior to co-founding Grove in 2004, Mr. Mully was managing partner of Soros Real Estate Partners LLC from 1999. He had previously spent 17 years in various senior investment banking roles. Mr. Mully currently also serves as a non-executive director of Spazio Investments N.V., admitted to AIM, and Alstria Office REIT-AG, listed on the prime standard market of the Frankfurt Stock Exchange.

# BOARD OF DIRECTORS

## ***Richard Cotton (Non-Executive Director)***

Mr. Cotton has 32 years of experience in the property investment business in the UK and Europe. Prior to his appointment as a managing director of Forum Partners in June 2009, he was head of Real Estate at J.P. Morgan Cazenove where he advised a wide range of property company clients and was involved in many major public market transactions in the sector.

## ***Humphrey Price (Non-Executive Director)***

Mr. Price has held a variety of senior roles in the real estate sector and is currently a non-executive director of London & Stamford Property PLC. Prior to this, he was the Finance Director of Pillar Property PLC from 1993 to 2004 and before that Finance Director of Arlington Securities PLC. He is a director and Trustee of the Sussex Community Foundation.