23 August 2016

Hansteen Holdings PLC

(“Hansteen” or the “Group” or the “Company”)

HALF YEAR RESULTS

Hansteen (LSE: HSTN), the investor in UK and continental European industrial property, announces its half year results for the six months ended 30 June 2016.

Financial Highlights

- Normalised Income Profit (“NIP”) increased by 28.1% to £29.2 million (H1 2015: £22.8 million)
- Normalised Total Profit (“NTP”) of £30.8 million (H1 2015: £30.1 million)
- EPRA NAV per share increased by 11.9% to 124.4p
- Adjusted EPRA NAV per share increased by 8.4% to 120.5p (31 December 2015: 111.2p) *
- IFRS NAV per share increased by 10.2% to 116.0p (31 December 2015: 105.2p)
- IFRS pre-tax profit of £54.8 million (H1 2015: £103.7 million)
- November interim dividend increased by 4.8% to 2.2p per share (November 2015: 2.1p per share)
- Net debt to property value ratio 44.9% (31 December 2015: 41.2%)

Operational Highlights

- Netherlands portfolio refinanced with a new €145.0 million five-year facility at an all-in cost of 2.6% per annum
- Property valuation increase across the attributable portfolio of 1.0% or £15.5 million (H1 2015: 7.8% or £87.6 million)
- Acquisition of a further 3.8% stake in the Ashtenne Industrial Fund (‘AIF’) for £10.2 million increasing ownership to 85.6% - increased to 100% in July – see below
- Acquisition of remaining 50% of units in Hansteen Saltley Unit Trust for £9.3 million increasing ownership to 100%
- £15.2 million of sales from the total portfolio** generating profit over 31 December 2015 valuation of £2.0 million or 15.1%

Post balance sheet events

- Acquisition of remaining 14.4% units in AIF for £39.5 million increasing ownership to 100%
- UK portfolio refinanced with a new £330 million five-year loan facility at an all-in cost of 2.7% per annum

* EPRA NAV of 120.5p assumes the same treatment of the convertible bond as 31 December 2015

** Total portfolio relates to property, owned and managed, of Hansteen and its associated funds

James Hambro, Chairman, commented: “Light industrial property is one of the few areas of the property sector which has not yet surpassed its previous value highs. Yields are still high relative to the cost of money. Hansteen’s portfolio has a simple yield of 7.6% (passing rent divided by value) and our all-in cost of borrowing is 3.2%. That yield has consistently translated into one of the highest earnings amongst the REIT sector and wrapped in the yield and earnings is around 450 acres of undeveloped land and 5.3 million sq ft of vacant space, both of which does not produce income but will in time produce further value.”

There will be a meeting for analysts (with dial-in facility and WebEx) at 9.30 am today at the offices of Tavistock, 131 Finsbury Pavement, London EC2A 1NT.

Dial in details are as follows:
Direct DDI (s) for Participant Connection: UK Toll Number: 02031394830 UK/Toll-Free Number: 08082370030
Participant Pin Code: 93467038#

Webex details are as follows:

Audience URL: https://arkadin-event.webex.com/arkadin-event/onstage/g.php?MTID=ed39ee124a5bef6bb0016c2e953402e97

Audience Password: 676024

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Chairman’s interim statement

This is my last report to shareholders after ten years as Chairman. It is very gratifying to leave Hansteen while reporting on record normalised profits and EPRA NAV per share.

Of course there are significant risks at present ranging from the uncertainty surrounding Brexit, the economic and political issues around the Eurozone, the economic slowdown of China and a range of geo-political risks around the globe. However, accepting the world that we are in, Hansteen is in a good place. Light industrial property is generally accepted as one of the most attractive of the property sectors with high yields and robust occupational demand. Hansteen’s management platform has experience and proven ability to get the best out of such properties, our chosen core regions of the UK, Germany and The Netherlands are the most attractive within the European locations and notwithstanding Brexit, the occupational market in the UK continues to be strong. Our banking relationships are robust and supportive with two accretive refinances completed in the last couple of months. The Netherlands refinancing was agreed leading immediately up to the referendum and the UK refinancing was completed in July after the outcome was known.

Although acquisition opportunities have been scarce in the strong investment market, we are delighted to have been able to negotiate the off market acquisition of a further 3.8% of the units in AIF in the first half of the year and the remaining 14.4% of the units in July 2016. The total consideration paid was £49.7 million which is an effective 9% discount to the carrying value of the AIF units in Hansteen’s accounts which in large part represents the performance fee on the acquired units. These unit purchases represent the acquisition of £79.3 million of property at a yield on the passing rent of 8.0%.

Since the beginning of 2014 until the end of 2015 our financial results have been adversely effected by a materially strengthening sterling currency rate against the euro. So far this year however, the euro has strengthened against sterling largely reversing the movement we experienced over the last two years.

Results

Returns from property can be “realised”, i.e. the surplus of rent, sales proceeds or other income over cost, or “unrealised”, i.e. valuation growth. We believe that the best measures of performance are Normalised Profits (our measure of underlying realised profits) and EPRA NAV per share. Normalised Income Profit (NIP), recurring earnings excluding profits or losses from the sale of properties, increased by 28.1% to £29.2 million (H1 2015: £22.8 million). Normalised Total Profit (NTP), comprising NIP plus profits or losses from the sale of properties and realised profits from one off items, increased by 2.3% to £30.8 million (H1 2015: £30.1 million). EPRA NAV per share has increased by 11.9% to 124.4p and adjusted EPRA NAV per share has increased by 8.4% to 120.5p (31 December 2015: 111.2p) after the payment of a 3.15p dividend per share in the period. All of these are record results for the business and shows its strong performance in the first six months of the year.

Hansteen’s IFRS pre-tax profit was £54.8 million (H1 2015: £103.7 million) with the decrease largely due to the high property revaluation in H1 2015 that was not repeated in H1 2016. Diluted EPRA earnings per share were 3.4p (H1 2015: 0.4p).

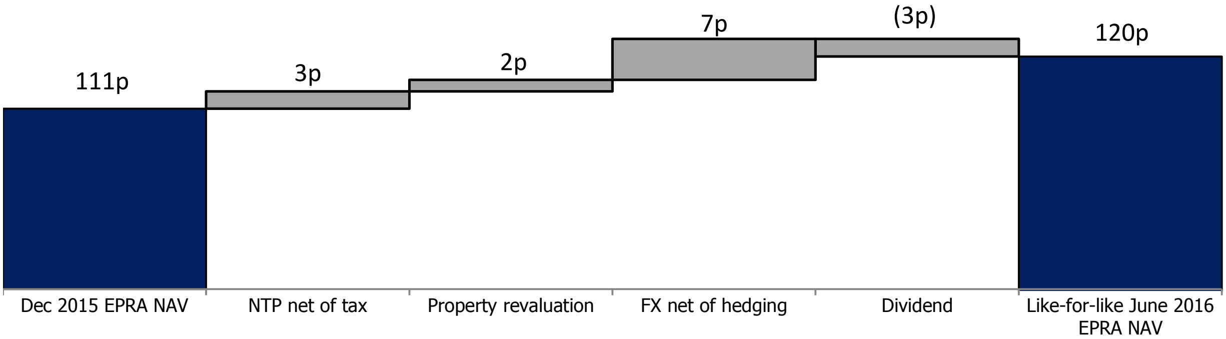
The table below shows how the NIP and NTP profit measures were calculated:

	H1 2016 £m	H1 2015 £m
Investment property rental income	44.7	40.2
Direct operating expenses	(5.8)	(6.3)
Property management fees	1.7	2.2
Share of associates	8.2	4.9
Administrative expenses	(9.7)	(9.2)
Net interest payable	(9.9)	(9.0)
Normalised Income Profit	**29.2**	**22.8**
Profit on sale of investment and trading properties	1.6	6.2
Other operating income	-	1.1
Normalised Total Profit	**30.8**	**30.1**

As already mentioned, the Euro has strengthened against Sterling during the period meaning the results from our European portfolio are translated at a more favourable rate in H1 2016 than in H1 2015. Had the rates not moved, the NIP would have been £27.9 million (H1 2015: £22.8 million) and the NTP would have been £29.4 million (H1 2015: £30.1 million). The average exchange rate for the six months ended 30 June 2016 was £1 = €1.2845 (six months ended 30 June 2015: £1 = €1.3655).

The Group has €100 million of convertible bonds which were issued during 2013, expiring in 2018, with a coupon rate of 4%. The EPRA NAV per share is diluted by these convertible bonds when the holders of the bonds have the right to convert. The right to convert became permanent from the 15 July 2016. After accounting for this dilution, the EPRA NAV is 120.5p per share compared with 111.2p per share at 31 December 2015. As at 30 June 2016, the convertible conditions were not in place and so the reported EPRA NAV per share was 124.4p.

The improvement in the EPRA NAV diluted for the convertible from 31 December 2015 can be summarised as follows:



Dividend

The Board has increased the interim dividend to be paid on 18 November 2016 by 4.8% to 2.2p per share (November 2015: 2.1p per share) reflecting the intention of the Board to maintain its prudently progressive dividend policy. The dividend payment of 2.2p will include a 1.9p PID. The associated record date is 21 October 2016 and the ex-dividend date is 20 October 2016.

Property Portfolio

The total portfolio owned or co-owned at 30 June 2016 was valued at £1.67 billion, with a rent roll of £126.5 million per annum, and a vacancy of 12.9%. It comprised 3.8 million sq m with a yield on the passing rent of 7.6% and a EPRA topped up net initial yield of 6.7% generated from 484 estates with 5,270 tenants in five different countries. The strength of the business is reflected in the growth of the annual rent roll over the last year rising from £116.8 million at 30 June 2015 and £120.2 million at 31 December 2015 to £126.5 million at 30 June 2016.

The value of the total portfolio increased by £16.1 million or 1.0% on a like-for-like and constant currency basis from 31 December 2015, after allowing for purchases and sales. £15.5 million of this gain attributable to Hansteen is derived from our wholly owned properties together with our share in AIF ("the attributable portfolio"). All three of the regions in which Hansteen operates showed property valuation increases. The German portfolio increased by €9.2 million or 1.1% and the Benelux portfolio increased by €4.7 million or 1.4%. The UK portfolio increased by £5.2 million or 0.8% with the change in UK stamp duty from 4% to 5% reflected in the valuation.

Since the beginning of the year, 11 sales have completed for a combined consideration of £15.2 million, generating profits over 31 December 2015 valuation of £2.0 million. £1.6 million of this gain is due to Hansteen.

On a like-for-like basis, the statistics for rent and occupancy are marginally down from 31 December 2015 but not significantly so. The rent movement represents 0.5% of the rent roll at the start of the year and the occupancy movement represents 0.9% of the portfolio area at the start of the year. The statistics follow a similar pattern to previous years where, in Europe particularly, leases ending at 31 December create a marginally negative effect in the first half of the year which we expect to reverse in the second half of the year.

Our asset management teams were very successful in the six months to 30 June 2016 with 928 new leases and lease renewals completed (H1 2015: 825), securing £18.3 million per annum of rental income.

Hansteen Property Portfolio Summary at 30 June 2016:

	No. properties	Built area	Vacant area	Passing rent		Value		Yield
		sq m	%	Euro €m	Sterling £m	Euro €m	Sterling £m	%
UK	79	460,804	10.1%	18.3	15.2	279.0	231.0	6.6%
Germany	104	1,577,532	13.2%	63.6	52.6	869.7	719.9	7.3%
Netherlands, Belgium & France	81	776,713	17.0%	28.4	23.5	342.0	283.1	8.3%
Total wholly owned	**264**	**2,815,049**	**13.7%**	**110.3**	**91.3**	**1,490.7**	**1,234.0**	**7.4%**
AIF*	220	1,033,232	10.7%	42.5	35.2	527.6	436.7	8.1%
Total attributable to Hansteen	**452**	**3,699,494**	**13.0%**	**146.7**	**121.4**	**1,942.3**	**1,607.8**	**7.6%**
Total under management	**484**	**3,848,281**	**12.9%**	**152.8**	**126.5**	**2,018.3**	**1,670.7**	**7.6%**

All Euro figures translated at the period end exchange rate of £1 = €1.2081
* Figures include 100% of AIF's portfolio of which Hansteen had an investment of 85.6% at 30 June 2016. After the balance sheet date, Hansteen has purchased the other 14.4% of units and now owns 100% of AIF.

Finance and Hedging

Finance

At 30 June 2016, net debt was £571.0 million compared to £475.2 million at 31 December 2015. This debt figure includes the €100 million (£82.8 million) of convertible bonds and an additional mark-to-market adjustment of £17.0 million. The increase in net debt includes £41.9 million attributable to the strengthening of the euro relative to sterling.

Excluding the £17 million mark-to-market adjustment of the convertible bond, net debt to property value at 30 June 2016 was 44.9% (31 December 2015: 41.2%). Assuming the convertible bonds were treated as equity the net debt to value at 30 June 2016 would be 38.2% (31 December 2015: 34.3%).

As at 30 June 2016, the Group had borrowings, including obligations under finance leases, of £615.2 million (31 December 2015: £538.6 million) including the mark-to-market value of the convertible bonds, of which £217.9 million was swapped at an average rate of 0.79%, with a further £74.8 million capped at an average rate of 1.44% and the €100 million of convertible loan stock is fixed at 4%.

All of the loans continue to have significant headroom on their loan-to-value and interest cover covenants. The weighted average time to maturity of borrowings at 30 June 2016 was 2.9 years and the Group's all-in cost of borrowing at 30 June 2016 was 3.3% (31 December 2015: 3.6%). Cash resources at 30 June 2016 were £44.2 million (31 December 2015: £63.4 million).

On 30 June 2016, Hansteen refinanced two loans secured against its Netherlands portfolio with a single loan totalling €145.0 million. The new five-year facility provided by ING Bank N.V. and various entities managed or advised by AXA REIM SGP, replaces the €80.0 million loan with FGH bank N.V. and €57.8 million loan with ING Bank N.V., due for repayment in April 2017 and June 2019 respectively. The loan-to-value ratio is 48% with hedging against 66% of the loan resulting in an all-in cost of 2.6% per annum. This results in a like-for-like reduction in the cost of borrowing on the portfolio of €1.5 million per annum.

In July 2016, Hansteen refinanced both its existing corporate loan and the loan secured against the AIF portfolio with a single loan facility totalling £330.0 million. The new unsecured facility replaces the £95.0 million corporate revolving credit facility provided by the Royal Bank of Scotland and the £138.1 million loan in AIF provided by a syndicate of lenders led by the Royal Bank of Scotland. These two loans were due for repayment in July 2018 and October 2017 respectively. Hansteen has drawn £280.0 million of the facility which equates to a loan to value ratio of 43.8% with hedging against 60.1% of the loan. The all-in cost on the new facility is 2.7% per annum, which results in a like-for-like reduction in the cost of borrowing against the UK properties of £1.2 million per annum. This new facility provides the Group with a potential £50.0 million of undrawn funds.

Following the UK refinancing, the Group has total bank facilities at 31 July 2016 of £768.6 million, of which £710.2 million are currently drawn. The average all-in borrowing rate for the Group has reduced to 3.2% (3.6% at 31 December 2015) with the debt maturity profile increasing from 2.8 years to 3.7 years. Following this refinancing and the £39.5 million purchase of the remaining AIF units, the Group has firepower in excess of £100 million.

Analysis of the Group's bank loan facilities after the UK refinancing at 31 July 2016 is set out below:

Lender	Facility millions	Amount undrawn millions	Unexpired term Years	All-in-interest rate	Loan to value covenant	Loan to value July 2016	Interest cover covenant	Interest cover July 2016
DG Hyp	€2.5	-	0.9	3.4%	70%	48%	1.25:1	4.34:1
HSBC	€106.1	-	2.4	3.1%	65%	39%	2.00:1	5.84:1
Helaba	€187.6	-	2.6	4.2%	65%	38%	1.85:1	4.46:1
HSBC	€50.0	€10.0	3.2	2.7%	65%	41%	2.00:1	8.13:1
ING	€145.0	-	4.9	2.6%	65%	48%	1.50:1	6.53:1
BNP Paribas Fortis	€5.6	-	6.9	1.5%	-	-	-	-
Total euro facilities	€496.8	€10.0						
Total euro facilities in GBP	£418.6	£8.4						
Royal Bank of Scotland	£20.0	-	1.3	3.4%	60%	51%	2.00:1	4.24:1
Royal Bank of Scotland	£330.0	£50.0	5.0	2.7%	55%	44%	2.00:1	6.43:1
Total facilities	**£768.6**	**£58.4**	**3.7**	**3.2%**				

Currency and Brexit

To date we have not noticed any significant effect on our tenants demand for industrial space from the outcome of the Brexit vote earlier this year. The one significant effect however has been a 11.2% devaluation of sterling against the euro which has served to enhance our net assets and income. On 30 June 2016, our net asset currency hedges expired and there was no value to the instrument on expiry. After careful consideration the Board has decided not to renew these hedging instruments.

The Group's net assets at 30 June 2016 were £863.9 million, of which 45% (£392.3 million) were located in the UK and denominated in sterling. The remaining 55% (£471.6 million/€569.7 million) were located in Germany, the Netherlands, Belgium and France and denominated in euro.

The Group's hedging policy changed during the period and is now as follows:

- Hedging instruments are used to cover a substantial proportion of Group estimated net euro income for the short term.
- Hedges are implemented at levels which the Board believe are cost effective.

The Group's two €100.0 million currency options expired at 30 June 2016 and, in line with the new policy, will not be replaced. The Group has three options hedging a total of €97.5 million net euro income. These options expire at six-monthly intervals between 30 December 2016 and 27 December 2017. The exchange rate in the options range from €1.45/£1 to €1.60/£1.

Post balance sheet event

On 15 July 2016, Hansteen acquired the remaining 66.7% of the General Partner of the Ashtenne Industrial Fund Limited Partnership which together with its 85.6% holding in the Fund gave Hansteen control. Later in July 2016, Hansteen acquired the remaining units of AIF and now has 100% ownership. The transaction was enhancing to income and net asset value and equally valuable is the flexibility gained in terms of management control of the assets and efficiency in financing. On a pro forma basis, taking the 30 June 2016 Group Balance Sheet, adjusting for the acquisition, it would now show approximately £1.67 billion of property investments. There would be no investments in associates. Cash would have increased by approximately £17 million and debt increased from £615 million to approximately £800 million. Following the refinancing of the existing UK Corporate facility and the AIF facility there is now an additional undrawn banking facility of £50 million available for new acquisitions.

On the income side, again the figures will be fully consolidated rather than showing a share of associates. The Group's rental figures will therefore increase by circa £35.2 million per annum and in addition to the NIP contribution arising from the extra 14.4% holding there will be some savings such as third party management fees and lower borrowing costs.

Outlook

We believe that the next few years will present a challenging landscape for investors. Solid income propositions underpinned by assets that will hold or grow their value will be very attractive. Light industrial property is one of the few areas of the property sector which has not yet surpassed its previous yield lows (value highs). Yields are still high relative to the cost of money. Hansteen's portfolio has a simple yield of 7.6% (passing rent divided by value) and its all-in cost of borrowing following the two refinancings is 3.2%. That yield has consistently translated into one of the highest earnings amongst the REIT sector and wrapped in the yield and earnings is circa 450 acres of undeveloped land and 5.3 million sq ft of vacant space, both of which does not produce income but will in time produce further value.

Our portfolio is extremely diverse with over 5,200 tenants in five countries and most of our occupiers consist of the basic fabric of the local economies in each region. Furthermore, the occupational market is enjoying a real boost on the back of the internet retailer revolution. Our properties are valued at materially less than replacement cost, hence there is very little new supply of equivalent properties. Last but not least, our regional office platform is proven able to source opportunities and maximise the business model over the property cycle.

It has been a privilege to be on Hansteen's Board and to work with a very talented and committed management team. I wish Melvyn Egglenton who takes over as Chairman and the Hansteen Group every success in the future.

James Hambro
Chairman
22 August 2016

Principal risks and uncertainties

Risk management is an important part of the Group's system of internal controls. Senior management and the Board regularly consider the significant risks which it believes are facing the Group, identify and monitor appropriate controls and, if necessary, instigate action to improve those controls. There will always be some risk when undertaking property investments but the control process is aimed at mitigating and minimising these risks where possible. The key risks identified by the Board for the remaining six months of the year, the steps taken to mitigate them and additional commentary is as follows:

- The Group is exposed to foreign currency exchange risk such as a risk of a reduction in the sterling value of euro denominated revenue and assets if one or more countries were to exit the Eurozone or European Union. On 23 June 2016 the UK voted to exit the European Union. This decision by the UK has increased uncertainty for investors in the European property market as the future operating relationship between the UK and the European Union is not yet known. In response to this risk the Group's borrowings in Europe are in euro denominated loan facilities and therefore, to the extent that investments are financed by debt, a self-hedging mechanism is in place. There is also a risk that one or more of the countries that the Group operates in could leave the euro which may affect the nature of the Group's loans and derivatives or introduce new volatility and currency exposures for the Group to manage. Management are closely monitoring the Eurozone and European Union situation and their findings are regularly reviewed by the Board.

- Increased competition and reduced investment opportunities expose the Group to the risk of overpaying for an acquisition leading to a poor return on investment and deteriorating operating results. Supply and demand is reviewed continuously through direct information from Hansteen's network of managing agents and managers. Experienced management review each acquisition and due diligence is carried out by external parties. The Board is required to approve all acquisitions and disposals over a prescribed amount.

- There is always a risk that recession or new legislation may affect specific industry types which could lead to tenant failure and therefore reduce profitability. However, the Board is satisfied that Hansteen's exposure is mitigated by its large number and diverse range of tenants with no single tenant contributing to more than 1.7% of the rent roll. Vacancy rates, arrears and bad debts are monitored on a monthly basis by country with trends investigated to determine any systematic problems with a portfolio or type of tenant.
- The Board acknowledge that there may be occasions when banks are under internal pressures which may conflict with existing financing arrangements and it may prove more difficult to secure the more challenging properties. Detailed due diligence is carried out prior to the purchase of each property. Regular meetings are held with a portfolio of banks to keep them fully apprised of commercial opportunities and alerted to any potential issues early on. The Group is also considering alternative sources of finance to develop its strategy and reduce exposure.
- Financial difficulties at institutions holding significant deposits could result in a lack of liquidity. The Board believes such risks are reduced by adherence to a Cash and Liquidity Management Policy that sets out how funds can be invested. Cash balances and borrowings are maintained with a portfolio of considered counterparties. The Group Treasurer reviews the cash balances on a daily basis, and where possible, surplus cash is put on interest bearing deposit.
- The Board acknowledges a high dependency on the Joint Chief Executives. However, they believe such risk is to some extent mitigated through the support of high calibre employees and professional advisors. All such appointments are approved by a member of the Board and performance is monitored regularly.

Responsibility statement

We confirm to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

Ian Watson	**Morgan Jones**
Joint Chief Executive	**Joint Chief Executive**

22 August 2016

Copies of this announcement are available on the Company's website at www.hansteen.co.uk and can be requested from the Company's registered office at 1st Floor Pegasus House, 37-43 Sackville Street, London, W1S 3DL.

Consolidated income statement
for the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 £m Unaudited**	Six months ended 30 June 2015 £m Unaudited
Continuing operations			
Revenue	5	**47.7**	42.4
Cost of sales		**(7.0)**	(6.3)
Gross profit		**40.7**	36.1
Other operating income		**-**	0.8
Administrative expenses		**(9.7)**	(19.5)
Share of results of associates and gain on associate		**12.0**	22.6
Negative goodwill and other gains		**0.4**	-
Gains on investment properties		**13.8**	79.0
Operating profit		**57.2**	119.0
Finance income	6	**18.1**	11.0
Finance costs	6	**(20.5)**	(26.3)
Profit before tax		**54.8**	103.7
Tax	7	**(4.4)**	(16.0)
Profit for the period		**50.4**	87.7
Attributable to:			
Equity holders of the parent		**50.3**	87.6
Non-controlling interest		**0.1**	0.1
Profit for the period		**50.4**	87.7
Earnings per share			
Basic	10	**6.9p**	12.8p
Diluted	10	**6.8p**	12.2p

Consolidated statement of comprehensive income
for the six months ended 30 June 2016

	Six months ended 30 June 2016 £m Unaudited	Six months ended 30 June 2015 £m Unaudited
Profit for the period	**50.4**	87.7
Other comprehensive expense:		
Exchange gains/(losses) arising on translation of foreign operations	**54.5**	(35.7)
Total other comprehensive income/(expense) for the period	**54.5**	(35.7)
Total comprehensive income for the period	**104.9**	52.0
Total comprehensive income attributable to:		
Equity holders of the parent	**104.7**	51.9
Non-controlling interest	**0.2**	0.1
	104.9	52.0

All components of other comprehensive income and expense will be recycled through the income statement.

Consolidated balance sheet
As at 30 June 2016

	Note	30 June 2016 £m Unaudited	31 December 2015 £m Audited
Non-current assets			
Goodwill		**0.3**	0.3
Property, plant and equipment		**0.4**	0.4
Investment property	12	**1,223.9**	1,059.1
Investment in associates	13	**257.0**	261.3
Deferred tax asset		**0.7**	0.6
Derivative financial instruments		**-**	0.4
		1,482.3	1,322.1
Current assets			
Investment property held for sale		**-**	1.6
Trading properties		**10.1**	10.8
Trade and other receivables		**33.7**	24.6
Cash and cash equivalents		**44.2**	63.4
Derivative financial instruments		**-**	9.4
		88.0	109.8
Total assets		**1,570.3**	1,431.9
Current liabilities			
Trade and other payables		**(34.2)**	(38.9)
Current tax liabilities		**(7.0)**	(6.1)
Borrowings	14	**(3.2)**	(6.2)
Obligations under finance leases		**(0.2)**	(0.2)
		(44.6)	(51.4)
Non-current liabilities			
Borrowings	14	**(609.4)**	(530.0)
Obligations under finance leases		**(2.4)**	(2.2)
Derivative financial instruments		**(5.6)**	(5.2)
Deferred tax liabilities		**(43.7)**	(36.4)
		(661.1)	(573.8)
Total liabilities		**(705.7)**	(625.2)
Net assets		**864.6**	806.7
Equity			
Share capital	15	**74.6**	72.2
Share premium account		**114.5**	114.5
Other reserves		**(1.9)**	(1.4)
Translation reserves		**45.7**	(8.7)
Retained earnings		**631.0**	629.6
Equity shareholders' funds		**863.9**	806.2
Non-controlling interest		**0.7**	0.5
Total equity		**864.6**	806.7
Net asset value per share			
Diluted net asset value per share	10	**116p**	105p
EPRA net asset value per share	10	**124p**	111p

Consolidated statement of changes in equity
for the six months ended 30 June 2016

Unaudited	**Share capital £m**	**Share premium £m**	**Translation reserve £m**	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Non-controlling interest £m**	**Total £m**
Balance at 1 January 2015	**68.6**	**114.4**	**10.9**	**(0.5)**	**482.6**	**676.0**	**0.4**	**676.4**
Dividends	-	-	-	-	(41.1)	(41.1)	-	(41.1)
Share-based payments	-	-	-	-	7.1	7.1	-	7.1
Share options exercised	-	0.1	-	0.2	(0.2)	0.1	-	0.1
Own shares acquired	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Profit for the period	-	-	-	-	87.6	87.6	0.1	87.7
Other comprehensive expense for the period	-	-	(35.7)	-	-	(35.7)	-	(35.7)
Balance at 30 June 2015	**68.6**	**114.5**	**(24.8)**	**(1.4)**	**536.0**	**692.9**	**0.5**	**693.4**
Shares issued	3.6				35.7	39.3	-	39.3
Dividends	-	-	-	-	(15.1)	(15.1)	-	(15.1)
Share-based payments	-	-	-	-	12.4	12.4	-	12.4
Profit for the period	-	-	-	-	60.6	60.6	-	60.6
Other comprehensive income for the period	-	-	16.1	-	-	16.1	-	16.1
Balance at 31 December 2015	**72.2**	**114.5**	**(8.7)**	**(1.4)**	**629.6**	**806.2**	**0.5**	**806.7**
Shares issued	2.4	-	-	-	-	2.4	-	2.4
Dividends	-	-	-	-	(23.4)	(23.4)	-	(23.4)
Share-based payments	-	-	-	-	(25.5)	(25.5)	-	(25.5)
Share options exercised	-	-	-	0.1	-	0.1	-	0.1
Own shares acquired	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Profit for the period	-	-	-	-	50.3	50.3	0.1	50.4
Other comprehensive income for the period	-	-	54.4	-	-	54.4	0.1	54.5
Balance at 30 June 2016	**74.6**	**114.5**	**45.7**	**(1.9)**	**631.0**	**863.9**	**0.7**	**864.6**

Consolidated cash flow statement
for the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 £m Unaudited**	Six months ended 30 June 2015 £m Unaudited
Net cash inflow from operating activities	16	**9.4**	13.3
Interest received		**0.1**	0.2
Additions to investment properties		**(5.5)**	(29.4)
Additions to property, plant and equipment		**(0.1)**	-
Proceeds from sale of investment properties		**8.2**	13.9
Investment in associates		**(10.2)**	(11.0)
Proceeds from sale of investment in associate		**-**	45.2
Investment in subsidiary		**(8.4)**	-
Distributions received from associates		**17.2**	10.8
Net cash generated by investing activities		**1.3**	29.7
Dividends paid		**(23.4)**	(41.1)
Settlement of liabilities in respect of share options		**(23.5)**	-
Repayments of obligations under finance leases		**(0.1)**	(0.1)
New bank loans raised (net of expenses)		**124.2**	5.9
Bank loans repaid (net of expenses)		**(111.0)**	(13.1)
Own shares acquired		**(0.6)**	-
Additions to derivative financial instruments		**-**	(0.3)
Settlement of derivative financial instruments		**0.5**	-
Net cash used in financing activities		**(33.9)**	(48.7)
Net decrease in cash and cash equivalents		**(23.2)**	(5.7)
Cash and cash equivalents at beginning of period		**63.4**	110.3
Effect of foreign exchange rate changes		**4.0**	(2.6)
Cash and cash equivalents at end of period		**44.2**	102.0

Notes to the condensed set of financial statements for the six months ended 30 June 2016

1. General information

Hansteen Holdings PLC is a company which is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1st Floor, Pegasus House, 37-43 Sackville Street, London, W1S 3DL.

The Group's principal activities are those of a property group investing mainly in industrial properties in Continental Europe and the United Kingdom.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2015 was derived from the statutory accounts for the year ended 31 December 2015, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Group's performance is not subject to seasonal fluctuations.

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 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.

The interim report was approved by the Board on 22 August 2016.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.2081 (31 December 2015: £1 = €1.3605)
Income statement: £1 = €1.2845 (30 June 2015: £1 = €1.3655)

3. Going concern

The Group's principal risks and uncertainties are detailed above. 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 evaluation of the impact of potential 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.

Information on the Group's performance and its risk management is included in the Interim Statement, including sections on the finance, hedging and outlook of the Group. The Group's debt maturity profile and principal covenants are disclosed in note 14 to these condensed financial statements.

4. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed. There have been no other material transactions with related parties in the first six months of 2016 and there have been no material changes in the related party transactions described in the Annual Report and Accounts for the year ended 31 December 2015.

5. Operating segments

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

	Six months ended 30 June 2016		Six months ended 30 June 2015	
	Revenue	**Result**	Revenue	Result
	£m	**£m**	£m	£m
Belgium	**0.5**	**0.4**	0.5	0.3
France	**0.7**	**0.7**	0.7	0.7
Germany	**25.9**	**22.5**	24.4	20.6
Netherlands	**9.8**	**8.2**	9.6	7.8
UK	**10.8**	**8.9**	7.2	6.7
	47.7	**40.7**	42.4	36.1
Other operating income		**-**		0.8
Administrative expenses		**(9.7)**		(19.5)
Share of results of associates and gain on sale of associate		**12.0**		22.6
Negative goodwill and other gains		**0.4**		-
Changes in fair values of investment properties by segment:				
Belgium	**(0.2)**		(0.1)	
France	**0.3**		2.1	
Germany	**7.1**		56.2	
Netherlands	**3.6**		14.0	
UK	**2.3**		5.7	
Total changes in fair values of investment properties	**13.1**		77.9	
Profit on disposal of investment properties	**0.7**		1.1	
Total gains on investment properties		**13.8**		79.0
Operating profit		**57.2**		119.0
Net finance costs		**(2.4)**		(15.3)
Profit before tax		**54.8**		103.7

Administrative expenses and net finance costs are managed as central costs and are not allocated to segments.

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

30 June 2016	**Investment properties* £m**	**Trading properties £m**	**Total properties £m**	**Other assets £m**	**Total assets £m**	**Additions to investment properties £m**	**Non-current assets £m**
Belgium	17.4	-	17.4	0.8	18.2	0.3	17.4
France	16.9	-	16.9	0.9	17.8	0.5	16.9
Germany	719.9	-	719.9	29.9	749.8	2.7	720.5
Netherlands	248.8	-	248.8	15.2	264.0	1.8	248.8
UK	220.9	10.1	231.0	232.1	463.1	39.5	437.3
	1,223.9	**10.1**	**1,234.0**	**278.9**	**1,512.9**	**44.8**	**1,440.9**
Unallocated assets					57.4		41.4
					1,570.3		**1,482.3**

31 December 2015	Investment properties* £m	Trading properties £m	Total properties £m	Other assets £m	Total assets £m	Additions to investment properties £m	Non-current assets £m
Belgium	15.4	-	15.4	1.3	16.7	0.2	15.4
France	14.3	-	14.3	0.9	15.2	1.2	14.3
Germany	634.5	-	634.5	19.9	654.4	23.3	633.5
Netherlands	217.3	-	217.3	7.0	224.3	2.2	217.4
UK	179.2	10.8	190.0	224.5	414.5	53.0	393.1
	1,060.7	10.8	1,071.5	253.6	1,325.1	79.9	1,273.7
Unallocated assets					106.8		48.4
					1,431.9		1,322.1

*Investment properties includes those classified as held for sale on the balance sheet.

6. Net finance costs

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m
Interest receivable on bank deposits	**0.1**	0.2
Other interest receivable	**-**	-
Interest income	**0.1**	0.2
Interest payable on borrowings	**(10.0)**	(9.2)
Net interest expense	**(9.9)**	(9.0)
Change in fair value of currency options	**(9.3)**	10.1
Change in fair value of interest rate swaps and caps	**(1.2)**	0.7
Change in fair value of convertible bond	**7.7**	(10.0)
Foreign exchange gains/(losses)	**10.3**	(7.1)
Net finance costs	**(2.4)**	(15.3)
Finance income	**18.1**	11.0
Finance costs	**(20.5)**	(26.3)
Net finance costs	**(2.4)**	(15.3)

7. Tax

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m
UK current tax	**-**	-
Foreign current tax	**(1.8)**	(3.9)
Total current tax	**(1.8)**	(3.9)
Deferred tax	**(2.6)**	(12.1)
Tax charge	**(4.4)**	(16.0)

8. Dividends

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m
Amounts recognised as distributions to equity holders in the period:		
Second interim dividend 3.15p (2015: 3.0p) per share	**23.4**	20.5
Special dividend nil (2015: 3.0p) per share	**-**	20.6
	23.4	41.1

As a REIT, the Company is required to pay Property Income Distributions ('PIDs') equal to at least 90% of the Group's exempted net income after deduction of withholding tax at the basic rate (currently 20%). £10.0 million of the cash dividend paid in the period ended 30 June 2016 is attributable to PIDs (2015: £10.9 million).

9. Normalised Income Profit and Normalised Total Profit

Normalised Income Profit and Normalised Total Profit are adjusted measures intended to show the underlying earnings of the Group before fair value movements and other non-recurring or otherwise non-cash one-off items. A reconciliation of the Normalised Income Profit and Normalised Total Profit reconciled to profit before tax prepared in accordance with IFRS is set out below.

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Group £m	**Share of associates £m**	**Total £m**	Group £m	Share of associates £m	Total £m
Investment property rental income	**44.7**	**15.1**	**59.8**	40.2	10.2	50.4
Direct operating expenses	**(5.8)**	**(2.1)**	**(7.9)**	(6.3)	(1.6)	(7.9)
Property management fees	**1.7**	**-**	**1.7**	2.2	-	2.2
Administrative expenses	**(9.7)**	**(2.0)**	**(11.7)**	(9.2)	(1.5)	(10.7)
Net interest payable	**(9.9)**	**(2.8)**	**(12.7)**	(9.0)	(2.2)	(11.2)
Normalised Income Profit	**21.0**	**8.2**	**29.2**	17.9	4.9	22.8
Profit on sale of investment properties	**0.7**	**0.8**	**1.5**	1.1	0.3	1.4
Profit on sale of trading properties	**0.1**	**-**	**0.1**	-	-	-
Total profit on sale of properties	**0.8**	**0.8**	**1.6**	1.1	0.3	1.4
Gain on sale of investment in associate	**-**	**-**	**-**	4.8	-	4.8
Net other operating income	**-**	**-**	**-**	0.8	0.3	1.1
Normalised Total Profit	**21.8**	**9.0**	**30.8**	24.6	5.5	30.1
Negative goodwill and other gains	**0.4**	**1.0**	**1.4**	-	0.8	0.8
LTIP charge	**-**	**-**	**-**	(8.7)	-	(8.7)
Fair value gains on investment properties	**13.1**	**2.4**	**15.5**	77.9	9.7	87.6
Change in fair value of foreign currency derivatives	**(9.3)**	**-**	**(9.3)**	10.1	-	10.1
Change in fair value of interest rate derivatives	**(1.2)**	**(0.4)**	**(1.6)**	0.7	0.2	0.9
Change in fair value of convertible bond	**7.7**	**-**	**7.7**	(10.0)	-	(10.0)
Foreign exchange gains/(losses)	**10.3**	**-**	**10.3**	(7.1)	-	(7.1)
	42.8	**12.0**		87.5	16.2	
Profit before tax			**54.8**			103.7

10. Earnings per share and net asset value per share

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

			30 June 2016			30 June 2015
		Shares	**Per share**		Shares	Per share
	£m	**m**	**pence**	£m	m	pence
Normalised Income Profit	**29.2**	**734.8**	**3.9**	22.8	685.1	3.3
Normalised Total Profit	**30.8**	**734.8**	**4.2**	30.1	685.1	4.4
Basic EPS	**50.3**	**734.8**	**6.9**	87.6	685.1	12.8
Dilutive share options	**-**	**3.8**		-	31.6	
Diluted EPS	**50.3**	**738.6**	**6.8**	87.6	716.7	12.2
Basic EPS	**50.3**	**734.8**	**6.9**	87.6	685.1	12.8
Revaluation gains on investment properties	**(13.1)**			(77.9)		
Profit on the sale of investment properties	**(0.7)**			(1.7)		
Profit on sale of trading properties	**(0.1)**			-		
Change in fair value of derivatives	**10.5**			(10.8)		
Change in fair value of convertible bond	**(20.0)**			17.0		
Adjustment in respect of associates	**(3.8)**			(16.6)		
Negative goodwill and other gains	**(0.4)**			-		
Other	**-**			(0.8)		
Deferred tax on the above items	**2.9**			12.3		
EPRA EPS	**25.6**	**734.8**	**3.5**	9.1	685.1	1.3
Convertible Bond – interest	**-**	**-**		1.5	90.8	
Convertible Bond – foreign exchange	**-**			(7.0)		
Dilutive share options	**-**	**3.8**		-	31.6	
Diluted EPRA EPS	**25.6**	**738.6**	**3.4**	3.6	807.5	0.4

			30 June 2016			31 December 2015
		Shares	**Per share**		Shares	Per share
	£m	**m**	**pence**	£m	m	pence
Basic net asset value (NAV)	**863.9**	**745.1**	**116**	806.2	766.3	105
Unexercised share options	**-**	**2.8**		-	1.7	
Diluted NAV	**863.9**	**747.9**	**116**	806.2	768.0	105
Revaluation of trading properties	**-**			0.2		
Goodwill	**(0.3)**			(0.3)		
Fair value of interest rate derivatives	**5.5**			5.2		
Adjustments in respect of associates	**1.0**			0.6		
Convertible bond	**17.0**			107.5	90.8	
Deferred tax	**43.0**			35.8		
EPRA NAV	**930.1**	**747.9**	**124**	955.2	858.8	111
Convertible bond	82.8	92.8				
Adjusted EPRA NAV	**1,012.9**	**840.7**	**120**			

EPRA NAV is diluted by the €100 million convertible bonds when the bond holders have the right to convert. As at 30 June 2016 the convertible conditions were not in place. They were in place at 30 June 2015. The right to convert became permanent from 15 July 2016 which would dilute the EPRA NAV per share, presented above as the adjusted EPRA NAV per share.

11. Business combination

On 4 March 2016, the group acquired the remaining 50% of the Units of Hansteen Saltley Unit Trust, previously accounted for as an equity accounted associate, thereby obtaining 100% ownership and control. Hansteen Saltley Unit Trust is a Jersey based unit trust which invests in Saltley Business Park, a multi-let industrial estate in Birmingham comprising of over 95,000 sq m and with an annual rent roll of £3.2 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£m
Financial assets	2.1
Investment Property	39.3
Financial liabilities	(21.9)
Total identifiable assets	19.5
Negative goodwill	(0.4)
Total consideration	19.1
Satisfied by:	
Cash	9.3
Total consideration transferred	9.3
Carrying value of existing equity accounted interest	9.8
Total consideration	19.1
Net cash outflow arising on acquisition:	
Cash consideration	9.3
Less: cash balances acquired	(0.9)
	8.4

The fair value of the financial assets includes trade receivables with a fair value of £1.0 million and a gross contractual value of £1.0 million, none of which at acquisition date were not expected to be collected.

The negative goodwill of £0.4 million arising from the acquisition results from the cash consideration paid being at a discount net asset value. None of the bargain acquisition is expected to be deductible for income tax purposes.

Hansteen Saltley Unit Trust contributed £1.0 million revenue and £0.2 million to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on the first day of the financial year, the contribution to group revenues for the period would have been £1.5 million and contribution to group profit would have been £0.6 million.

12. Investment property

	30 June 2016 £m	31 December 2015 £m
Investment property at start of period	**1,059.1**	953.9
Additions - property purchases*	**40.4**	68.0
- capital expenditure	**4.4**	11.9
Lease incentives	**1.1**	0.9
Letting costs	**(0.1)**	0.2
Revaluations included in income statement	**13.1**	110.8
Disposals	**(7.5)**	(39.1)
Transfer from/(to) investment property held for sale	**1.8**	(1.6)
Exchange adjustment	**111.6**	(45.9)
	1,223.9	1,059.1

*Property purchase additions of £40.4 million includes £39.3 million arising from the acquisition of the remaining 50% of the units in Hansteen Saltley Unit Trust, previously accounted for as an associate. Refer to note 11.

Investment property held for sale	30 June 2016 £m	31 December 2015 £m
Investment property held for sale at start of period	**1.6**	7.5
Disposals	**-**	(7.0)
Transfer (to)/from investment property	**(1.8)**	1.6
Exchange adjustment	**0.2**	(0.5)
	-	1.6

In accordance with IFRS 13, the Group's investment property has been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). In general, the Group's investment property as at 30 June 2016 is categorised as Level 3.

Investment properties are valued using a capitalisation methodology applying a yield to current and estimated rental income. Yields and rental values are considered to be unobservable inputs and details of the ranges used in each region are as follows:

Information about fair value measurements using unobservable inputs (Level 3)

	Fair value at 30 June 2016	**Rent per sq m**		**Yield**	
		Min	**Max**	**Min**	**Max**
	£m	**£**	**£**	**%**	**%**
Belgium	**17.4**	**26.2**	**99.5**	**7.2**	**11.2**
France	**16.9**	**28.6**	**30.9**	**8.6**	**12.9**
Germany	**719.9**	**19.7**	**110.5**	**3.4**	**17.1**
Netherlands	**248.8**	**11.2**	**84.2**	**1.8**	**20.8**
UK	**220.9**	**16.9**	**260.9**	**3.4**	**18.2**
Total	**1,223.9**				

	Fair value at 31 December 2015	Rent per sq m		Yield	
		Min	Max	Min	Max
	£m	£	£	%	%
Belgium	15.4	20.7	61.1	6.3	8.9
France	14.3	25.4	27.5	9.2	12.9

Germany	634.5	10.2	75.2	4.1	6.9
Netherlands	217.3	3.2	57.2	2.0	10.7
UK	179.2	9.7	134.6	4.1	9.9
Total	1,060.7				

All other factors being equal there is a positive relationship between estimated rental values and property values such that an increase in estimated rental values would increase the valuation of a property. The relationship between Reversionary yields and property values is negative such that an increase in Reversionary yields would decrease a property valuation. There are interrelationships between these inputs as they are determined by market conditions such that the valuation movement in any one period depends on the balance between them.

13. Investment in associates

The Group made an additional £10.2 million investment in Ashtenne Industrial Fund Unit Trust, bringing the Group's holding to 85.6% (2014: 81.8%).

During the period, the Group acquired the remaining 50% of the units in the Hansteen Saltley Unit Trust for a net price of £9.3m, taking its ownership to 100% and resulting in a gain on business combination of £0.4m. The Group's investment in Hansteen Saltley Unit Trust is now consolidated. In 2015 the Group disposed of its 33.33% holding in Hansteen UK Industrial Property II Limited Partnership in May 2015.

	30 June 2016 £m	31 December 2015 £m
Associates at start of period	**261.3**	156.4
Investment in associates	**10.2**	130.1
Transfer to consolidated subsidiary	**(9.8)**	-
Disposal of associate	**-**	(38.7)
Share of results of associates	**12.0**	46.9
Distributions received	**(17.2)**	(32.1)
Distributions accrued	**0.5**	(1.3)
	257.0	261.3

14. Borrowings

	30 June 2016 £m	31 December 2015 £m
Amortised cost		
Bank loans	**518.0**	433.5
Convertible Bond	**99.8**	107.5
Unamortised borrowing costs	**(5.2)**	(4.8)
	612.6	536.2
Maturity		
The bank loans and convertible bond are repayable as follows:		
Within one year or on demand	**5.1**	7.8
Between one and two years	**23.1**	66.9
Between three and five years	**588.0**	464.6
Over five years	**1.6**	1.7
	617.8	541.0

Facility	Drawn	Expiry	Covenants Loan to value	Interest cover
£20.0 million	£20.0 million	October 2017	60%	200%
€2.5 million	€2.5 million	June 2017	70%	125%
£95.0 million	£95.0 million	July 2018	60%	175%
€100.0 million	€100.0 million	July 2018*	-	-
€106.1 million	€106.1 million	December 2018	65%	200%
€187.6 million	€187.6 million	February 2019	65%	185%
€50.0 million	€40.0 million	September 2019	65%	200%
€145.0 million	€145.0 million	June 2021	65%	150%
€5.6 million	€5.6 million	March 2025	-	-

* In July 2013, Hansteen (Jersey) Securities Limited issued €100 million of convertible bonds with a coupon of 4.0%. The bonds will, subject to the satisfaction of certain conditions, be convertible into ordinary shares of the Company. Bonds can be converted at the option of the bond holder from 15 July 2016. The initial conversion price was set at a premium of 22.5% above the volume weighted average share price between launch and pricing, and will be subject to adjustments pursuant to the terms and conditions of the bonds. No Bond holders have exercised their conversion rights as at the date of signing these condensed financial statements.

Under the terms of the bonds, the Company will have the right to elect to settle any conversion entirely in ordinary shares of the Company, cash or a combination of shares and cash. If not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par in July 2018.

Security for secured borrowings at 30 June 2016 is provided by charges on property with an aggregate carrying value of £1,181.2 million (31 December 2015: £1,037.0 million).

	%	**30 June 2016 £m**	%	31 December 2015 £m
Interest rate and currency profile				
Euro	**2.6**	**502.8**	2.7	463.5
Sterling	**2.5**	**115.0**	2.3	77.5
	2.6	**617.8**	2.6	541.0

Reconciliation of movement in net debt in the period

	30 June 2016 £m	31 December 2015 £m
Net debt at beginning of period	**441.2**	397.8
Cash flow		
Net decrease in cash and cash equivalents	**23.2**	44.9
New bank loans raised and acquired (net of expenses)	**149.2**	84.0
Bank loans repaid (net of expenses)	**(111.0)**	(63.4)
Repayments of obligations under finance leases	**(0.1)**	(0.2)
Other		
Foreign exchange movements recognised in equity	**40.8**	(19.8)
Foreign exchange movements recognised in the income statement	**9.3**	(4.4)
Amortisation of bank loan fees	**1.4**	2.3
Net debt at end of period	**554.0**	441.2

Net debt to equity ratio	**30 June 2016 £m**	31 December 2015 £m
Obligations under finance leases	**2.6**	2.4
Borrowings	**512.8**	428.7
Convertible bond	**99.8**	107.5
Less mark-to-market on convertible bond	**(17.0)**	(34.0)
Cash and cash equivalents	**(44.2)**	(63.4)
Net debt	**554.0**	441.2
Equity attributable to equity holders of the parent	**863.9**	806.2
Net debt to equity ratio	**64.1%**	54.7%
Carrying value of investment and trading properties	**1,234.0**	1,071.5
Net debt to value ratio	**44.9%**	41.2%

15. Share capital

		30 June 2016		31 December 2015
	Number (m)	**£m**	Number (m)	£m
Issued and fully paid ordinary shares of 10p each				
At start of the period	**721.5**	**72.2**	685.6	68.6
Equity raised	**24.3**	**2.4**	35.7	3.6
Share options exercised	**-**	**-**	0.2	-
At end of period	**745.8**	**74.6**	721.5	72.2

The share capital comprises one class of ordinary shares carrying no right to fixed income. There are no restrictions on the size of a shareholding or the transfer of shares, except for UK REIT restrictions.

The equity raised in 2016 relates to equity issued in respect of the Founder Long Term Incentive Plan for the performance period ended 31 December 2015.

During the period, the Company acquired some of its own shares in order to settle obligations under the Performance Share Plan arrangement. A summary is presented below:

	Number (m)	**£m**
At 1 January 2016	1.5	1.7
Acquired	0.6	0.6
Issued to employees	(0.1)	(0.1)
At 30 June 2016	**2.0**	**2.2**

16. Net cash inflow from operating activities

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m
Profit for the period	**50.4**	87.7
Adjustments for:		
Share-based employee remuneration	**0.5**	7.1
Depreciation of property, plant and equipment	**0.1**	0.1
Share of results of associates and gain on sale of associate	**(12.0)**	(22.6)
Negative goodwill and other gains	**(0.4)**	-
Gains on investment properties	**(13.8)**	(79.0)
Net finance costs	**2.4**	15.3
Tax charge	**4.4**	16.0
Operating cash inflows before movements in working capital	**31.6**	24.6
Decrease/(increase) in trading properties	**0.9**	(0.1)
Increase/(decrease) in receivables	**2.4**	(2.3)
(Decrease)/increase in payables	**(14.8)**	3.5
Cash generated by operations	**20.1**	25.7
Income taxes paid	**(1.8)**	(4.0)
Interest paid	**(8.9)**	(8.4)
Net cash inflow from operating activities	**9.4**	13.3

17. Financial instruments fair value disclosures

The table below sets out the categorisation of the financial instruments held by the Group at 30 June 2016. Where the financial instruments are held at fair value the valuation level indicates the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuations categorised as level 2 are obtained from third parties. If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

	Valuation level	**30 June 2016 £m**
Financial assets		
Designated as held for trading		
Currency options	2	-
Financial liabilities		
Designated as held for trading		
Interest rate caps and swaps	2	(5.6)
Fair value through profit and loss		
Convertible Bond	1	(99.8)

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

18. Events after the balance sheet date

On 15 July 2016 the Group acquired 66.7% of the share capital of Ashtenne Industrial Fund (General Partner) Limited taking its interest to 100%. On 26 and 27 July 2016 the Group acquired a further 86.5 million units in Ashtenne Industrial Fund Unit Trust for £39.5 million taking its holding in the unit trust to 100%. Accounting for the acquisition is yet to be completed.

On 27 July 2016 the Group refinanced both its existing loan secured against the UK and France portfolios and the loan secured against the AIF portfolio with a single loan facility totaling £330.0 million. This new facility replaces the £95.0 million corporate revolving credit facility and the £138.1 million loan in AIF due for repayment in July 2018 and October 2017 respectively. Hansteen has drawn £280.0 million of the facility with an all-in interest cost of 2.7% per annum.

INDEPENDENT REVIEW REPORT TO HANSTEEN HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 August 2016