THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares in Hansteen Holdings PLC you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

HANSTEEN HOLDINGS PLC

(Incorporated and registered in England and Wales with company number 5605371)

Notice of General Meeting

This document should read as a whole. Your attention is drawn to the letter from the Chairman of Hansteen Holdings PLC which is set out in this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

This document does not constitute an offer of securities and is accordingly not an approved prospectus for the purposes of, and as defined in, section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

Notice of a General Meeting of the Company to be held at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ at 10.30 a.m. on 25 September 2009 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the holding of the meeting. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

CONTENTS

DEFINITIONS

"Admission"	admission of the Ordinary Shares to the Official List and to trading on the Main Market, expected to be effective on 6 October 2009
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM
"Board"	the board of directors of the Company
"Capita Registrars"	a trading name of Capita Registrars Limited
"Companies Act 2006"	the Companies Act 2006 (as amended)
"Company" or "Hansteen"	Hansteen Holdings PLC
"Current Articles"	the articles of association of the Company currently in force
"Form of Proxy"	the form of proxy enclosed with this document for use by the Shareholders in connection with the General Meeting
"FSA"	the UK Financial Services Authority
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of the Company convened for 25 September 2009, notice of which is set out at the end of this document
"Group"	the Company and its subsidiaries and subsidiary undertakings at the date of this document
"HMRC"	HM Revenue & Customs
"London Stock Exchange" or "LSE"	London Stock Exchange plc, company number 2075721
"Main Market"	the main market of the London Stock Exchange
"New Articles"	the new articles of association of the Company proposed to be adopted at the General Meeting
"Notice"	the notice convening the General Meeting, which is set out at the end of this document
"Official List"	the Official List maintained by the FSA under Part VI of FSMA
"Ordinary Shares"	ordinary shares of 10p each in the share capital of the Company
"Prospectus Rules"	the Prospectus Rules published by the FSA
"REIT"	Real Estate Investment Trust
"REIT Regime"	the REIT Regime introduced by the Finance Act 2006
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the Notice
"Shareholders"	holders of Ordinary Shares
"Shareholder Rights Directive"	Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007
"Shareholder Rights Regulations"	Companies (Shareholders' Rights) Regulations 2009
"UK"	the United Kingdom of England, Scotland, Wales and Northern Ireland

PART I

Letter from the Chairman

Hansteen Holdings PLC

(Incorporated in England and Wales with company number 5605371)

Directors:	*Registered Office:*
James Hambro *(Chairman)*	1 Berkeley Street
Morgan Jones *(Joint Chief Executive)*	London
Ian Watson *(Joint Chief Executive)*	W1J 8DJ
Stephen Gee *(Non-executive Director)*	
Richard Mully *(Non-executive Director)*	

7 September 2009

Dear Shareholder

1. INTRODUCTION

The Company announced today that it proposes to convert into a Real Estate Investment Trust (or "REIT"), once it meets the relevant criteria.

Accordingly, the Company is convening a General Meeting for Shareholders to consider a resolution relating to the Company's conversion into a REIT (Resolution 1 seeks this approval). The purpose of this document is to explain the background to and the reasons for the proposed conversion to a REIT, to explain why the Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and to recommend that you vote in favour of the Resolutions.

The Company also announced on 7 September 2009 that it intends to move from AIM to the Official List and to trading on the Main Market, expected to be effective on 6 October 2009, thus enabling it to attain REIT status.

2. BACKGROUND TO REIT CONVERSION

The proposed conversion to a REIT is a change in Hansteen's tax status achieved by Hansteen notifying HMRC. Such change in status will have tax consequences for Hansteen and its Shareholders but, subject to Admission, Hansteen will remain listed on the Official List and its Ordinary Shares will continue to be traded on the Main Market. In connection with the conversion, it is proposed that certain amendments be made to the Current Articles. The proposed conversion of the Group to a REIT will take place on or after Hansteen's move to the Official List.

The amendments to the Current Articles are required for Hansteen to be confident that it should have the rights and powers to try and avoid certain additional tax charges that can arise under the REIT Regime. Although Hansteen's conversion into a REIT is not conditional on the amendments to the Current Articles being approved by the Shareholders, Hansteen may become liable for such additional tax charges if the amendments to the Current Articles are not approved. Consequently, if these amendments are not approved by Shareholders, the Board may reconsider its intention to convert the Company into a REIT.

3. IMPLICATIONS OF REIT STATUS FOR HANSTEEN

Tax implications

By converting to a REIT, members of the Group will no longer pay UK direct tax on the profits and gains from their qualifying property rental businesses in the UK and elsewhere, provided that they meet certain conditions. Non-qualifying profits and gains of the Group will continue to be subject to corporation tax as before.

On entering the REIT Regime, a tax entry charge will be payable by each UK resident body corporate that is a member of the Group and carries on a qualifying property rental business in the UK or overseas and any non-UK resident member of the Group that carries on a qualifying property rental business in the UK. That tax charge is equal to 2 per cent. of the aggregate market value of the property assets involved in that qualifying business immediately prior to entry into the REIT Regime.

Based on the last published valuation dated 31 May 2009, the Group's entry tax charge would be approximately £4m. However as a consequence of entering into the regime all UK deferred tax liabilities on the property assets used in the qualifying property business will be extinguished and, as noted above, the Group will no longer pay UK direct tax on future profits and gains from its qualifying property rental business.

Business implications

There are a number of conditions that need to be satisfied by the Group for it to qualify as a REIT and to maintain that status. These conditions are described in more detail in Part II. Such conditions include the ''balance of business'' conditions which, broadly, require a group's total income profits and the value of its assets from its property rental business to be at least 75 per cent. of its total income profits and the value of the group's total assets.

In addition to the conditions there are various restrictions under the REIT Regime which, if not complied with, will result in additional tax charges on the Group company. One of these restrictions is the ''interest cover ratio'', which has the effect of limiting the amount of debt that can be incurred by the qualifying property rental business. It is expected that the Group should satisfy the ''balance of business'' conditions and the ''interest cover ratio'' and should not need to change its business model to continue to satisfy those requirements.

Dividend policy

If the Group converts to a REIT it will need to comply with the REIT Regime's distribution condition, such that 90 per cent. of the income profits of the qualifying property rental business in the relevant accounting period are distributed. This condition is consistent with Hansteen's existing policy of distributing a significant proportion of investment profit.

4. IMPLICATIONS OF REIT STATUS FOR HANSTEEN SHAREHOLDERS

The conversion of the Group into a REIT will affect Hansteen Shareholders' tax position in respect of the receipt of dividends paid under the REIT Regime. If conversion occurs as intended, the first distribution that Hansteen could make under the REIT Regime would relate to profits for part of the year ended 31 December 2009. The amount and payment date of any such distribution will be announced with the preliminary results for the year ended 31 December 2009. Information relating to the tax implications for Hansteen Shareholders can be found in Part III which contains a summary of the UK tax treatment of certain Hansteen Shareholders after entry into the REIT Regime. The implications can vary from shareholder to shareholder, and therefore, if you are in any doubt about your tax position, you should consult your own appropriate independent professional adviser.

5. REASONS FOR PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

It is proposed that the New Articles be adopted to reflect changes required as a result of the conversion to a REIT, the implementation of the remaining provisions of the Companies Act 2006 and the implementation of the Shareholder Rights Directive, which are explained in summary below. Resolution 1 is required to adopt the New Articles and it will only become effective on 1 October 2009 subject to Shareholder approval.

Under the REIT Regime, a tax charge may be levied on the Company if it makes a distribution to a company beneficially entitled (directly or indirectly) to 10 per cent. or more of the Ordinary Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company. If, however, the Company has taken “reasonable steps” to prevent the possibility of such a distribution being made, then this tax charge should not arise. The amendments to the Current Articles relating to the REIT are intended to give the Board the powers it needs to demonstrate to HMRC that such “reasonable steps” have been taken. The Board considers these proposals are consistent with the HMRC guidance on what constitutes “reasonable steps”.

We are also asking Shareholders to approve a number of additional amendments to the Current Articles to reflect the implementation of the remaining provisions of the Companies Act 2006 which come into force on 1 October 2009 and the implementation of the Shareholder Rights Directive (which is explained in paragraph 7 in further detail below).

The principal changes introduced in the New Articles are summarised in Part IV. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform have not been noted in Part IV. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 19 of this document.

6. EXIT FROM THE REIT REGIME

Any member of the Group can give notice to HMRC that it wants to leave the REIT Regime at any time. The Board retains the right to decide to exit the REIT Regime at any time in the future, without Shareholder consent, if it considers this to be in the best interests of the Group and the Shareholders taken as a whole.

If a member of the Group voluntarily leaves the REIT Regime within ten years of joining and disposes of any property or other asset that was involved in its qualifying property rental business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposal on entry into the REIT Regime is disregarded in calculating the gain or loss on the disposal. However, there is no repayment of the entry charge in these circumstances.

It is important to note that the Company cannot guarantee continued compliance of the Group with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances. HMRC may require a member of the Group to exit the REIT Regime if:

(A) it regards a breach of the “balance of business” conditions, failure to satisfy the conditions relating to the tax-exempt business, or an attempt by any member of the Group to avoid tax, as sufficiently serious;

(B) a member of the Group has committed a certain number of minor or inadvertent breaches in a specified period; or

(C) HMRC has given a member of the Group at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to share capital of the Company and the prohibition on entering into loans with abnormal returns are breached or the Company ceases to be UK resident, becomes dual resident or becomes an open-ended company, ceases to be listed (unless caused by a takeover by another REIT) or (in certain circumstances) ceases to fulfil the close condition (which is described in Part II), the Group will automatically lose REIT status. Where the Group is required to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is treated as exiting the REIT Regime.

Shareholders should note that is its possible that the Group could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT) or due to a breach of the close company condition (described in Part II) if it is unable to remedy the breach within a specified timeframe.

7. NOTICE OF GENERAL MEETING

The Shareholder Rights Directive, which seeks to facilitate and encourage effective shareholder control in EU companies by enabling shareholders to exercise their voting rights and rights to information more easily, was implemented in the UK on 3 August 2009 by The Companies (Shareholders' Rights) Regulations 2009. One of the requirements of the Shareholder Rights Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. We are currently able to call general meetings (other than annual general meetings) on 14 days' notice We are proposing a resolution at the General Meeting so that we can continue to be able to do so. Resolution 2 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Shareholder Rights Directive before it can call a general meeting on 14 days' notice.

In addition to the new notice requirements for general meetings, various other changes have been brought in by the Shareholder Rights Directive. These changes apply in relation to meetings of which notice is given after 3 August 2009. Accordingly, it is proposed that some amendments to the Current Articles are made to reflect the implementation of the Shareholder Rights Directive. The principal changes introduced in the New Articles are summarised in Part IV.

8. GENERAL MEETING

At the end of this document you will find a notice convening the General Meeting to be held at 21 Tudor Street, London, EC4Y 0DJ at 10.30 a.m. on 25 September 2009 to consider and, if thought fit, pass the following resolutions for the purposes of giving effect to the Company's conversion into a REIT and to effect the other matters referred to in this letter:

(A) **Resolution 1:** a special resolution to adopt the New Articles; and

(B) **Resolution 2:** a special resolution to allow general meetings to be called on not less than 14 days' notice.

9. ACTION TO BE TAKEN

General Meeting

A Form of Proxy for use by the Shareholders in relation to the General Meeting, as applicable, is enclosed with this document. Whether or not you intend to be present at the meeting, the Form of Proxy should be completed in accordance with its instructions and returned by post or (during normal business hours only) by hand to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible, but in any event so as to be received by no later than 48 hours prior to the time of the General Meeting. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person, if you so wish.

CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Parts II to V of this document.

11. RECOMMENDATION

The Board considers that the passing of the Resolutions is in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors have irrevocably undertaken to do in respect of their total holding of 9,250,000 Ordinary Shares.

PART II

The REIT Regime

This Part II is intended as a general guide only and constitutes a high-level summary of the Company's understanding of current UK law and HMRC's published guidance on the REIT Regime, each of which are subject to change, possibly with retrospective effect. It is not advice and should not be relied upon as such.

OVERVIEW

The REIT Regime introduced by the Finance Act 2006 was introduced to encourage greater investment in the UK property market and followed the introduction of similar legislation in other European countries, as well as the long-established regimes in the United States, Australia and the Netherlands.

In this Part, "**Group**" means a body corporate and all of its "**75 per cent. subsidiaries**" and any of their 75 per cent. subsidiaries and so on, provided that the principal company in the Group is beneficially entitled to more than 50 per cent. of the subsidiary's profits which are available for distribution to equity holders of the subsidiary, and more than 50 per cent. of any assets of the subsidiary available for distribution to its equity holders on a winding-up (but excluding insurance companies as defined in Section 431(2) of the Income and Corporation Taxes Act ("**ICTA**") or open ended investment companies as defined in Section 236 of the Financial Services and Markets Act 2000 and, in each case, their subsidiaries). A body corporate is a "**75 per cent. subsidiary**" of another if the other is the beneficial owner (directly or indirectly) of at least 75 per cent. of its ordinary share capital.

Investing in property through a corporate investment vehicle (such as the Company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder effectively suffer tax twice on the same income – first, indirectly, when members of the Group pay UK direct tax on their profits, and secondly, directly (subject to any available exemption or with the benefit of a tax credit) when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a REIT in a manner they do not suffer if they were to invest directly in the property assets. As a REIT, UK resident Group members and non-UK resident Group members with a UK qualifying property rental business would no longer pay UK direct taxes on their income and capital gains from their qualifying property rental business in the UK and elsewhere (the "**Tax-Exempt Business**"), provided that certain conditions are satisfied. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as UK property income in the hands of Shareholders (Part III contains further detail on the UK tax treatment of Shareholders after the Group's entry into the REIT Regime). However, overseas corporate income tax is still payable in the normal way in respect of the property rental business carried on outside the UK, and UK and overseas direct taxes are still payable in respect of any income and gains from the Group's business (generally including any property trading business) not included in the property rental business (the "**Residual Business**").

In this Part, "**property rental business**" means a business within the meaning of Section 205 of the Corporation Tax Act 2009 ("**CTA**") or an overseas property business within the meaning of Section 206 CTA, but, in each case, excluding certain specified types of business. A "**qualifying property rental business**" means a property rental business fulfilling the conditions in Section 107 of the Finance Act 2006.

While within the REIT Regime, the Tax-Exempt Business will be treated as a separate business for corporation tax purposes from the Residual Business and a loss incurred by the Tax-Exempt Business cannot be set off against profits of the Residual Business (and *vice versa*).

The principal company of the REIT (which, for the purposes of this Part, will be the Company) will be required to distribute to shareholders (by way of dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of the income profits (broadly, calculated using normal tax rules) of the UK resident members of the Group in respect of their Tax-Exempt Business and of the non-UK resident members of the Group insofar as they derive from their UK qualifying property rental business arising in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this document, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

A dividend received by a shareholder of the principal company in respect of profits and gains of the Tax-Exempt Business of the UK resident members of the Group or in respect of the profits or gains of a non-UK resident member of the Group insofar as they derive from their UK qualifying property rental business is referred to in this document as a "**Property Income Distribution**" or "**PID**". Any other dividend received by a shareholder of a REIT will be referred to herein as a "**Non-PID Dividend**".

The treatment of a dividend paid by the principal company in the first year after it becomes a REIT should depend on whether it is paid out of profits that existed before or after the Group became a REIT. For example, if the Group converts into a REIT on 6 October 2009 a dividend announced or declared later may be paid partly out of profits earned prior to the Group becoming a REIT and partly out of profits earned subsequently and would therefore comprise partly a PID and partly a Non-PID Dividend. The principal company will provide shareholders with a certificate setting out how much of their dividend is a PID and how much is a Non-PID Dividend.

Subject to certain exceptions, Property Income Distributions will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT Regime are contained in Part III below.

QUALIFICATION AS A REIT

A Group becomes a REIT by the principal company serving notice on HMRC before the beginning of the first accounting period for which it wishes the Group members to become a REIT. In order to qualify as a REIT, the principal company and the Group must satisfy certain conditions set out in the Finance Act 2006. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs (A), (B), (C) and (D) below and the Group members must satisfy the conditions set out in paragraph (E).

(A) Company Conditions

The principal company must be a solely UK resident, close-ended company whose ordinary shares are listed on a recognised stock exchange, such as the London Stock Exchange. The principal company must also not (apart from in one exceptional circumstance) be a "**close company**" (as defined in Section 414 of ICTA as amended by Section 106(6) of the Finance Act 2006 (the "**close company condition**")). In summary, the close company condition amounts to a requirement that not less than 35 per cent. of the principal company's shares are listed on a registered stock exchange and beneficially held by the public and for this purpose the 'public' excludes directors of the principal company and certain of their associates, and shareholders who, alone or together with certain associates, control more than 5 per cent. of the principal company's share capital.

(B) Share Capital Restrictions

The principal company must have only one class of ordinary shares in issue and the only other shares it may issue are non-voting relevant preference shares (as defined in Section 106(7) Finance Act 2006).

(C) Restrictions on Types of Borrowings

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

(D) Financial Statements

The principal company must prepare financial statements ("**Financial Statements**") in accordance with statutory requirements and submit these to HMRC. The Financial Statements must set out the information about the property rental business, the Tax-Exempt Business and the Residual Business separately. The REIT Regime specifies the information to be included and the basis of preparation of the Financial Statements.

(E) Conditions for the property rental business

The property rental business must satisfy the conditions summarised below in respect of each accounting period during which the Group is to be treated as a REIT:

(i) the property rental business must throughout the accounting period involve at least three properties;

(ii) throughout the accounting period no one property may represent more than 40 per cent. of the total value of all the properties involved in the property rental business. Assets must be valued in accordance with International Accounting Standards ("**IAS**") and at fair value when IAS offers a choice between a cost basis and a fair value basis;

(iii) treating all members of the Group as a single company, the property rental business must not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice;

(iv) at least 90 per cent. of the amounts shown in the financial statements of the Group members as income profits (broadly, calculated using normal tax rules) of the UK resident members of the Group arising in respect of their Tax-Exempt Business in the accounting period, and the income profits of the non-UK resident members of the Group insofar as they arise in respect of such members' UK qualifying property rental business in the accounting period, must (to the extent permitted by law) be distributed to shareholders of the principal company in the form of a dividend (a PID) on or before the filing date for the principal company's tax return for the accounting period (the "**90 per cent. distribution test**"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the 10 per cent. rule (as described in (C) below (the "**10 per cent. rule**")) will be treated as having been paid;

(v) the income profits arising from the property rental business must represent at least 75 per cent. of the Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits calculated in accordance with IAS before deduction of tax but excluding realised and unrealised gains and losses on the disposal of property, changes in the fair values of hedging derivative contracts (within the meaning of Section 120(4) of the Finance Act 2006) and items which are outside the ordinary course of the relevant company's business (irrespective of their treatment in that company's accounts) having agreed to that company's past transactions; and

(vi) at the beginning of the accounting period the value of the assets in the property rental business must represent at least 75 per cent. of the total value of assets held by the Group (the "**75 per cent. assets test**"). Assets must be valued in accordance with IAS and at fair value where IAS offers a choice of valuation between cost basis and fair value and in applying this test no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

EFFECT OF BECOMING A REIT

(A) Entry Charge

Each UK resident member of the Group that carries on a qualifying property rental business in the UK or overseas and any non-UK resident member of the Group that carries on a qualifying property rental business in the UK will be liable to pay an entry charge broadly equal to 2 per cent. of the aggregate market value of the properties and other assets involved in that business.

This can be paid at the same time as corporation tax is payable in respect of the first accounting period following entry into the REIT Regime. The entry charge is payable in line with the normal dates for payment of corporation tax applicable in the period in which the REIT conversion takes place, with an option to pay in instalments over a four year period.

There is no equivalent entry charge if a member of the Group buys a property following its entry into the REIT Regime. However, if the Group were to acquire a company that is not a REIT, a similar entry charge will apply in respect of the property owned by the acquired company. See also (L) (Acquisitions and Takeovers) below for more information regarding this charge.

(B) Tax Savings

As a REIT, the Group will not pay UK direct tax on profits and gains from the Tax-Exempt Business.

UK corporation tax will still apply in the normal way in respect of the Residual Business and taxable items may include certain trading income, certain dividend income and capital gains on disposals of subsidiaries. However, interest payable, administrative costs and tax losses brought forward may be deductible and therefore the Group may not have tax payable in respect of its Residual Business.

Overseas tax will continue to be payable on the Group's property rental business carried on in its UK and non UK tax resident companies.

The Group would also continue to pay indirect taxes such as VAT, stamp duty land tax, stamp duty and payroll taxes (such as national insurance) in the normal way.

(C) The "10 per cent. Rule"

The principal company may become subject to an additional tax charge if it pays a dividend to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this restriction only applies to shareholders that are companies (as defined by Section 832 ICTA) and to certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements. It does not apply to nominees.

This tax charge should not be incurred if the principal company has taken reasonable steps to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that the principal may take to show it has taken such "**reasonable steps**". One of these actions is to include restrictive provisions in the principal company's articles of association to address this requirement. The proposed amendments to the Current Articles are considered to be consistent with the provisions described in the HMRC guidance.

(D) Dividends

When the principal company pays a dividend (subject to the treatment of dividends paid in the first year of being a REIT – see "**Overview**" section above), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities not in the Tax Exempt Business. Any remaining balance of the dividend (or other distribution) will be deemed generally to be a PID, first in respect of the income profits for the current year or previous years out of which a PID can be paid, and after these have been distributed in full, in respect of certain capital gains which are exempt from tax by virtue of the REIT Regime. Any remaining balance will be attributed to other distributions. Dividends paid by the principal company after exiting from the REIT Regime may nevertheless be PIDs for a transitional period.

(E) Financial Statements

As set out above, a REIT will be required to submit Financial Statements to HMRC.

(F) Interest Cover Ratio

A tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) of the UK resident members of the Group plus the UK income profits of any non-UK resident member of the Group, in each case, in respect of its Tax-Exempt Business plus the financing costs incurred in respect of the Tax-Exempt Business of the Group, to the financing costs incurred in respect of the Tax-Exempt Business of the Group, excluding certain intra-group financing costs, is less than 1.25. This ratio is calculated by reference to the Financial Statements. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

(G) Property Development and Property Trading by a REIT

A property development by a member of the Group can be within the Tax-Exempt Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of (a) the date on which the relevant company becomes a member of a REIT, and (b) the date of the acquisition of the development property, and the REIT sells the development property within three years of completion, the property will be treated as never being part at the Tax-Exempt Business.

If a member of the Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Tax-Exempt Business.

(H) Certain Tax Avoidance Arrangements

If HMRC believes that a member of the Group has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the property rental business.

(I) Movement of Assets In and Out of Tax-Exempt Business

In general, where an asset owned by a UK resident member of the Group and used for the Tax Exempt Business begins to be used for the Residual Business, there will be a tax free step up in the base cost of the property. Where an asset owned by a UK resident member of the Group and used for the Residual Business begins to be used for the Tax-Exempt Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and to development property.

(J) Funds awaiting reinvestment

Where an asset used exclusively in the Tax-Exempt Business is sold, the legislation provides for the sale proceeds to be treated as assets of the Tax-Exempt Business for the purposes of the 75 per cent. assets test for two years following the disposal, provided that they are held as cash or cash equivalents. However, any interest earned on that cash is treated as part of the Residual Business and is therefore taxable.

(K) Joint Ventures

The REIT rules also make certain provisions for corporate joint ventures. If one or more members of the Group are beneficially entitled, in the aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding-up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the "**JV company**") and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Tax-Exempt Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test and the 75 per cent. profits test, and its assets will count towards the 75 per cent. assets test and the entry charge to the extent of the Group's interest in the JV company.

The Company's share (directly or indirectly) of the underlying income and gains arising from any interest in a tax transparent vehicle, including off shore unit trusts or partnerships, should automatically fall within the REIT tax exemption.

(L) Acquisitions and Takeovers

If a member of the Group acquires another REIT, no entry charge will be payable. However, if a company which is not a REIT joins the Group, the entry charge will be payable on the assets constituting qualifying property rental business of the target company.

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Tax-Exempt Business and capital gains on disposal of properties in the Tax-Exempt Business. There is no entry charge as a result of the acquired REIT joining the acquiror's group and the properties of the acquired REIT are not treated as having been sold and reacquired at market value.

The position is different where a REIT is taken over by an acquiror which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from tax exemptions on the profits of its Tax-Exempt Business and capital gains on disposal of property forming part of its Tax-Exempt Business. The properties in the Tax-Exempt Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax free as they are deemed to have been made at a time when the acquired REIT was still in the REIT Regime and future capital gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

EXIT FROM THE REIT REGIME

A member of the Group can give notice to HMRC that it wants to leave the REIT Regime at any time. The Board retains the right to decide that any company in the Group should exit the REIT Regime at any time in the future without shareholder consent if it considers this to be in the best interests of that company.

If a company voluntarily leaves the REIT Regime within ten years of joining and disposes of any property or other asset that was involved in its qualifying property rental business in the UK within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposal on entry into the REIT Regime is disregarded in calculating the gain or loss on the disposal. However, there is no repayment of the entry charge in these circumstances.

It is important to note that it cannot be guaranteed that all members of the Group will continue to comply with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances. HMRC may require any member of the Group to exit the REIT Regime if:

- it regards a breach of the conditions, failure to satisfy the conditions relating to the Tax-Exempt Business, or an attempt by the Group to avoid tax, as sufficiently serious;
- a company has committed a certain number of minor or inadvertent breaches of the conditions in a specified period; or
- HMRC has given a company two or more notices in relation to the avoidance of tax within a ten year period of the first notice having been given.

In addition, if the conditions for REIT status relating to the share capital of the principal company and the prohibition on entering into loans with abnormal returns are breached or ceases to be UK resident, becomes dual resident or an open-ended company, ceases to be listed or (in certain circumstances) ceases to fulfil the close company condition (as described above), it will automatically lose REIT status. Where a company is required by HMRC to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which that company is treated as exiting the REIT Regime.

Shareholders should note that it is possible that a member of the Group could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT) or other circumstances outside the Group's control.

PART III

United Kingdom tax treatment of certain Shareholders after entry into the REIT Regime

INTRODUCTION

This Part III is intended as a general guide only and is based on the Company's understanding of current UK tax law and HMRC practice based on published guidance to date, each of which is subject to change, possibly with retrospective effect. This is not advice and should not be relied upon as such.

The following paragraphs relate only to certain limited aspects of the UK taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Ordinary Shares, in each case after the effective date of the Group's conversion into a REIT. Except where otherwise indicated, they apply only to Shareholders who are both resident and ordinarily resident for tax purposes solely in the UK. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders, as defined in Part IV. They do not apply to certain categories of Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their Ordinary Shares by reason of their or another's employment, persons who hold their Ordinary Shares as part of hedging or conversion transactions, persons who hold their Ordinary Shares by virtue of an interest in any partnership, collective investment scheme, insurance company, life assurance company or mutual company, or to Lloyds members. Except where otherwise indicated in paragraph B(iv)(d) below, they do not apply to charities, trustees or pension scheme administrators or persons who hold their Ordinary Shares in connection with a UK branch, agency or permanent establishment.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the UK, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

(A) UK taxation of Non-PID Dividends

Non-PID Dividends paid by the Company will be taxed in the same way as dividends paid by the Company prior to entry into the REIT Regime, whether in the hands of individual or corporate Shareholders.

(B) UK taxation of PIDs

(i) UK taxation of Shareholders who are individuals

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 4 of the Finance Act 2006 applies, treated as a separate UK property business from any other UK property business (a "**different UK property business**") carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the Shareholder's UK property business. No notional tax credit will be available in respect of PIDs.

Please see also paragraph B(iv) below.

(ii) UK taxation of corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property rental business within the meaning of Section 205 of the Corporation Tax Act 2009 ("**CTA**") or an overseas property business within the meaning of Section 206 CTA (a "**property rental business**"). A PID is, together with any property income distribution from any other company to which Part 4 of the Finance Act 2006 applies, treated as a separate property rental business from any other property rental business (a "**different property rental business**") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different property rental business cannot be off-set against a PID as part of a single calculation of the Shareholder's profits from a property rental business.

Please see also paragraph B(iv) below.

(iii) UK taxation of Shareholders who are not resident for tax purposes in the UK

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding.

Please see also paragraph B(iv) below.

(iv) Withholding tax

(a) General

Subject to certain exceptions summarised at paragraph B(iv)(d) below, the Company is required to withhold tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(b) Shareholders solely resident and ordinarily resident In the UK

Where tax at the basic rate has been withheld at source, Shareholders who are individuals may, depending on their individual circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Corporate Shareholders may, depending on their individual circumstances, be liable to pay corporation tax on their PID but they should note that, where tax at the basic rate is withheld at source, the tax withheld can be set against their liability to income or corporation tax in the accounting period in which the PID is received.

(c) Shareholders who are not resident for tax purposes in the UK

Shareholders are unlikely to be able to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double tax convention between the UK and the country in which the Shareholder is resident.

(d) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company must not withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a company resident for tax purposes outside the UK with a permanent establishment in the UK or which is required to bring the PID into account in computing its chargeable profits, a charity or a body mentioned in section 507(l) ICTA which is allowed the same exemption from tax as charities. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP) or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Company's registrars, Capita Registrars). Shareholders should note that the Company may seek recovery from a Shareholder if the statements made in its claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been a mistake.

(C) UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of Ordinary Shares

Subject to the paragraph headed "Introduction', above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

(i) UK taxation of chargeable gains

Chargeable gains arising on the disposal of Ordinary Shares following entry into the REIT Regime should be taxed in the same way as chargeable gains arising on the disposal of Ordinary Shares prior to entry into the REIT Regime. The entry of the Group into the REIT Regime will not constitute a disposal of Ordinary Shares by Shareholders for UK chargeable gains purposes.

(ii) UK stamp duty and SDRT

A conveyance or transfer on sale or other disposal of Ordinary Shares following entry into the REIT Regime will be subject to UK stamp duty or SDRT in the same way as it would have been prior to entry into the REIT Regime.

PART IV

Description of the proposed amendments to the Company's Articles of Association

As set out in the Letter from the Chairman, it is proposed that the New Articles be adopted to reflect changes required as a result of the conversion to a REIT, the implementation of the remaining provisions of the Companies Act 2006 and the implementation of the Shareholder Rights Directive. Further details on the required changes are set out below.

PROPOSED AMENDMENTS REQUIRED FOR CONVERSION TO A REIT

It is proposed that the Current Articles should be amended in order to enable the Company to demonstrate to HMRC that it has taken reasonable steps to avoid paying a dividend (or making any other distribution) to a Substantial Shareholder. For these purposes a "**Substantial Shareholder**" is a Company that:

(i) is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company's dividends;

(ii) is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company's share capital; or

(iii) controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company.

Ordinary Shares held as nominee are disregarded for this purpose.

For these purposes a "**Company**" includes any body corporate and certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a tax charge.

The proposed amendments to the Current Articles involve the insertion of a new section entitled "Real Estate Investment Trust" (the "**new Section**"). The new Section is set out in the New Articles, which will be available for inspection on the Company's website, www.hansteen.co.uk from 7 September 2009 until the time of the general meeting and at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ for at least 15 minutes prior to the general meeting and during the general meeting.

The new Section:

(i) provides the Directors with powers to identify Substantial Shareholders;

(ii) prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;

(iii) allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares; and

(iv) seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in (iii) are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

References in this Part IV to a "**Substantial Shareholding**" are to the Ordinary Shares in respect of which a Substantial Shareholder is entitled to dividends, directly or indirectly, and/or to which a Substantial Shareholder is beneficially entitled, directly or indirectly, and/or the votes attached to which are controlled, directly or indirectly, by the Substantial Shareholder. References in this Part IV to dividends include other distributions.

The effect of the new Section is explained in more detail below:

(A) Identification of Substantial Shareholders

The share register of the Company records the legal owners and the number of Ordinary Shares they own in the Company but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the Ordinary Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in the Disclosure and Transparency Rules under the Financial Services and Markets Act 2000 and the Board's right to require disclosure of such interests (pursuant to part 22 of the Companies Act 2006) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the new Section would require a Substantial Shareholder and any registered Shareholder holding Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. If a person is a Substantial Shareholder at the date the new Section is adopted, that Substantial Shareholder (and any registered Shareholder holding Ordinary Shares on its behalf) must give such a notice within two business days after the date the new Section is adopted. The new Section gives the Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the Ordinary Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which would be seven days after a request is made or such other period as the Board may decide), the Board would be entitled to impose sanctions, including withholding dividends (as described in paragraph (B) below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph (E) below).

(B) Preventing payment of a dividend to a Substantial Shareholder

The new Section provides that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

(i) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph (C) below);

(ii) the shareholding is not part of a Substantial Shareholding;

(iii) all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends would be paid to the transferee); or

(iv) sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends would be paid on the retained Ordinary Shares).

For this purpose references to the "**transfer**" of an Ordinary Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Ordinary Share.

(C) Payment of a dividend where rights to it have been transferred

The new Section provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

(i) to ensure that the entitlement to future dividends will be disposed of; and

(ii) to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph (B) above).

In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may (as described in paragraph (E) below) arrange for the sale of the relevant Ordinary Shares and retain any such amount from the proceeds. Any such amount may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

(D) Trust arrangements where rights to dividends have not been disposed of by a Substantial Shareholder

The new Section provides that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or any other person nominated by the Board.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

(E) Mandatory sale of Substantial Shareholdings

The new Section also allows the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding if:

(i) a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);

(ii) there has been a failure to provide information requested by the Board; or

(iii) any information provided by any person proves materially inaccurate or misleading.

If a disposal of shares required by the Board is not completed within the timeframe specified by the Board or if the Company incurs a charge to tax as a result of a dividend having been paid on a Substantial Shareholding, the Board may arrange for the sale of the relevant Ordinary Shares.

(F) Takeovers

The new Section does not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Group to cease to qualify as a REIT.

(G) Other

The new Section also gives the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment. The new Section also confirms that it may be amended by special resolution passed by Shareholders in the future, including to give powers to the Directors to ensure that the company can comply with the close company condition, described in Part II paragraph (A) ("**Company Conditions**") of this document, which powers may include the ability to arrange for the sale of shares on behalf of Shareholders.

PROPOSED AMENDMENTS TO REFLECT THE COMPANIES ACT 2006

(A) The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 1 (A) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

(B) Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

(C) Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

(D) Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

(E) Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions are removed in the New Articles.

(F) Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

(G) Use of seals

A company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority will no longer be required. Accordingly the relevant authorisation are removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

(H) Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power is removed in the New Articles.

(I) Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

(J) General

Generally the opportunity has been taken to make those consequential changes necessary to reflect the fact that the Company intends to move to the Official List and to commence trading on the Main Market, to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

PROPOSED AMENDMENTS TO REFLECT THE SHAREHOLDER RIGHTS REGULATIONS

(A) Notice of general meeting

The New Articles will reflect the details to be contained in the notice of a meeting and to reflect the fact that such information will be made available on a website. The New Articles also introduce a requirement to determine a record date by reference to the register of members not more than 48 hours before the time for holding the meeting, not taking account of days which are not working days.

(B) Adjourned meetings

The New Articles will state that if a meeting is adjourned because of lack of quorum the adjourned meeting must be held at least 10 clear days after the original meeting.

(C) Votes of members

The New Articles clarify how a proxy who has been appointed by more than one member may vote on a show of hands and is under no obligation to check whether or not proxies/corporate representatives are voting in accordance with any instructions.

(D) Proxy instrument and corporate representatives

The New Articles reflect the requirement that the appointment of a proxy must be notified to the Company in writing and the Company must provide an electronic address for the receipt of proxies and information/documents relating thereto. The New Articles further clarify that if more than one person is authorised by a corporation, such corporate representatives of that corporation may exercise their powers on behalf of the corporation in a different manner in respect of different shares held by the corporation but not in respect of the same shares.

PART V

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held on 25 September 2009 at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ, at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which shall be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. That with effect from 00.01 a.m. on 1 October 2009:

   (A) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

   (B) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

2. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

BY ORDER OF THE BOARD
RICHARD LOWES
SECRETARY

7 September 2009

Hansteen Holdings PLC
1 Berkeley Street, London W1J 8DJ, United Kingdom
T: 020 7016 9022 F: 020 7016 9174 W: www.hansteen.co.uk
Reg No: 5605371

NOTES:

(1) Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member. A proxy need not be a member. To appoint more than one proxy you may photocopy the proxy form and indicate on each form the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice.

(2) Proxy Forms should be lodged with the Company's Registrar, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or submitted not later than 48 hours before the time for which the General Meeting is convened or, as the case may be, the adjourned meeting. Completion of the appropriate Proxy Form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes.

(3) In accordance with Section 325 of the 2006 Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

(4) In the case of joint holders, the vote of the senior who tenders the vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which names stand in the Company's relevant register of members for certificated or uncertificated shares of the Company (as the case may be) (the "Register") in respect of the joint holding

(5) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those ordinary Shareholders entered on the Register at 10.30 a.m. on 23 September 2009 (the "Specified Time") will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

(6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournments of it by using the procedures described in the CREST Manual.

(7) CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsors or voting service providers, who will be able to take the appropriate action on their behalf.

(8) For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for those instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company's agent (RA10) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. No messages received through the CREST network after this time will be accepted. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(9) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed voting service providers, to procure that its CREST sponsors or voting service providers take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(10) The New Articles will be available for inspection on the Company's website, www.hansteen.co.uk from 7 September 2009 until the time of the general meeting and at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ for at least 15 minutes prior to the general meeting and during the general meeting.