21 August 2019

Hansteen Holdings PLC

("Hansteen" or the "Group" or the "Company")

HALF YEAR RESULTS

Hansteen (LSE: HSTN), the investor in urban multi-let industrial property, announces its half year results for the six months ended 30 June 2019. The results were achieved with a substantially smaller capital base and property portfolio than in the comparative period following the return of capital to shareholders in 2018.

Financial highlights

- Six month total return to shareholders of 5.4% measured by EPRA NAV per share growth and dividends paid
- IFRS profit of £19.3 million (H1 2018: £29.1 million)
- Normalised Income Profit (NIP) of £11.2 million (H1 2018: £13.5 million[1])
- Normalised Total Profit (NTP) of £12.7 million (H1 2018: £20.1 million[1])
- EPRA NAV per share of 104.4p (31 December 2018: 102.7p[1])
- IFRS NAV per share of 104.3p (31 December 2018: 103.3p)
- October interim dividend of 2.0p per share (October 2018: 2.4p per share)

Operational highlights

- Property valuation increase of £8.5 million or 1.3%
- 373 new leases and renewals at an average contracted rent of £4.62/ sq ft (31 December 2018: £4.03/ sq ft)
- New leases and renewals 4.7% ahead of ERV at 31 December 2018 (H1 2018: 4.6%)
- £19.5 million of sales at an average yield of 3.4% generating profits of £1.5 million over 31 December 2018 valuation

Post balance sheet events

- Acquisition of seven assets for £4.1 million (including costs) reflecting a net initial yield of 9.0%.

Melvyn Egglenton, Chairman, commented: "In the six months to 30 June 2019 we produced growth in NAV per share, like-for-like property values, like-for-like rent roll, tone of rents and occupancy. In addition, we completed a small number of profitable sales and secured some good acquisitions. Our asset management team again performed strongly securing £7.2 million of contracted rent from 373 new leases and lease renewals at average rents that are 14.6% higher than the portfolio average at the start of the year."

Morgan Jones and Ian Watson, Joint Chief Executives, added: "Our yields are high, our occupancy is strong, and our rents are growing. We still think that the market undervalues the strength and reliability of the income our properties produce. Many of these properties have been owned by either Ashtenne or Hansteen for over 20 years and the returns produced by them on a long-term basis have outperformed most. Because of the continuing march in e-commerce and the consequent growth of occupational demand, we believe that the outperformance relative to the other property sectors will continue."

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1 Important Explanatory Notes about Alternative Performance Measures used in this Report:
The Group uses a number of Alternative Performance Measures ("APMs") which are not defined or specified within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and allow greater comparability between periods but do not consider them to be a substitute for or superior to IFRS measures. Key APMs used are Normalised Income Profit ("NIP"), Normalised Total Profit ("NTP") and measures defined by EPRA.

NIP and NTP are adjusted measures intended to show the underlying earnings of the Group before fair value movements and other non-recurring or otherwise non-cash items. Fair value movements include those in relation to investment property, financial assets and financial liabilities. Non-recurring or otherwise non-cash items include foreign exchange gains or losses and the Founder LTIP charge. A reconciliation of NIP and NTP to the Profit for the period prepared in accordance with IFRS is set out in note 10. A reconciliation of EPRA measures is included within note 11. A calculation of net debt and the net debt to value ratio is shown in the Chairman's interim statement.

Chairman's interim statement

In the six months to 30 June 2019 we produced growth in NAV per share, like-for-like property values, like-for-like rent roll, tone of rents and occupancy. In addition, we completed a small number of profitable sales and secured some good acquisitions. Our asset management team again performed strongly securing £7.2 million of contracted rent from 373 new leases and lease renewals at average rents that are 14.6% higher than the portfolio average at the start of the year.

During 2017 and 2018, our strategy was to realise the value growth across the portfolio, particularly continental Europe. In that period we sold £1.5 billion of property and returned more than £720 million to shareholders. In the Annual Report and Accounts for 2018 we set out a change to this strategy to one of maintaining and working our UK portfolio. This decision reflected the continued demand for industrial and logistic space despite an uncertain political and economic background and our wish to retain our asset management platform that we believe to be fundamental to our continued out-performance.

Results
We are pleased to report strong profits for H1 2019.

Normalised Income Profit (NIP) which measures repeatable earnings was £11.2 million. Normalised Total Profit (NTP) which adds realised returns such as profit on sale of properties was £12.7 million and IFRS profit after tax which include all of the above plus unrealised valuation changes was £19.3 million. The substantially smaller capital base and property portfolio in H1 2019 compared with H1 2018 explains the reduction in profits from the comparative period. The H1 2018 NIP was £13.5 million, NTP was £20.1 million and IFRS profit after tax was £29.1 million.

On a per share basis, NIP was 2.6p which when annualised represents a 5.1% income return on the opening EPRA NAV of 102.7p. On the same basis using NTP per share and IFRS earnings per share, the returns are 5.8% and 8.8% respectively. With the recent share price discount to EPRA NAV, each of these returns is enhanced for investors buying shares in the current market.

The high-income returns demonstrate not only the benefit of investing in the industrial sector but also the success of our team in reducing voids, achieving income growth and reducing overhead costs.

The table below sets out the calculation and results for NIP and NTP.

	H1 2019	H1 2018
	£m	£m
Property rental income	**24.0**	26.2
Direct operating expenses	**(3.1)**	(1.8)
Administrative expenses	**(6.0)**	(7.0)
Net interest payable	**(3.7)**	(3.9)
Normalised Income Profit (NIP)	**11.2**	13.5
Profit on sale of properties	**1.5**	6.4
Loss on trading properties	**(0.1)**	-
Other operating income	**0.1**	0.2
Normalised Total Profit (NTP)	**12.7**	20.1

Basic IFRS EPS was 4.5p (H1 2018: 7.1p) and EPRA EPS was 2.5p (H1 2018: -0.5p).

The Board regards EPRA NAV per share plus dividends and other returns to shareholders as the best measure of value growth. The Group's EPRA NAV per share at 30 June 2019 was 104.4p after paying a dividend of 3.8p in the period. The EPRA NAV per share at 31 December 2018 was 102.7p which equates to a 5.4% total return to shareholders for the six months to 30 June 2019.

The Group uses a number of alternative performance measures which are not defined within IFRS. The Board use these measures in order to assess the underlying realised profits from the business and as such these measures should be considered alongside the IFRS measures. A reconciliation of NIP and NTP to the IFRS profit before tax is contained in note 10 to the condensed financial statements. Basic NAV per share is reconciled to EPRA NAV per share in note 11 to the condensed financial statements.

Dividend
As reported in the 2018 Annual Report and Accounts, the Board expects to continue with a prudent progressive dividend policy adjusted for the 25% reduction in capital base following the £144.5 million or 35p per share that was returned to

shareholders in May 2018. The interim dividend in October 2018 was 2.4p per share which was equivalent to 1.8p per share when factoring in the return of capital. The Board is declaring an interim dividend of 2.0p per share, an increase of 11.1% on the adjusted October 2018 dividend.

The dividend will be paid as a Property Income Distribution (PID) on 25 October 2019. The associated record date is 27 September 2019 and the ex-dividend date is 26 September 2019.

Property portfolio

Despite the growing popularity of the industrial and logistics sector the yield from our portfolio remains high. The built portfolio has a yield of 7.6% on the passing rent (31 December 2018: 7.6%), 8.3% on the contracted rent (31 December 2018: 8.2%) and 9.2% on the valuer's ERV (31 December 2018: 9.2%). Including the 434.7 acres of undeveloped land, the total portfolio has a yield on the passing rent of 7.2% and a yield on the contracted rent of 7.7%. The summary analysis of the total portfolio, at 30 June 2019, is set out below:

	Number of properties	Built area (million sq ft)	Vacant area	Passing rent (£m)	Contracted rent (£m)	Value (£m)	Yield on passing rent	Yield on contracted rent	Yield on ERV
UK	246	12.7	8.0%	43.9	47.7	578.9	7.6%	8.2%	9.2%
Belgium & France	8	0.7	11.8%	2.4	2.4	26.3	9.1%	9.1%	9.5%
Total built portfolio	**254**	**13.4**	**8.2%**	**46.3**	**50.1**	**605.2**	**7.6%**	**8.3%**	**9.2%**

Once again, our asset management team performed strongly in the first six months of the year securing 373 new lettings and renewals at rent levels which were 4.7% higher than the ERV at 31 December 2018. Such positive leasing activity is testament to the relationships that our asset managers hold with our tenants and highlights their ability to find and secure new occupiers when a unit is vacant. The average rent achieved on these new lettings and renewals increased by 14.6% to £4.62/ sq ft compared with the average contracted rent of £4.03/ let sq ft at 31 December 2018. Like-for-like net occupancy has improved by 88,694 sq ft with like-for-like contracted rent increasing by £0.57 million.

Property valuation, disposals and acquisitions

The like-for-like value of the total portfolio (after disposals) has increased by £8.5 million or 1.3% since 31 December 2018. The UK portfolio increased by £9.7 million or 1.6% and the value of the Belgium and France portfolio decreased by £1.2 million or 4.3%. Despite the overall valuation increase, the growth in rents means the built portfolio retained a high yield of 7.6% on the passing rent and 8.3% on the contracted rent.

We have focused on realising returns from our remaining Continental European properties and our undeveloped land. In July we agreed in principle to sell our remaining property in France to the tenant and expect completion to take place before the end of this year. In relation to the land we have profitably sold 21.4 acres so far this year and have a further 17 acres under contract for sale, subject to planning permission.

In total, we completed eight opportunistic sales totalling £19.5 million at an average yield of just 3.4% which have generated profits of £1.5 million above the 31 December 2018 valuation. Most of these sales were negotiated before the last year-end and completed in the first quarter of 2019.

Competition for UK multi-let industrial properties remains high but there has been a marked decrease in the amount of available stock as investors weigh up the current political and economic uncertainty. In June we completed the purchase of three assets for £3.4 million and purchased another asset in July for £2.1 million. In August we have completed the purchase of a further seven assets for £4.1 million. In aggregate, these 2019 purchases are at a 9.0% yield. The purchases are small in scale but their small average unit sizes, large number of tenants and short lease lengths fit our existing portfolio very well.

Gearing
Borrowings of the Group are at historically low costs and at modest loan-to-values. We have a single revolving facility for the UK and France and a separate loan in Belgium.

At 30 June 2019, net debt was £209.6 million (31 December 2018: £193.9 million) and the net debt to value ratio was 32.3% (31 December 2018: 29.7%). The table below sets out the calculation of net debt and the net debt to value ratio:

	30 June 2019 £m	31 Dec 2018 £m
Lease liabilities – Belgium finance lease	**2.2**	2.2
Lease liabilities – Other leases	**2.8**	3.2
Bank borrowings	**233.2**	245.5
Capitalised bank loan fees	**(1.4)**	(1.9)
Cash and cash equivalents	**(27.2)**	(55.1)
Net debt	**209.6**	193.9
Carrying value of investment and trading properties externally valued	**646.9**	650.0
Carrying value of head leases	**2.1**	2.2
Total carrying value of investment and trading properties	**649.0**	652.2
Net debt to value ratio	**32.3%**	29.7%

As at 30 June 2019, the Group had total bank facilities of £333.2 million (31 December 2018: £333.5 million), of which £233.2 million were drawn (31 December 2018: £245.5 million). Borrowings are in the same currency as the assets against which they are secured. Cash resources were £27.2 million (31 December 2018: £55.1 million). The weighted average debt maturity, at 30 June 2019, was 2.1 years and the weighted average maturity of hedging was 2.1 years.

In addition to the bank loan facilities, the Group has a £2.2 million finance lease in place to fund a property in Belgium. As at 30 June 2019, the lease had an unexpired term of 3.5 years and an interest rate implicit in the lease of 1.7%.

In total at 30 June 2019, the Group had borrowings including obligations under finance leases, of £235.4 million (31 December 2018: £247.7 million) of which £150.0 million was swapped at an average rate of 0.53% and £50.0 million was capped at an average rate of 0.75%. The average all-in borrowing rate for the Group, at 30 June 2019, was 3.1% (31 December 2018: 3.1%).

Outlook
Urban multi-let industrial property is in strong demand from both occupiers and investors. The growth in e-commerce has boosted occupational demand with last mile delivery and goods returns accounting for some of this additional demand. However smaller multi-let units benefit differently to the big box logistic units but all of them generate increased demand for industrial warehousing over other forms of real estate. We have recently analysed a sample of our tenants to better understand the impact of the internet on their businesses.

Our survey found that:

- 91.4% of tenants surveyed market their products online.
- 30.5% of the tenants not only market online but take purchase orders on line.
- 27.1% of tenants in our industrial units would have operated in different property types (retail, office or leisure) prior to development of the internet.

The traditional occupiers in our sector continue to trade as strong as ever and some of them have grown faster as a result of incorporating the internet in their business models. However, some businesses which would have occupied other types of property can now beneficially operate from our type of units. Something common to many of our occupiers is that businesses which used to only trade 'business to business' are now able to deal directly with the end consumer enabling them to both grow and improve their margins.

The spread of uses in our type of properties are broader than they have ever been encompassing manufacturing, storage and delivery, retail, office, leisure and those tenants that do not fall within any particular use class, ranging from churches to micro- breweries. That incredible numerical, geographical and sectorial diversity gives our rent roll the solidity and resilience we have enjoyed for more than 20 years.

Our yields are high, our occupancy is strong, and our rents are growing. We think that the market under values the strength and reliability of the income our properties produce. Many of these properties have been owned by either Ashtenne or Hansteen for over 20 years and the returns produced by them on a long-term basis have outperformed most. Because of the continuing march in e-commerce and the consequent growth of occupational demand we believe that the out- performance relative to the other property sectors will continue.

Melvyn Egglenton
Chairman
20 August 2019

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 Board continues to monitor the developments in the Brexit negotiations with a view to assessing the potential impact on the business. The uncertain outcome of the negotiations makes it difficult to assess the potential impact on the business, but the Board considers that the principal risks set out below deal with the potential consequences that might result from the failure to agree satisfactory terms with the EU such as tenant failure, recession and reduced profitability and lack of availability of capital.

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:

Principal Risk	Cause	Impact	Probability	Risk Management
Over reliance on key executives.	High dependence on Joint Chief Executives.	High	Medium	The Board believes such risk is to some extent mitigated through the appointment and support of high calibre employees and professional advisors. All such appointments are approved by a member of the Board and performance is monitored regularly.
Tenant failure. Recession and reduced profitability.	Over reliance on income from one particular type of tenant exposing the Group to industry specific periods of recession.	High	Low	Whilst there is always a risk that recession or new legislation may affect specific industry types, the Board is satisfied that Hansteen's exposure is mitigated by operating with an extremely diverse tenant base without reliance on any particular tenants or industries. Vacancy rates, arrears and bad debts are monitored on a regional basis with trends investigated to determine any systematic problems with a portfolio or type of tenant.
Lack of availability of capital.	Banks under internal pressure to improve liquidity. Banks considering unutilised loans too expensive.	High	Medium	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 appraised of commercial opportunities and alert to any potential issues early on. Hansteen also considers alternative sources of finance to develop its strategy and reduce exposure.
Information and cyber security breaches resulting in data leakage, financial loss, reputational damage or business disruption.	Failure to protect information and information systems from unauthorised access, misuse, disruption, modification or destruction.	High	Medium	The Board believes this risk to be mitigated to some extent by the Group outsourcing much of its day-to-day processing to reputable third party organisations. Due diligence designed to assess the integrity of third party processes and systems is undertaken by management as part of the tendering and appointment process and is maintained on an on-going basis. Internally, the Group has developed policies and procedures designed to mitigate information and cyber security risk as far as possible, these include: the secure encryption of all payroll and personal data, rigorous use of passwords and firewall defences, externally facilitated staff training programmes, bulletins to raise risk awareness and encourage good practice, development of secure mobile working policies, incident response and disaster recovery

				procedures and the establishment of anti-malware defences.
Poor return on investment and deterioration in operating results.	Over paying for an acquisition. Prices driven up by increased competition. Reduced number of investment opportunities.	High	Low	Supply and demand is reviewed continuously through direct information from Hansteen's network of managing agents and managers. Experienced members of 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.
Banking counterparty disruption. Lack of liquidity.	Financial difficulties at institutions holding significant deposits.	Medium	Medium	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.

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
Joint Chief Executive

Morgan Jones
Joint Chief Executive

20 August 2019

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 2019

	Note	**Six months ended 30 June 2019 £m Unaudited**	Six months ended 30 June 2018 £m Unaudited
Continuing operations			
Gross revenue	5	**26.5**	28.5
Revenue	5	**24.0**	26.2
Cost of sales		**(3.2)**	(1.9)
Gross profit		**20.8**	24.3
Other operating income		**0.1**	0.2
Administrative expenses		**(6.3)**	(22.1)
Gains on investment properties		**10.0**	30.5
Operating profit		**24.6**	32.9
Finance income	7	**0.4**	0.8
Finance costs	7	**(5.9)**	(4.4)
Profit before tax		**19.1**	29.3
Tax credit/(charge)	8	**0.2**	(0.1)
Profit for the period from continuing operations		**19.3**	29.2
Loss for the period from discontinued operations net of tax		-	(0.1)
Profit for the period		**19.3**	29.1
Earnings per share			
Basic	11	**4.5p**	7.1p
Diluted	11	**4.4p**	6.7p

Consolidated statement of comprehensive income for the six months ended 30 June 2019

	Six months ended 30 June 2019 £m Unaudited	Six months ended 30 June 2018 £m Unaudited
Profit for the period	**19.3**	29.1
Total comprehensive income for the period	**19.3**	29.1

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

Consolidated balance sheet
As at 30 June 2019

	Note	30 June 2019 £m Unaudited	31 December 2018 £m Audited
Non-current assets			
Property, plant and equipment		**0.7**	0.9
Investment properties	12	**638.2**	629.2
Derivative financial instruments		**0.9**	2.7
		639.8	632.8
Current assets			
Investment properties held for sale	12	**0.8**	13.0
Trading properties		**10.0**	10.0
Trade and other receivables		**28.7**	45.2
Cash and cash equivalents		**27.2**	55.1
		66.7	123.3
Total assets		**706.5**	756.1
Current liabilities			
Trade and other payables		**(20.8)**	(31.6)
Current tax liabilities		**(1.7)**	(1.3)
Borrowings	13	**(0.3)**	(0.3)
Lease liabilities		**(0.8)**	(0.8)
		(23.6)	(34.0)
Non-current liabilities			
Borrowings	13	**(231.5)**	(243.3)
Lease liabilities		**(4.2)**	(4.6)
Deferred tax liabilities		**(3.8)**	(4.1)
		(239.5)	(252.0)
Total liabilities		**(263.1)**	(286.0)
Net assets		**443.4**	470.1
Equity			
Share capital	14	**42.7**	41.3
Share premium		**11.0**	11.0
Other reserves		**(1.2)**	(1.3)
Translation reserve		**5.0**	5.0
Retained earnings		**385.9**	414.1
Total equity		**443.4**	470.1
Net asset value per share			
IFRS net asset value per share	11	**104.3p**	103.3p
Diluted net asset value per share	11	**103.7p**	102.4p
EPRA net asset value per share	11	**104.4p**	102.7p

Consolidated statement of changes in equity
for the six months ended 30 June 2019

Unaudited	Share capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2018	41.3	114.5	(0.1)	4.8	41.3	355.7	557.5
Effect of change in accounting policy	-	-	-	-	-	(0.2)	(0.2)
As restated	41.3	114.5	(0.1)	4.8	41.3	355.5	557.3
Profit for the period	-	-	-	-	-	29.1	29.1
Total comprehensive income for the period	-	-	-	-	-	29.1	29.1
Return of capital	-	(103.5)	-	-	(41.3)	0.1	(144.7)
Dividends	-	-	-	-	-	(15.7)	(15.7)
Share-based payments	-	-	-	-	-	14.1	14.1
Share options exercised	-	-	0.9	-	-	(0.9)	-
Own shares acquired	-	-	(0.9)	-	-	-	(0.9)
Balance at 30 June 2018	41.3	11.0	(0.1)	4.8	-	382.2	439.2
Profit for the period	-	-	-	-	-	32.3	32.3
Other comprehensive income for the period	-	-	-	0.2	-	-	0.2
Total comprehensive income for the period	-	-	-	0.2	-	32.3	32.5
Dividends	-	-	-	-	-	(9.9)	(9.9)
Share-based payments	-	-	-	-	-	9.5	9.5
Own shares acquired	-	-	(1.2)	-	-	-	(1.2)
Balance at 31 December 2018	**41.3**	**11.0**	**(1.3)**	**5.0**	**-**	**414.1**	**470.1**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**19.3**	**19.3**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**19.3**	**19.3**
Dividends	**-**	**-**	**-**	**-**	**-**	**(16.1)**	**(16.1)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Share options exercised	**-**	**-**	**0.8**	**-**	**-**	**(0.8)**	**-**
Founder LTIP awards settled	**-**	**-**	**11.5**	**-**	**-**	**(31.1)**	**(19.6)**
Shares issued	**1.4**	**-**	**-**	**-**	**-**	**-**	**1.4**
Own shares acquired	**-**	**-**	**(12.2)**	**-**	**-**	**-**	**(12.2)**
Balance at 30 June 2019	**42.7**	**11.0**	**(1.2)**	**5.0**	**-**	**385.9**	**443.4**

Consolidated cash flow statement
for the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 £m Unaudited	Six months ended 30 June 2018 £m Unaudited
Net cash (outflow)/inflow from operating activities	15	**(2.2)**	2.3
Investing activities			
Interest received		**0.4**	0.1
Additions to investment properties		**(5.6)**	(2.0)
Proceeds from sale of investment properties		**38.6**	162.3
Net cash generated by investing activities		**33.4**	160.4
Financing activities			
Dividends paid		**(16.1)**	(15.7)
Founder LTIP settlement		**(29.9)**	-
Repayments of obligations under finance leases		**(0.4)**	(0.1)
New bank loans raised (net of expenses)		**-**	74.0
Bank loans repaid (net of expenses)		**(12.2)**	(107.3)
Own shares acquired		**(0.5)**	(0.9)
Return of capital		**-**	(144.7)
Net cash used in financing activities		**(59.1)**	(194.7)
Net decrease in cash and cash equivalents		**(27.9)**	(32.0)
Cash and cash equivalents at beginning of period		**55.1**	71.2
Effect of foreign exchange rate changes		**-**	(0.7)
Cash and cash equivalents at end of period		**27.2**	38.5

Notes to the condensed set of financial statements for the six months ended 30 June 2019

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 2018 was derived from the statutory accounts for the year ended 31 December 2018, 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.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published annual financial statements for the period ended 31 December 2018 apart from a number of new standards and amendments to IFRSs that became effective for the financial year beginning on 1 January 2019. These new standards and amendments are listed below:

IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9 (amendments)	Prepayment Features with Negative compensation
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
IAS 19 (amendments)	Plan Amendment, Curtailment or Settlement
IFRS 3 (amendments)	Definition of Business
IAS 1 and IAS 8 (amendments)	Definition of Material
IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of these new standards and amendments to IFRSs did not materially impact the condensed set of financial statements for the six months ended 30 June 2019 and no retrospective adjustments were made to the prior year figures.

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.

There have been no changes to the significant accounting policies set out in the latest financial statements of the Group in preparing the condensed set of financial statements.

The interim report was approved by the Board on 20 August 2019.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.1176 (31 December 2018: £1 = €1.1308)
Income statement: £1 = €1.1466 (30 June 2018: £1 = €1.1369)

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 13 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 2019 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 2018.

5. Revenue

Continuing Operations	**Six months ended 30 June 2019 £m**	Six months ended 30 June 2018 £m
Investment property rental income	**24.0**	26.2
Revenue	**24.0**	26.2
Service charge income	**2.5**	2.3
Gross revenue	**26.5**	28.5

6. Operating segments

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

	Six months ended 30 June 2019			Six months ended 30 June 2018		
Continuing Operations	**Gross revenue £m**	**Revenue £m**	**Result £m**	Gross revenue £m	Revenue £m	Result £m
Belgium	**0.6**	**0.6**	**0.4**	0.5	0.5	0.4
France	**0.6**	**0.6**	**0.6**	0.6	0.6	0.6
UK	**25.3**	**22.8**	**19.8**	27.4	25.1	23.3
	26.5	**24.0**	**20.8**	28.5	26.2	24.3
Other operating income			**0.1**			0.2
Administrative expenses			**(6.3)**			(22.1)
Changes in fair values of investment properties by segment:						
Belgium		**(0.7)**			(0.1)	
France		**(0.5)**			(0.2)	
UK		**9.7**			24.4	
Total changes in fair values of investment properties		**8.5**			24.1	
Profit on disposal of investment properties		**1.5**			6.4	
Total gains on investment properties			**10.0**			30.5
Operating profit			**24.6**			32.9
Net finance costs			**(5.5)**			(3.6)
Profit before tax			**19.1**			29.3

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 2019	**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	**12.6**	**-**	**12.6**	**0.8**	**13.4**	**0.4**	**12.6**
France	**13.7**	**-**	**13.7**	**3.3**	**17.0**	**-**	**13.7**
UK	**612.7**	**10.0**	**622.7**	**35.1**	**657.8**	**5.2**	**611.9**
	639.0	**10.0**	**649.0**	**39.2**	**688.2**	**5.6**	**638.2**
Unallocated assets					**18.3**		**1.6**
					706.5		**639.8**

31 December 2018	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	12.9	-	12.9	0.7	13.6	-	12.9
France	14.3	-	14.3	2.8	17.1	0.2	14.3
UK	615.0	10.0	625.0	76.5	701.5	62.3	602.0
	642.2	10.0	652.2	80.0	732.2	62.5	629.2
Unallocated assets					23.9		3.6
					756.1		632.8

7. Net finance costs

Continuing Operations	**Six months ended 30 June 2019 £m**	Six months ended 30 June 2018 £m
Interest receivable on bank deposits	**0.1**	-
Other interest receivable	**0.3**	0.1
Interest income	**0.4**	0.1
Interest payable on borrowings	**(4.1)**	(4.0)
Net interest expense	**(3.7)**	(3.9)
Change in fair value of interest rate swaps and caps	**(1.8)**	0.7
Foreign exchange losses	**-**	(0.4)
Net finance costs	**(5.5)**	(3.6)
Finance income	**0.4**	0.8
Finance costs	**(5.9)**	(4.4)
Net finance costs	**(5.5)**	(3.6)

8. Tax

Continuing Operations	**Six months ended 30 June 2019 £m**	Six months ended 30 June 2018 £m
UK current tax credit	**-**	-
Foreign current tax charge	**0.1**	0.3
Total current tax charge	**0.1**	0.3
Deferred tax credit	**(0.3)**	(0.2)
Tax (credit)/charge	**(0.2)**	0.1

The Group elected to be a UK REIT in 2009 following admission to the Official List. The UK REIT rules exempt the profits of the Group's property rental business from UK corporation tax. Gains on UK properties are also exempt from tax provided they are not held for trading. The Group's UK activities are otherwise subject to UK corporation tax. To remain a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business which are set out in the UK REIT legislation in the Corporation Tax Act 2010.

9. Dividends

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
Amounts recognised as distributions to equity holders in the period:		
Second interim dividend 3.8p (2018: 3.8p) per share	**16.1**	15.7
	16.1	15.7

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%). £16.1 million of the cash dividend paid in the period ended 30 June 2019 is attributable to PIDs (2018: £15.2 million).

10. Normalised income profit and normalised total profit

The Group uses a number of Alternative Performance Measures ("APMs") which are not defined or specified within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and allow greater comparability between periods but do not consider them to be a substitute for, or superior to, IFRS measures. Key APMs used are Normalised Income Profit ("NIP"), Normalised Total Profit ("NTP"), measures defined by EPRA and adjusted EPS[1].

NIP and NTP are adjusted measures intended to show the underlying earnings of the Group before fair value movements and other non-recurring or otherwise non-cash items. Fair value movements include those in relation to investment properties, financial assets and financial liabilities. Non-recurring or otherwise non-cash items include foreign exchange gains or losses and the Founder LTIP charge. A reconciliation of NIP and NTP to the Profit for the year prepared in accordance with IFRS is set out below. A reconciliation of EPRA measures and adjusted EPS is included within note 11. There are no discontinued operations in 2019.

	Six months ended 30 June 2019	Six months ended 30 June 2018		
	Continuing operations £m	Continuing operations £m	Discontinued operations £m	Total £m
Investment property rental income	**24.0**	26.2	-	26.2
Direct operating expenses	**(3.1)**	(1.9)	0.1	(1.8)
Administrative expenses excluding Founder LTIP charge[2]	**(6.0)**	(6.8)	(0.2)	(7.0)
Net interest expense	**(3.7)**	(3.9)	-	(3.9)
Normalised Income Profit	**11.2**	13.6	(0.1)	13.5
Profit on sale of investment properties	**1.5**	6.4	-	6.4
Loss on trading properties	**(0.1)**	-	-	-
Total profit on sale of properties	**1.4**	6.4	-	6.4
Net other operating income	**0.1**	0.2	-	0.2
Normalised Total Profit	**12.7**	20.2	(0.1)	20.1
Founder LTIP charge[2]	**(0.3)**	(15.3)	-	(15.3)
Fair value gains on investment properties	**8.5**	24.1	-	24.1
Change in fair value of interest rate derivatives	**(1.8)**	0.7	-	0.7
Foreign exchange losses	**-**	(0.4)	-	(0.4)
Profit before tax	**19.1**	29.3	(0.1)	29.2
Tax credit/(charge)	**0.2**	(0.1)	-	(0.1)
Profit for the period	**19.3**	29.2	(0.1)	29.1

[1] Diluted EPRA EPS has been adjusted to exclude the impact of the Founder LTIP charge on the earnings per share.

[2] Continuing administrative expenses of £6.0 million (30 June 2018: £6.8 million) plus the Founder LTIP charge of £0.3 million (30 June 2018: £15.3 million) reconcile to the administrative expenses of £6.3 million (30 June 2018: £22.1 million) reported in the consolidated income statement.

11. 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 earnings per share ("EPS") information. Diluted EPRA EPS is reconciled to the IFRS measure in the following table.

As noted in note 10 the Group uses a number of APMs which are not defined within IFRS. Normalised Income Profit and Normalised Total Profit have been defined in note 10 and adjusted EPS is defined below.

	30 June 2019			30 June 2018		
Continuing Operations	**£m**	**Shares m**	**Per share pence**	£m	Shares m	Per share pence
Normalised Income Profit (see note 10)	**11.2**	**425.9**	**2.6**	13.6	412.9	3.3
Normalised Total Profit (see note 10)	**12.7**	**425.9**	**3.0**	20.2	412.9	4.9
Basic EPS	**19.3**	**425.9**	**4.5**	29.2	412.9	7.1
Adjustments:						
Dilutive shares relating to the profit share scheme		**3.3**			3.4	
Dilutive shares relating to the Founder LTIP		**6.9**			20.5	
Diluted EPS	**19.3**	**436.1**	**4.4**	29.2	436.8	6.7
Basic EPS	**19.3**	**425.9**	**4.5**	29.2	412.9	7.1
Adjustments:						
Revaluation gains on investment properties	**(8.5)**			(24.1)		
Profit on the sale of investment properties	**(1.5)**			(6.4)		
Change in fair value of derivatives	**1.8**			(0.7)		
Deferred tax on the above items	**(0.3)**			-		
EPRA EPS	**10.8**	**425.9**	**2.5**	(2.0)	412.9	(0.5)
Adjustments:						
Dilutive shares relating to the profit share scheme		**3.3**			3.4	
Dilutive shares relating to the Founder LTIP		**6.9**			20.5	
Diluted EPRA EPS	**10.8**	**436.1**	**2.5**	(2.0)	436.8	(0.5)
Founder LTIP Charge	**0.3**	**(6.9)**		15.3	(20.5)	
Adjusted EPS[3]	**11.1**	**429.2**	**2.6**	13.3	416.3	3.2

[3] Diluted EPRA EPS has been adjusted to exclude the impact of the Founder LTIP charge on the earnings per share.

The calculations for net asset value ("NAV") per share are shown in the table below:

	30 June 2019			31 December 2018		
	£m	Shares m	Per share Pence	£m	Shares m	Per share pence
Basic NAV	**443.4**	**425.1**	**104.3**	470.1	455.3	103.3
Unexercised share options		**2.5**			3.9	
Diluted NAV	**443.4**	**427.6**	**103.7**	470.1	459.2	102.4
Adjustments:						
Fair value of interest rate derivatives	**(0.9)**			(2.7)		
Deferred tax	**3.8**			4.1		
EPRA NAV	**446.3**	**427.6**	**104.4**	471.5	459.2	102.7

12. Investment properties

	30 June 2019 Continuing operations £m	31 December 2018 Continuing operations £m	Discontinued operations £m
Investment properties at start of period	**627.0**	694.2	-
Additions – property purchases	**3.4**	56.9	-
– capital expenditure	**2.2**	5.6	(0.3)
Lease incentives	**0.5**	0.7	-
Letting costs	**0.1**	0.1	-
Revaluations	**8.5**	39.6	-
Disposals	**(4.7)**	(157.4)	0.3
Transfer to investment properties held for sale	**(0.8)**	(13.0)	-
Exchange adjustment	**(0.1)**	0.3	-
	636.1	627.0	-
Head leases	**2.1**	2.2	-
	638.2	629.2	-

Investment properties held for sale	**30 June 2019 Continuing operations £m**	31 December 2018 Continuing operations £m	Discontinued operations £m
Investment properties at start of period	**13.0**	113.9	-
Disposals	**(13.0)**	(113.9)	-
Transfer from investment properties	**0.8**	13.0	-
	0.8	13.0	-

In accordance with IFRS 13, the Group's investment properties have 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 properties as at 30 June 2019 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 2019 £m	Rent per sq m Min £	Max £	Yield Min %	Max %
Belgium	**12.6**	**33.7**	**124.1**	**4.9**	**15.2**
France	**13.7**	**34.7**	**34.7**	**8.7**	**8.7**
UK – Industrial properties	**586.1**	**9.7**	**152.0**	**1.0**	**18.2**
UK - Offices	**26.6**	**33.4**	**625.7**	**2.9**	**18.1**
Total	**639.0**				

	Fair value at 31 December 2018 £m	Rent per sq m Min £	Max £	Yield Min %	Max %
Belgium	12.9	29.6	110.9	4.4	11.5
France	14.3	31.0	31.0	8.4	8.4
UK – Industrial properties	587.3	14.1	152.0	2.1	17.5
UK - Offices	27.7	33.4	625.7	2.9	18.1
Total	642.2				

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and vice versa. However, the relationship between capitalisation yields and the property valuation is negative; therefore an increase in capitalisation yields will reduce the valuation of a property and vice versa. There are interrelationships between these inputs as they are determined by the market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified, whereas if they move in the same direction they may be offset, reducing the overall net valuation movement. The valuation movement is materially sensitive to changes in yields and rental values however it is impractical to quantify these changes.

13. Borrowings

	30 June 2019 £m	31 December 2018 £m
Amortised cost		
Bank loans	**233.2**	245.5
Unamortised borrowing costs	**(1.4)**	(1.9)
	231.8	243.6
Current liability	**0.3**	0.3
Non-current liability	**231.5**	243.3
Maturity		
The bank loans are repayable as follows:		
Within one year or on demand	**0.5**	0.7
Between one and two years	**0.7**	0.7
Between three and five years	**231.5**	243.6
Over five years	**0.5**	0.5
	233.2	245.5

Facility	Drawn	Expiry	Covenants Loan to value	Interest cover
£330.0 million	£230.0 million	July 2021	55%	200%
€3.5 million	€3.5 million	March 2025	-	-

Interest charged on the £330.0 million facility is based on a floating interest rate. At 30 June 2019 the £330.0 million facility is secured through charges against the issued share capital of the relevant entities which own properties totalling £634.3 million (31 December 2018: £602.6 million). At 30 June 2019 the Euro facilities detailed above are secured by charges on property with an aggregate carrying value of £11.6 million (31 December 2018: £12.0 million).

	30 June 2019		31 December 2018	
	%	**£m**	%	£m
Interest rate and currency profile				
Euro	**1.5**	**3.2**	1.5	3.5
Sterling	**2.4**	**230.0**	2.7	242.0
	2.3	**233.2**	2.6	245.5

The above table details the interest rates charged on the outstanding loans as at 30 June 2019.

Reconciliation of movement in net debt in the period

	30 June 2019 £m	31 December 2018 £m
Net debt at 1 January	**193.9**	225.4
Effect of change in accounting policy	**-**	3.4
Net debt at the beginning of the period restated	**193.9**	228.8
Cash flow		
Net decrease in cash and cash equivalents	**27.9**	15.5
New bank loans raised and acquired (net of expenses)	**-**	116.0
Bank loans repaid (net of expenses)	**(12.2)**	(167.6)
Repayments of lease liabilities	**(0.4)**	(0.8)
Other		
Foreign exchange movements recognised in equity	**(0.1)**	0.7
Amortisation of bank loan fees	**0.5**	1.0
Movement in lease liabilities	**-**	0.3
Net debt at end of period	**209.6**	193.9

Net debt to equity ratio	**30 June 2019 £m**	31 December 2018 £m
Lease liabilities – Belgium finance lease	**2.2**	2.2
Lease liabilities – Other leases	**2.8**	3.2
Borrowings	**231.8**	243.6
Cash and cash equivalents	**(27.2)**	(55.1)
Net debt	**209.6**	193.9
Equity attributable to equity holders of the parent	**443.4**	470.1
Net debt to equity ratio	**47.3%**	41.2%
Carrying value of investment and trading properties externally valued	**646.9**	650.0
Carrying value of head leases	**2.1**	2.2
Total carrying value of investment and trading properties	**649.0**	652.2
Net debt to value ratio	**32.3%**	29.7%

14. Share capital

	30 June 2019		31 December 2018	
	Number m	**£m**	Number m	£m
Issued and fully paid ordinary shares of 10p each				
At start of the period	**413.1**	**41.3**	413.1	41.3
Issue of equity shares	**14.2**	**1.4**	-	-
At end of period	**427.3**	**42.7**	413.1	41.3

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

The equity issued in 2019 relates to shares issued in respect of the Founder LTIP for the performance period ended 31 December 2018.

During the period, the Company acquired some of its own shares in order to settle obligations under the 2018 Founder LTIP and the Performance Share Plan arrangement. A summary is presented below:

	Number m	**Proportion of subscribed capital %**	**Nominal value £m**	**Consideration £m**
At 1 January 2019	(1.3)	0.3	(0.1)	(1.3)
Acquired				
26 March 2019	**(8.1)**	**2.0**	**(0.8)**	**(7.8)**
27 March 2019	**(16.9)**	**4.0**	**(1.7)**	**(3.9)**
15 April 2019	**(0.5)**	**0.1**	**(0.1)**	**(0.5)**
Issued to employees				
27 March 2019	**23.1**	**5.5**	**2.3**	**11.5**
17 April 2019	**1.5**	**0.3**	**0.1**	**0.8**
At 30 June 2019	**(2.2)**	**0.5**	**(0.3)**	**(1.2)**

15. Net cash (outflow)/inflow from operating activities

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
Profit for the period	**19.3**	29.1
Adjustments for:		
Share-based payments	**0.5**	14.1
Depreciation of property, plant and equipment	**0.3**	-
Gains on investment properties	**(10.0)**	(30.5)
Net finance costs	**5.5**	3.6
Tax	**(0.2)**	0.1
Operating cash inflows before movements in working capital	**15.4**	16.4
Decrease in receivables	**(3.3)**	(0.2)
(Decrease)/increase in payables	**(10.4)**	1.0
Cash generated by operations	**1.7**	17.2
Income taxes paid	**(0.3)**	(12.8)
Interest paid	**(3.6)**	(2.1)
Net cash (outflow)/inflow from operating activities	**(2.2)**	2.3

16. Financial instruments fair value disclosures

The table below sets out the categorisation of the financial instruments held by the Group at 31 December 2018. The carrying amount of all financial instruments, other than those for which a valuation level has been given below, approximates to their fair values. 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). 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 2019 £m	31 December 2018 £m
Financial assets			
Designated as held for trading			
Interest rate caps	2	**0.2**	0.5
Interest rate swaps	2	**0.7**	2.2

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.

17. Events after the balance sheet date

The acquisition of seven assets in the South West & Wales region for £4.1 million (including costs) completed on 9 August 2019.

Glossary

Annualised rental income
Passing rent.

APMs
Alternative Performance Measures.

Built portfolio
The value of Investment Properties at the balance sheet date excluding the value of land.

Contracted rent
Contracted rent is the passing rent adjusted for the inclusion of rent subject to rent free periods.

Earnings per share (EPS)
Profit for the period after tax attributable to members of the Company divided by the weighted average number of shares in issue during the period.

EPRA
The European Public Real Estate Association, a real estate industry body, which has issued Best Practices Recommendations in order to provide consistency and transparency in real estate reporting across Europe.

EPRA earnings
IFRS profit after taxation, excluding movements relating to changes in values of investment properties, gains/losses on investment property disposals, changes in the fair value of financial instruments and the related tax effects.

EPRA earnings per share (EPRA EPS)
EPRA earnings, divided by the weighted average number of shares in issue during the period.

EPRA net asset value (EPRA NAV)
A measure of NAV designed by EPRA representing the IFRS net assets, excluding the mark-to-market on derivatives and related debt adjustments, as well as deferred taxation on property and derivative valuations.

EPRA NAV per share
EPRA NAV divided by the number of shares in issue at the balance sheet date plus the number of dilutive share options.

ERV
The estimated annual market rental value of lettable space as assessed biannually by the external valuer.

Group
Hansteen Holdings PLC and its subsidiaries.

IFRS
International Financial Reporting Standards adopted for use in the European Union.

Like-for-like increase in contracted rent
A measure of portfolio performance calculated by taking the contracted rent at the start of the period, adding contracted rent from purchases, deducting contracted rent lost from sales and then comparing that with the contracted rent at the end of the period.

Like-for-like property valuation increase
The fair value gains during the period on investment properties held at the balance sheet date. A measure of value growth calculated by taking the property valuation at the start of the period, adding the cost of property purchases and capital expenditure incurred during the period, deducting the value of property disposals during the period and then comparing that with the property valuation at the end of the period.

NAV
Net asset value.

NAV per share
Net asset value divided by the number of shares outstanding at the balance sheet date.

Net debt
Borrowings including lease liabilities less cash and cash equivalents.

Net debt to property value ratio
Net debt divided by the carrying value of investment properties and investment properties held for sale.

Net initial yield (NIY)
Passing rent at the point of acquisition expressed as a percentage of the total acquisition cost (including taxes and fees).

Normalised Income Profit (NIP)
A measure designed to reflect the underlying realised profits before considering property and other revaluation movements. Calculated by deducting direct operating expenses, administrative expenses and net interest payable from investment property rental income.

Normalised Total Profit (NTP)
A further measure designed to reflect the underlying realised profits before considering property and other revaluation movements. Calculated by adding profits or losses from the sale of properties and other realised one-off items to the Normalised Income Profit.

Occupancy
Total area of let units as a percentage of the total area of all lettable units.

Passing rent
Gross annual rental income currently receivable on a cash basis as at the balance sheet date less any ground rents payable under head leases.

Property income distribution (PID)
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income.

Rent roll
Contracted rent.

Total return to shareholders
A measure of return based on the movement in EPRA NAV per share over a period plus dividends paid and capital returned in the period, expressed as a percentage of the EPRA NAV per share at the start of the period.

Yield
Passing rent on investment properties at the balance sheet date, expressed as a percentage of the investment property valuation at the balance sheet date.

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 2019 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 17. 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 Financial Reporting Council. 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 Guidance 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 Financial Reporting Council 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 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
20 August 2019