

## UK PROPERTY PAIF

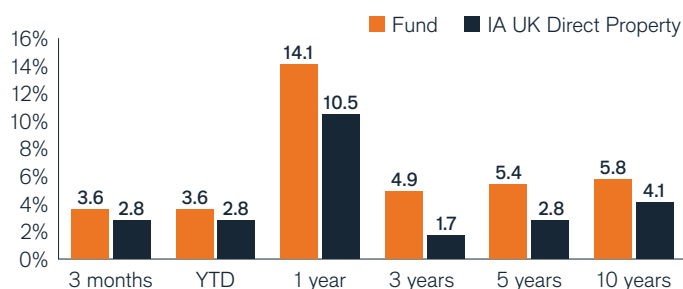
### Important information

On 4 March 2022 the Board of Henderson Investment Funds Limited suspended dealing in the Janus Henderson UK Property PAIF and its Feeder Fund to protect the interests of all investors while a potential sale of the PAIF's direct property portfolio is progressed. Further details are set out on our website at [hgi.co/property-paif](https://hgi.co/property-paif).

### A UK commercial property fund designed to:

- Deliver income with potential for long-term income and capital growth.
- Provide access to a balanced commercial property portfolio.
- Offer diversification benefits from returns that have historically been less correlated with other asset classes.

### Performance summary



\*Source: Morningstar, 31 March 2022. 'I' accumulation share class annualised returns, net of fees in GBP terms, net of tax to 27.05.16 gross thereafter. Investment Association (IA) UK Direct Property sector average, at 31 March 2022. Past performance does not predict future returns.

### Key fund characteristics

Peer group benchmark	IA UK Direct Property
Peer group benchmark usage	Comparator
Launch date	07 June 1999
Fund size (PAIF & Feeder Fund)	£1.0bn
Number of properties	38
Number of tenancies	278
Fund managers	Ainslie McLennan Marcus Langlands Pearse
Fund director	Michael Neal

Source: Janus Henderson Investors, 31 March 2022.

Fund return (Q1 2022)*	3.6
Peer group benchmark return (Q1 2022)*	2.8
Yields	
I accumulation gross (historical)	2.9%
I accumulation net (historical)	2.5%

Source: Janus Henderson Investors, 31 March 2022. Yields may vary and are not guaranteed.

Performance %		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year/ YTD
2016	Fund	-0.01	-0.04	0.46	0.53	-4.50	-3.54	-2.29	1.06	1.31	1.78	0.38	0.72	-4.26
	Peer group benchmark	-0.13	0.12	0.45	0.52	-1.49	-3.30	-3.33	1.43	1.45	1.06	0.50	0.83	-2.04
2017	Fund	0.28	0.55	0.80	0.76	0.36	0.52	0.56	0.60	0.91	4.92	-3.47	1.80	8.74
	Peer group benchmark	0.83	0.52	0.47	0.58	0.50	0.44	0.65	0.54	0.41	1.03	0.31	1.08	7.60
2018	Fund	4.78	-3.92	1.05	4.95	-4.10	0.34	0.40	0.62	0.13	0.20	-0.12	0.07	4.10
	Peer group benchmark	0.64	-0.21	0.46	0.88	0.16	0.36	0.50	0.27	0.21	0.26	0.20	-0.89	2.86
2019	Fund	0.46	0.33	0.13	0.12	0.42	0.21	0.15	0.17	0.10	0.19	0.29	0.17	2.79
	Peer group benchmark	0.33	0.04	-0.09	0.03	0.07	-0.10	0.14	-0.41	0.06	-0.35	-0.38	-0.13	-0.78
2020	Fund	0.32	0.37	-2.55	-0.49	-0.36	-0.15	-0.11	0.22	0.06	0.09	0.20	0.31	-2.11
	Peer group benchmark	0.18	0.21	-1.99	-0.78	-0.53	-0.45	-0.19	0.06	-0.02	-0.17	-0.11	-0.05	-3.77
2021	Fund	-0.24	0.95	0.77	0.71	0.61	0.12	1.65	1.30	0.74	1.19	1.76	1.61	11.76
	Peer group benchmark	-0.13	0.22	-0.17	0.36	0.27	0.98	0.88	0.72	0.55	0.89	1.11	1.53	7.43
2022	Fund	0.97	0.64	1.97	-	-	-	-	-	-	-	-	-	3.61
	Peer group benchmark	0.66	0.81	1.30	-	-	-	-	-	-	-	-	-	2.79

Source: Morningstar, 31 March 2022. 'I' accumulation share class discrete monthly total returns for Janus Henderson UK Property PAIF, net of fees in sterling terms, net of tax to 27.05.16 gross of tax thereafter, peer group is the Investment Association (IA) UK Direct Property sector average. The IA groups funds with similar geographic and/or investment remit into sectors. The fund's ranking within the sector (as calculated by a number of data providers) can be a useful performance comparison against other funds with similar aims. Quarterly reviews up to Q1 2019 originally showed a 10-fund customised peer group. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period. Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

## Market and performance overview

- The fund increased in value by 3.6% (I accumulation share class) over the first quarter of 2022, helped by asset management initiatives.
- Two sales completed during the quarter from the retail and office sectors.
- With rising food and energy costs fueling inflation, it is worth noting 27.8%\* of the fund's rental income is from leases with fixed uplifts or that are linked to inflation and is hence well-positioned to deal with inflation spikes in our view.

\*Source: Nuveen Real Estate / Lambert Smith Hampton as at 31 March 2022.

Top 10 properties by capital value	%
Capital Business Park, Cambridge (office)	11.8
Bilton Way, Luton (industrial)	7.4
Eddie Stobart, Runcorn (industrial)	5.3
John Lewis, Croydon (standard retail)	4.2
DC2 Weston Rd, Crewe (industrial)	3.5
Dalton Park, Murton, Durham (outlet mall)	3.5
22-24 Worples Road, Wimbledon (office)	3.5
Unit 1-9, Cribbs Causeway Centre, Bristol (industrial)	2.8
Trojan Way, Croydon (industrial)	2.7
Amazon, Bardon, Coalville (industrial)	2.4

Source: Janus Henderson Investors, at 31 March 2022.

## Portfolio positioning at quarter end

Metric	Fund
Vacancy rate	6.9% (as at December 2021)
IPD average vacancy rate	10.4% (as at December 2021)
Weighted average lease length	6.6 years (as at December 2021)
Fixed increase/RPI-linked leases	27.8% of the fund

Source: Nuveen Real Estate / MSCI Investment Property Databank (IPD) / Lambert Smith Hampton, at 31 March 2022, unless stated otherwise.

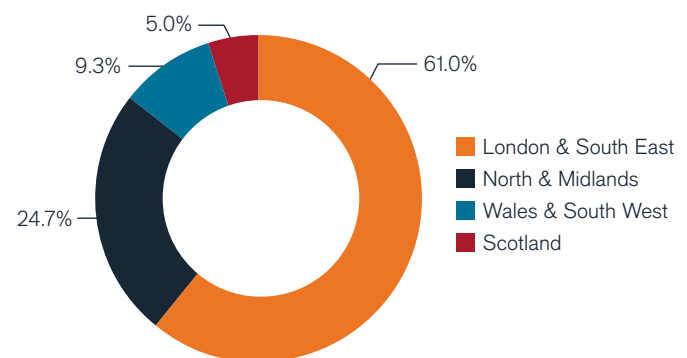
For definitions please see footer.

Fund data excludes development exposure.

Top 10 tenants as % of fund income	%
Amazon	7.6
Eddie Stobart	5.7
Expert Logistics	4.5
General Electric	3.5
Premier Inn Hotels	3.3
Currys PC World	3.1
Lidl	3.1
Secretary of State for Health	2.8
IBM United Kingdom	2.1
BFS Group Limited t/a Bidvest Logistics	1.9

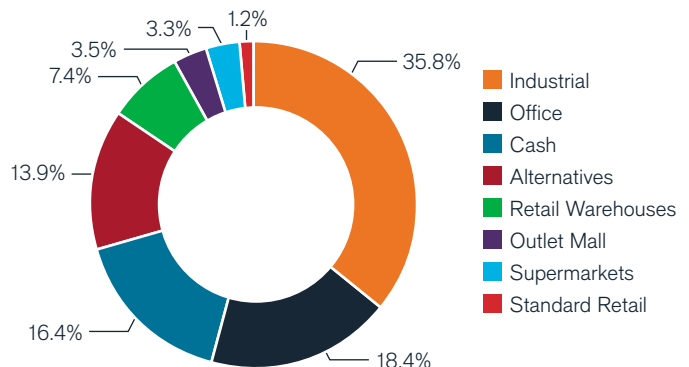
Source: Janus Henderson Investors, at 31 March 2022.

## Regional allocation by capital value



Source: Janus Henderson Investors, at 31 March 2022.

## Sector allocation by capital value



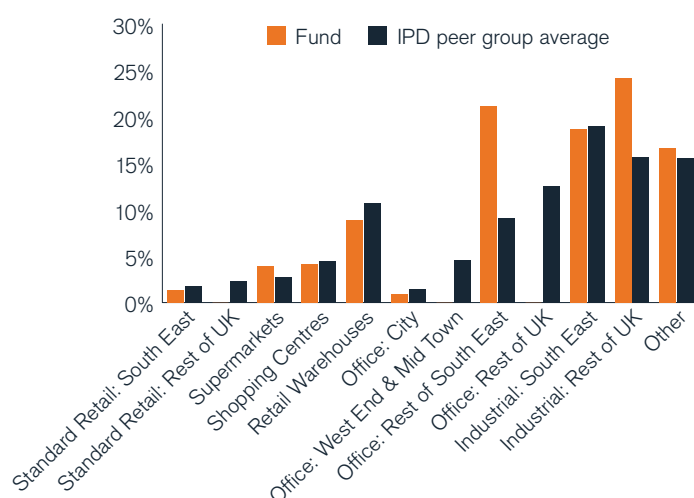
Source: Janus Henderson Investors, at 31 March 2022. Data rounded and may therefore not add up to 100%.

### Definitions

**Weighted lease length:** describes the average time to the expiry of leases across the portfolio weighted by contracted rental income.

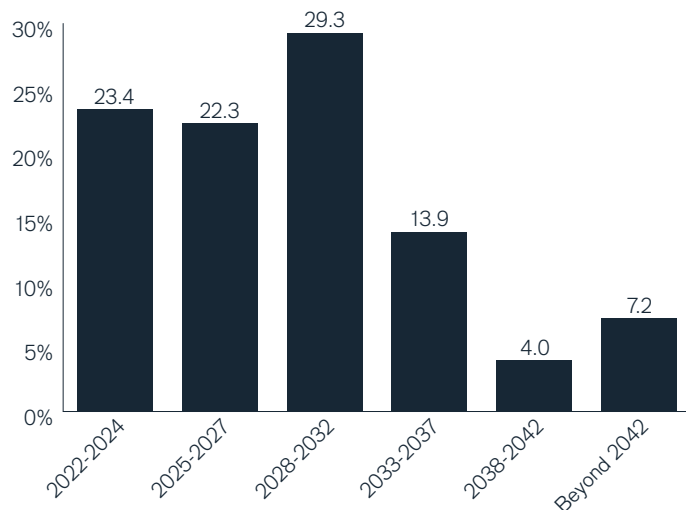
**RPI-linked leases:** rental uplifts based on the Retail Price Index (RPI) measure of inflation.

## Direct property composition by capital value



Source: Fund data from Nuveen Real Estate, at 31 March 2022. IPD peer group average data from MSCI IPD, at 31 March 2022.  
\* Fund Exposure relative to outlet mall, categorised by IPD as shopping Centre.

## Rolling lease expiry profile (weighted by income)



Source: Janus Henderson Investors, at 31 March 2022. Data rounded and may therefore not add up to 100%.

## Portfolio activity

During the quarter the team disposed of two assets: a retail parade in Kilburn, London, and an office in Clerkenwell, London. There were no property purchases. Despite the dealing suspension in March, the fund aims to offer a reliable stream of rental income, and some long-term income and capital growth potential. As such, the fund retains a broad mix of high-quality assets across sectors and geographies with a focus on location, depth of occupational demand, strength of tenant, lease length and sustainability.

Asset management initiatives during the first quarter that deliver rental growth, or longer or more favourable lease terms and refurbishments, included:

- Completed an early lease regear on an industrial warehouse in High Wycombe.
- Completed a further lease renewal at Bermondsey Square, London.
- Documented a new 20-year lease on retail premises in Dulwich, London.
- Secured a rental uplift by way of negotiated rent review with one of the fund's largest office tenants in Cambridge.
- Lease extension completed to a national retailer at an outlet mall in County Durham.

## Fund rent collection

The rent collection percentage for the fund in the first quarter of 2022 was 85.1%. While further rental payments are expected following quarter end, we should highlight that the fund's distribution levels could potentially be impacted over time by reduced collection rates. Payments from retail warehousing were strongest at 100% rent collection and 88% rent collection from standard retail. Industrial assets followed closely at approximately 88%, followed by offices at 73%. The alternatives sector had an 85% rent collection rate. A value equating to just 0.3% of rents demanded has been written off owing to tenant defaults as at 31 March 2022.

Source: Nuveen Real Estate / Lambert Smith Hampton, as at 31 March 2022.

## Sales completed during Q1: £38.5 million

- Retail, Kilburn, London
- Office, Clerkenwell, London

## Purchases completed during Q1: £0 million

## Sustainability

The fund recently completed the installation of solar canopies across the carpark at Capital Park Cambridge, which provide renewable energy and electric vehicle (EV) charging. This, alongside recent installations at Purley Way

in Croydon (also with electric vehicle charging), strengthens renewable energy generation from the fund. Similar work is set to begin at DC2 Prologis Park (industrial) in Crewe.

## Properties in focus

### Wycombe Sands Industrial Estate, High Wycombe



Source: Nuveen Real Estate

- The fund's ownership of assets in High Wycombe comprises of three industrial / manufacturing units totalling 104,086 sq.ft.
- The investment team successfully completed a lease regear in respect of the largest unit on the estate, extending the lease term by ten years from June 2022.
- A rental increase was also negotiated, effective from 1 July 2022, delivering a significant increase on the previous passing rent.
- The asset management initiative has improved the average unexpired lease term of the holding, providing a resilient income stream for the fund.

### 99-115 Lordship Lane, Dulwich, London



Source: Nuveen Real Estate

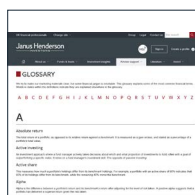
- 99-101 Lordship Lane has been let to Megan's, the all-day dining neighbourhood restaurant.
- The premises had been vacant since William Hill's lease was surrendered in 2021.
- Megan's signed a 20-year lease at a significant premium to the rent previously paid by William Hill.
- This asset management initiative will increase the income duration of the asset and sets a new rental tone, which should supportive when renegotiating lease terms on the remainder of the asset.

## Market outlook

- Embedded structural changes in the market, such as long-term trends influenced by demographics and technology, as well as environmental, social and governance (ESG) considerations, are increasingly shaping thinking within the asset class.
- Economic factors tied to inflation, ongoing Brexit and Covid related legacies, as well as navigating evolving business and consumer habits are also likely to be major factors in 2022.
- The structural shift towards online retail and favourable occupier market dynamics is promoting investment into the industrial and logistics sectors. These areas continue to offer a rental premium over other segments of the UK commercial property market.
- There has been a swing in investor attitude towards the retail warehouse sector and we continue to see valuation improvement in this sector. Previously, investors were only purchasing assets if the alternative-use value was higher than for retail warehousing itself. Now investors are buying into the sector based on the asset's original merits. Discount-led retail parks, those anchored by food stores, and purpose-built free-standing 'solus' units are most sought-after.
- Grocery is the most resilient sub sector of retailing. While consumer demand for non-food items may be volatile, grocery spend is non-discretionary and therefore less sensitive to consumer, economic or political issues. The enduring resilience of the grocery sector has been reinforced during the COVID-19 pandemic.
- Inflation continues to be a consideration and the asset class offers investors exposure to properties with lease terms that have fixed or inflation-linked uplifts.

## Strategy

- Our long-term strategy has been to invest in assets we consider core in nature – which we define as being high-quality in three of the following criteria: location, quality of tenant, lease duration, lease structure, building specification and sustainability – with strong credentials and a relevancy that we believe should continue to generate tenant demand. Hence, we consider the properties owned by the fund to be appropriate today and in the future.



## Glossary

Please see <https://www.janushenderson.com/en-gb/adviser/glossary/> for a glossary of financial terms used in this document.

FOR MORE INFORMATION, PLEASE VISIT JANUSHENDERSON.COM

**Janus Henderson**  
INVESTORS

## Important information

This document is intended solely for the use of professionals, defined as Eligible Counterparties or Professional Clients, and is not for general public distribution.

Past performance does not predict future returns. Marketing Communication. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment.

Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents) and KIID, which will contain investment restrictions, risks and fees. This document is intended as a summary only and potential investors must read the Prospectus, and where relevant, the key investor information document before investing. We may record telephone calls for our mutual protection, to improve customer service and for regulatory record keeping purposes. The Janus Henderson UK Property PAIF is a Janus Henderson Investors' product but its management is outsourced and its sub-investment manager is Nuveen Real Estate.

**The Fund contains assets which may be hard to value or sell at the time and price intended. In particular, property investments may take a considerable time to sell. When many investors want to sell their shares, the Fund may have to delay processing requests so that certain assets or properties can be sold first. For more information on risks see the prospectus and key investor information document.**

Due to the specialist nature of property investment, in certain circumstances there may be constraints on the redemption or switching of units/shares in the fund(s). The funds invest in a specialist sector that may be less liquid and produce more volatile performance than an investment in other investment sectors. The value of capital and income will fluctuate as property values and rental income rise and fall. The valuation of property is generally a matter of valuer's opinion rather than fact. The amount raised when a property is sold may be less than the valuation.

Issued by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Henderson Investors International Limited (reg no. 3594615), Janus Henderson Investors UK Limited (reg. no. 906355), Janus Henderson Fund Management UK Limited (reg. no. 2678531), Henderson Equity Partners Limited (reg. no. 2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

Janus Henderson, Knowledge Shared and Knowledge Labs are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc. D10050

H050181/0522