THE CASE FOR GLOBAL PROPERTY EQUITIES

AT A GLANCE

PROPERTY EQUITIES OFFER INVESTORS A LIQUID, DIVERSIFIED AND LOW-COST WAY OF ACCESSING THE GLOBAL REAL ESTATE MARKET. THE SECTOR INCLUDES LISTED PROPERTY COMPANIES AND REAL ESTATE INVESTMENT TRUSTS (REITs).

Why global property equities now?

1. INCOME RESILIENCE & DEPENDABLE GROWTH
2. NAVIGATE INFLATION & HIGHER RATES
3. REITS IN BEST FINANCIAL SHAPE EVER
4. DIVERSIFICATION & ATTRACTIVE VALUATIONS
5. POWERFUL SECULAR THEMES

Listed REITs are traded on most major stock exchanges and are professionally-managed property portfolios that own buildings, lease space to tenants and pay the majority of this generated income to shareholders. According to Nareit, The National Association of Real Estate Investment Trusts®, the market capitalisation of the 865-listed REITs globally was approximately US$2.5 trillion as at 31 December 2021.

Real estate is a continuously-evolving asset class. Structural trends are transforming certain parts of the market and leading some historically 'core' property types towards irrelevance. This underpins the need for an active and selective investment approach. This evolution gives rise to opportunities for investors to benefit from the ongoing divergence across property types, driven by the secular themes of changing demographics, digitisation, sustainability and the convenience lifestyle.

While not immune to the changing macroeconomic landscape, real estate has the ability to provide more dependable income streams, diversification benefits and the potential for inflation protection over time.*

***Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested.**

1. Income resilience & dependable growth

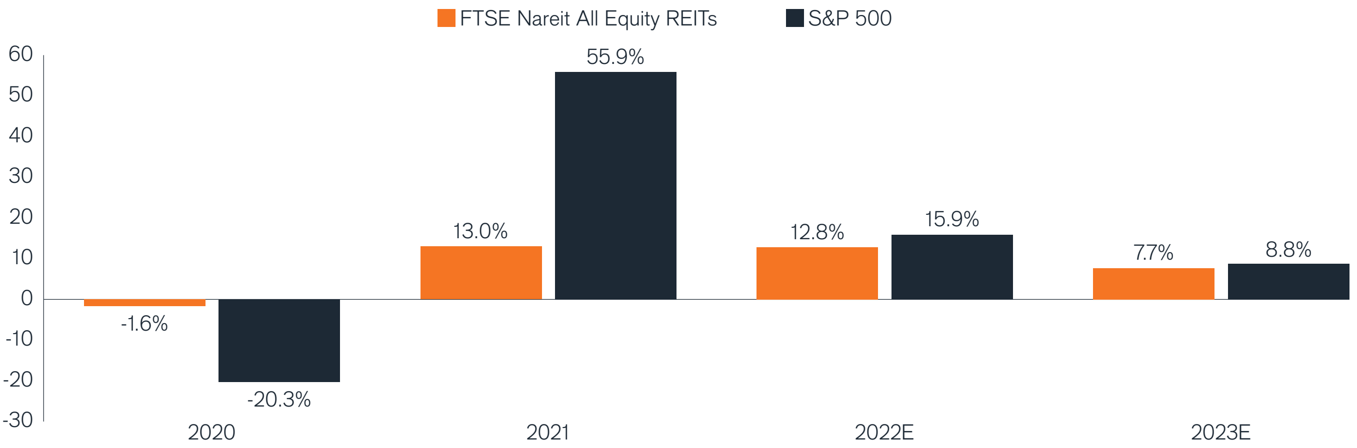
Listed property enables investors to benefit from global ownership of high-quality real estate assets with professional management platforms and daily liquidity. Property differs from many other investments as the majority of income is derived from contractual leases, providing a high degree of certainty. This certainty is reflected in the relative consistency of US REITs earnings growth when compared with the S&P 500 Index over the last few tumultuous years.

REITs are typically mandated to pay out the majority of their profits (typically 90%) to shareholders as dividends.

Dividends have comprised around 60% of global REIT total returns over the long term* plus dividend yields have historically been higher than that of general equites and bonds and currently remain attractive. While often considered a bond proxy, unlike bonds, REIT cash flows can grow as rents rise.

Dependable growth is a key benefit of investing in property, given the potential for capital appreciation during tough market environments from exposure to real assets and predictable cash flows from contractual leases.

Earnings growth: US REITs vs S&P 500 Index



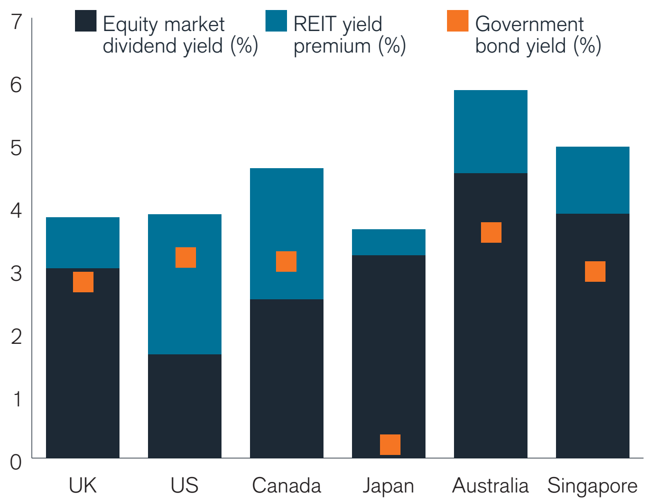
Source: FTSE Russell, S&P Global Indices, Bloomberg, Janus Henderson Investors analysis, as at 27 September 2022. Forecasts are subject to change without notice. Past performance does not predict future returns.

2. Navigate inflation & higher rates

REITs may offer protection during periods of rising inflation given they typically provide a reliable and growing stream of income. Rental contracts are often linked to inflation through annual escalators and are reset when they expire. Landlords owning assets with rental pricing power may be well positioned to grow cash flows in an inflationary environment. In markets where demand outstrips supply, landlords are more likely to be able to benefit from full occupancy and command higher rents. Moreover, REITs can also generate growth from existing assets, acquisitions, and developments, which historically has enabled their earnings and dividend growth to outpace inflation over time.**

Over the last decade, many listed REITs have laddered their debt to match the term of their leases with tenants, which helps spread refinancing risk over several years. In addition, many REITs have been benefiting from fixing a large proportion of their debt at the more attractive funding rates of recent years, with a typical range of between 75% to 95% fixed-rate debt today.***

Unlike fixed income, REITs can grow cash flows, a key advantage when rates and inflation are rising



Source: Bloomberg, as at 31 August 2022.

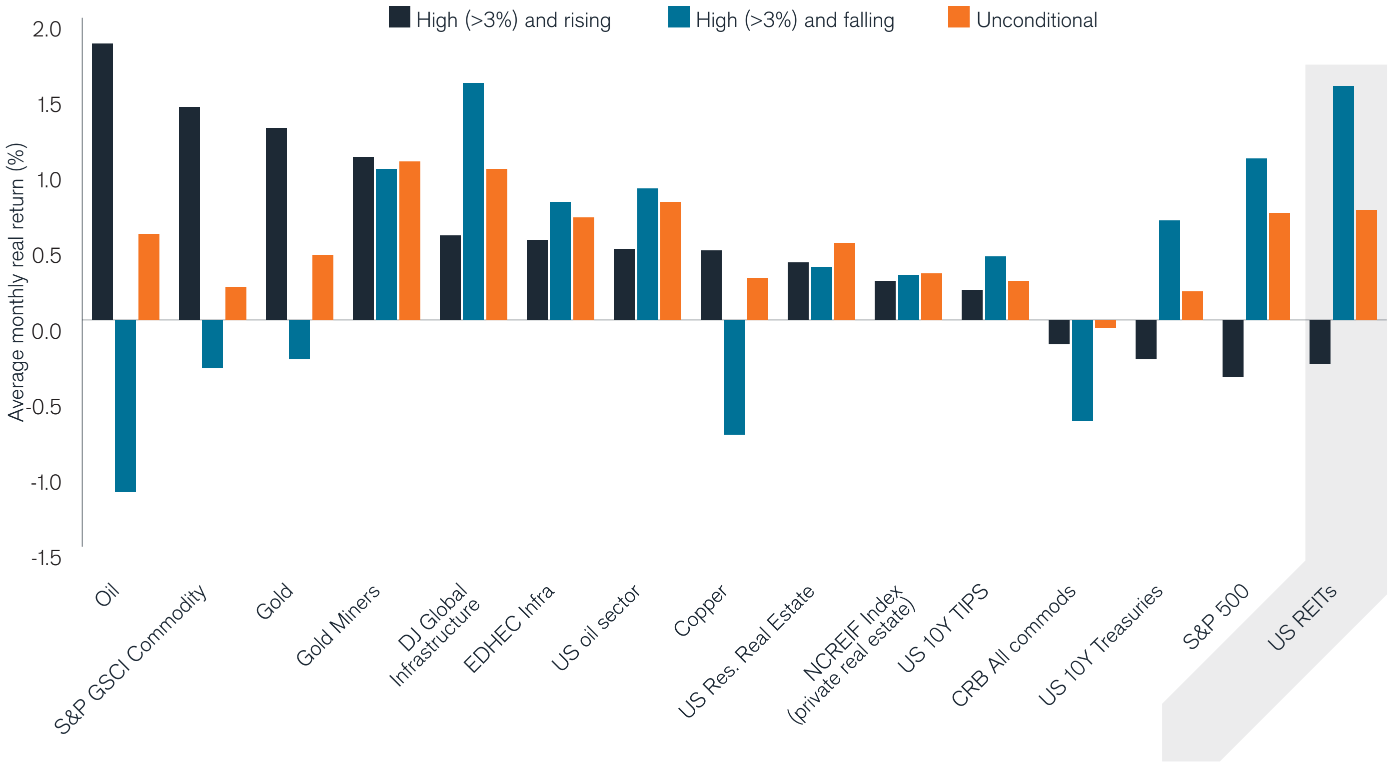
Note: Index used for REIT yields by country: FTSE EPRA Nareit Global REITs TR Index.

*Bloomberg, Janus Henderson Investors as at 30 June 2022.

**Nareit, Bloomberg, Janus Henderson Investors, 31/12/2001 to 31/12/2021. FTSE Nareit Equity REITs Index versus the Consumer Price Index. Dividend per share compound annual growth rate (CAGR).

***Source: S&P Global Market Intelligence as at 30 June 2022.

REITs have outperformed other real assets when inflation was high AND falling



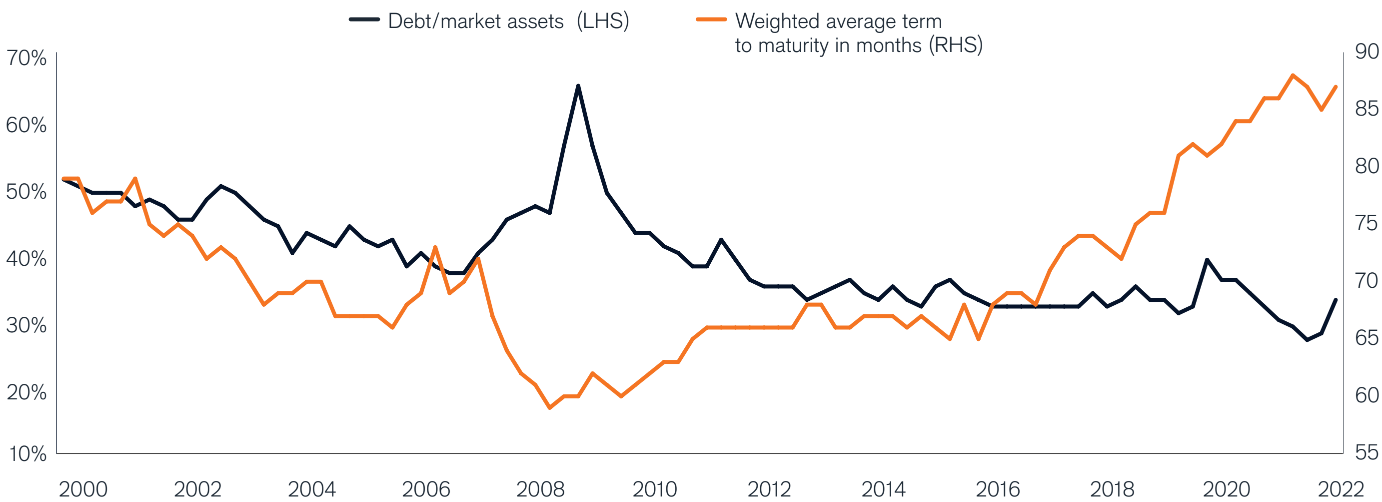
Source: Goldmans Sachs Europe Real Estate 15 September 2022. Refinitiv Datastream, Haver Analytics, Kenneth French, Goldman Sachs Global Investment Research. Data from 1950, inflation based on US CPI (Consumer Price Index). US REITs= FTSE Nareit All Equity REITs Index. Past performance does not predict future returns.

3. REITs in best financial shape ever

Balance sheet quality matters most when macro risks are highest. Post the Global Financial Crisis many listed REITs now have lower leverage, higher liquidity, continuous access to capital markets, extended debt maturities and diversified sources of funding. Indeed, REIT balance sheets have never been stronger, fostering the ability to raise dividend distributions as well as enabling the potential for growth via acquisitions and development.

Continuous access to permanent capital from the public equity and debt markets is a significant advantage to listed REITs in economic downturns. The vast majority of US-listed REITs (which represent more than half of global REITs) have investment grade credit ratings, providing flexibility to invest and ramp up external growth activity, and take advantage of any potential distress in the private markets.

US REIT debt/total assets, US REIT average debt maturity



Source: Raymond James, S&P Financial, Janus Henderson Investors analysis, as at 30 June 2022.

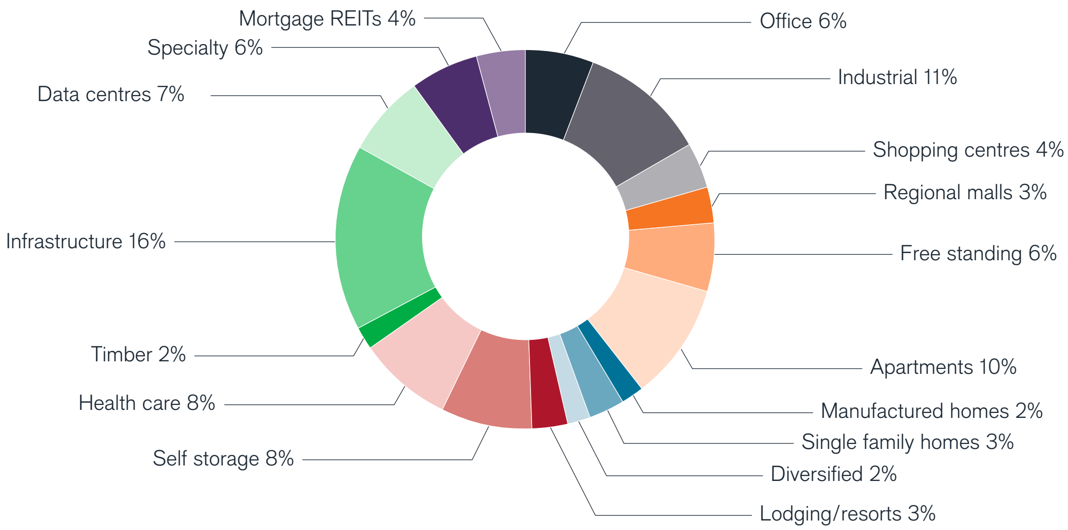
4. Diversification & attractive valuations

Listed REITs can offer property sector and geographic diversification, transparent disclosure and daily pricing. Its attractive and differentiated return profile is derived from a combination of a high starting yield, inflation-linked earnings growth and price appreciation from a real physical asset.

Additionally, over the longer term, listed property delivered higher returns and low correlation compared to equities and bonds, making them an efficient way to diversify portfolios and potentially enhance risk-adjusted returns.*

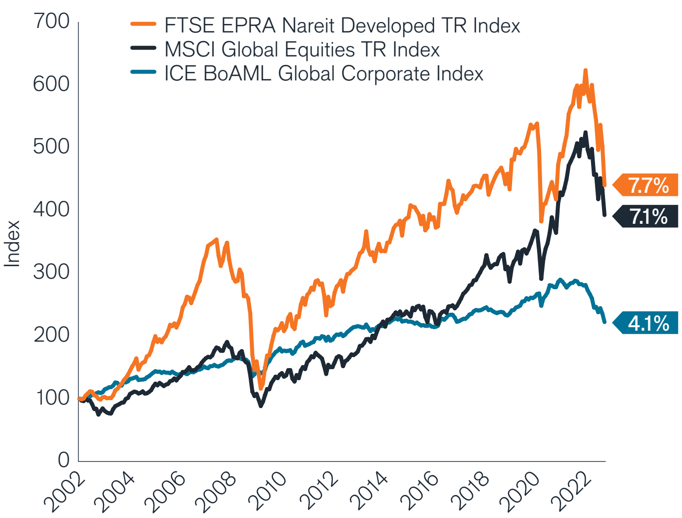
Listed REITs are currently undervalued versus private real estate despite owning comparable assets and have lagged the performance of general equities materially in recent years. **While past performance does not predict future returns**, given that over the long term listed REITs have traded in line with the private market value of their assets, and buying undervalued REITs has typically been rewarding, they could now present an attractive and compelling opportunity for investors.

Listed REITs enhance the diversification benefits of real estate



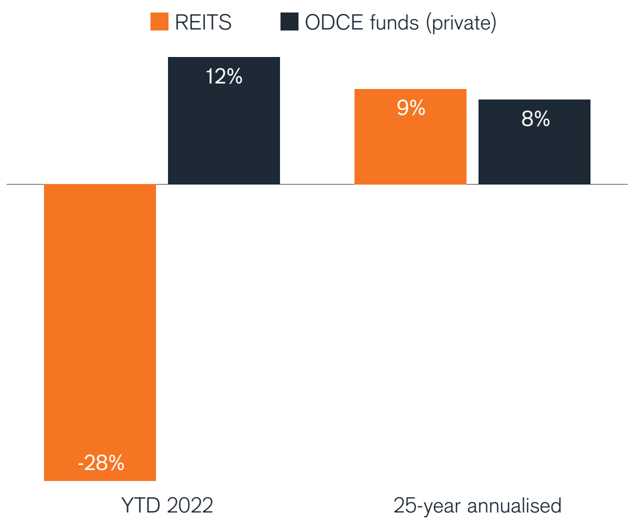
Source: FTSE, Janus Henderson Investors as at 30 September 2022. Listed REITs= FTSE Nareit All REITs Index.

Global REITs long-term cumulative total return %



Source: Janus Henderson Investors, Bloomberg, MSCI, S&P Citigroup, as at 30 September 2022. Index values rebased to 100 on 31 December 2001.

US real estate total returns



Source: Bloomberg, NCREIF, Green Street. US REITs (public): FTSE Nareit All Equities REITs Index year-to-date returns to 30 September 2022; ODCE Index (private real estate) returns to latest available 30 June 2022. ODCE Index represents open-end diversified core strategy funds with at least 95% of their investments in US markets.

Past performance does not predict future returns.

*Nareit, FTSE EPRA/Nareit Global Index versus MSCI EAFE and Bloomberg Barclays Global Aggregate Bond Index, from February 2005 to December 2021.

5. Powerful secular themes

Real estate is a continuously evolving asset class. Structural trends are creating opportunities in certain parts of the market, but are also leading some property types towards irrelevance.

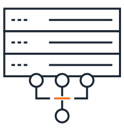
Increasingly sophisticated technology, rapid urbanisation and shifts in demographics have fundamentally changed consumer behaviours and altered the needs and uses for real estate.

TECH REAL ESTATE: AT THE CORE OF MODERN LIFE

CELL TOWERS

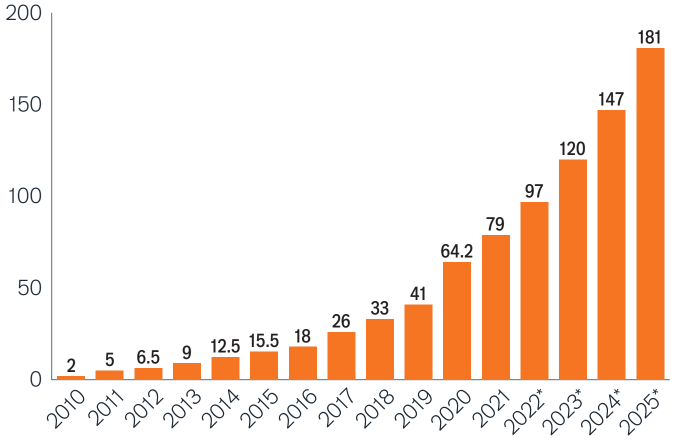
- Towers provide mobile device connectivity
- Telcos are actively building out 5G networks
- New leasing on towers reaching record levels

DATA CENTRES



- Landlords provide centralised data storage and computing power
- Majority of all computing is expected to transition to data centres over time
- Difficulties securing power restricting new supply

GLOBAL DATA CONSUMPTION IN ZETTABYTES (ZB)



Source: Altman Solon Research & Analysis, Verizon, AT&T, American Tower, Statista Research Department, Janus Henderson Investors analysis, as at 24 August 2022.
Note: *Forward-looking datapoints reflect research estimates.

RESIDENTIAL: STRUCTURALLY UNDERSUPPLIED ACROSS DIFFERENT SUBSECTORS

RENTAL APARTMENTS

Recently raised guidance implies 14% NOI growth for FY22, with an average of **15% embedded organic growth** at 2Q22[4]

MANUFACTURED HOUSING

Since inception in public markets, **MH REIT NOI has never been negative**, averaging 5% annualised growth since 2000[3]

SINGLE FAMILY HOUSING RENTAL

Dramatic increase in borrowing costs means that it is **1.4x more expensive to own than to rent** a home in the US[5]

SENIOR LIVING

4.4% 80+ **population growth** in 2023, the **highest level in 52 years** and expected to compound at this level until 2030 based on current demographics[2]

STUDENT HOUSING

Counter cyclical demand for higher education and demographic growth driving demand. **UK student applications forecasted to increase 50% by 2026**[1]

Source: [1]UCAS, [2]OECD, [3,4]Green Street Advisors, [5]Jefferies, FRED, NAR, REIS, Redfin, Janus Henderson Investors analysis, as at 28 June 2022.

Property's key role in sustainability

Real estate has a huge responsibility towards the achievement of global climate and sustainability targets. This brings not only challenges but also opportunities within the asset class.

According to the International Energy Agency (IEA), real estate is responsible for about one-third of global energy usage and carbon emissions, rising up to 70% in urban areas. Real estate will therefore be a key focus in the pursuit of The Paris Agreement and net zero ambitions. Specifically, reducing both the embedded and operational carbon of buildings will be of growing importance in the years ahead.

The IEA's goal of achieving its Net Zero Emissions Scenario by 2030 calls for all new and retrofitted buildings to be zero-carbon ready. This means being highly energy-efficient and either making use of renewable energy directly, or using an energy supply that will be fully decarbonised by 2050.

Reducing both the embedded and operational carbon of buildings as well as occupant health will be of growing importance in the years ahead. As well as making environmental sense, it also makes financial sense. A meta-analysis of 42 'green' studies led Dalton and Fuerst to conclude that buildings with green certifications resulted in a rent premium of 6% and a sales premium of 7.6%*.

Within property, a meaningful analysis of Environmental, Social and Governance (ESG) factors requires among others, in-depth knowledge of a company's property portfolio, capital allocation, senior management incentives, and board oversight.

REITS AND THEIR STAKEHOLDERS ARE INCREASINGLY RECOGNISING THE IMPORTANCE OF ESG EFFORTS. REITS AND LISTED REAL ESTATE OUTPERFORMED PRIVATE REAL ESTATE IN THE 2021 GRESB ESG SCORES**

*JLL Global Research: How the 'value of green' conversation is growing up, January 2022.

**Nareit, GRESB, 2021 equally-weighted scores based on data submitted by companies. The GRESB ESG score is an overall measure of how well ESG issues are integrated into the management and practices of real estate companies and funds.

Sustainable or Environmental, Social and Governance (ESG) investing considers factors beyond traditional financial analysis. This may limit available investments and cause performance and exposures to differ from, and potentially be more concentrated in certain areas than the broader market.

Risk considerations

- **Market risk:** listed REITs are subject to market price movements, meaning in the short term broader equity markets can dictate REIT share prices.
- **Sector risk:** real estate securities are sensitive to changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, supply and demand, and the management skill and creditworthiness of the company.
- **Leverage risk:** REITs that are funded by a high level of debt (leverage) can find themselves in financial difficulty if rental income falls, affecting their ability to service debt repayments.
- **Liquidity risk:** although investors can sell their listed REIT shares in public exchanges, the investments are less liquid compared to stocks and bonds as no secondary market exists for the underlying real estate assets held.
- **Interest rate risk:** REITs are highly sensitive to changes in interest rates. Higher interest rates are associated with higher borrowing costs and can impact property values.

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