

UK PROPERTY PAIF

January 2021

Ainslie McLennan

Fund Manager, Janus Henderson UK Property PAIF

Janus Henderson UK Property PAIF (the Fund) and its Feeder Fund remain suspended for dealing – 4th December 2020. Please see the appendix for more information.

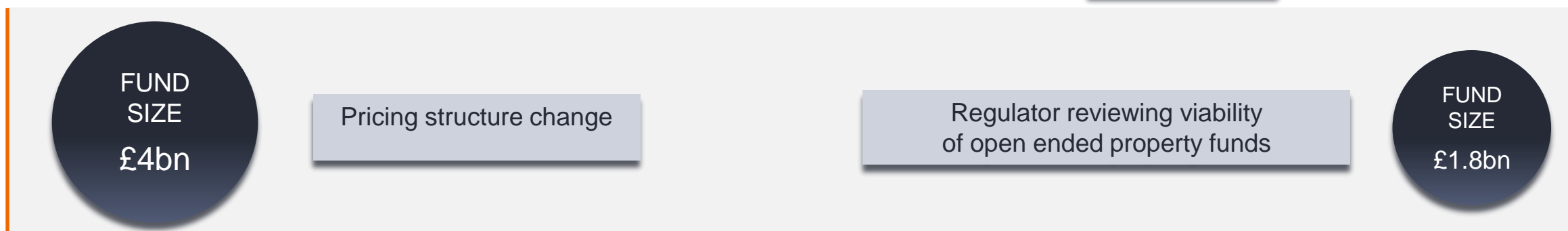
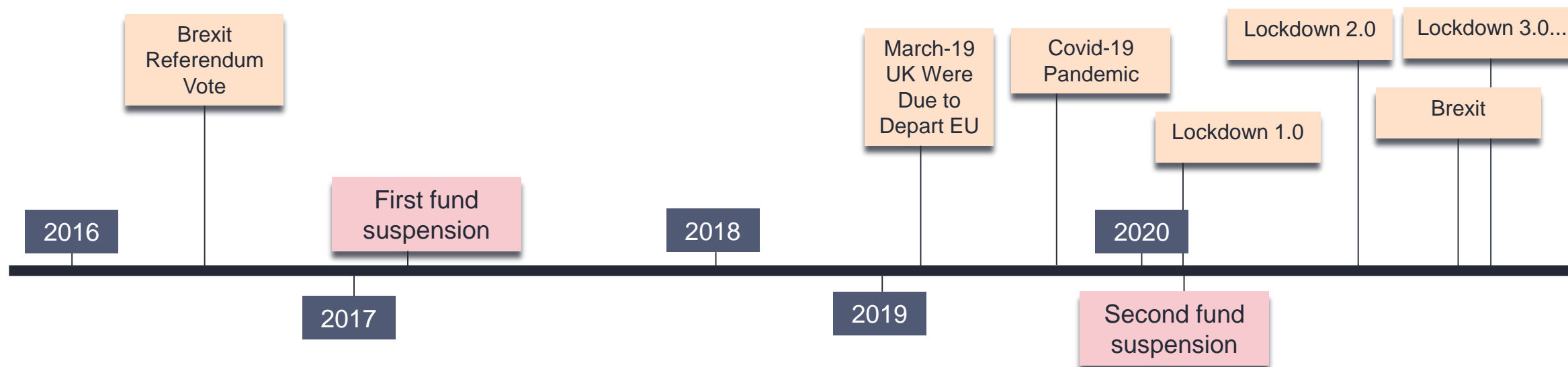
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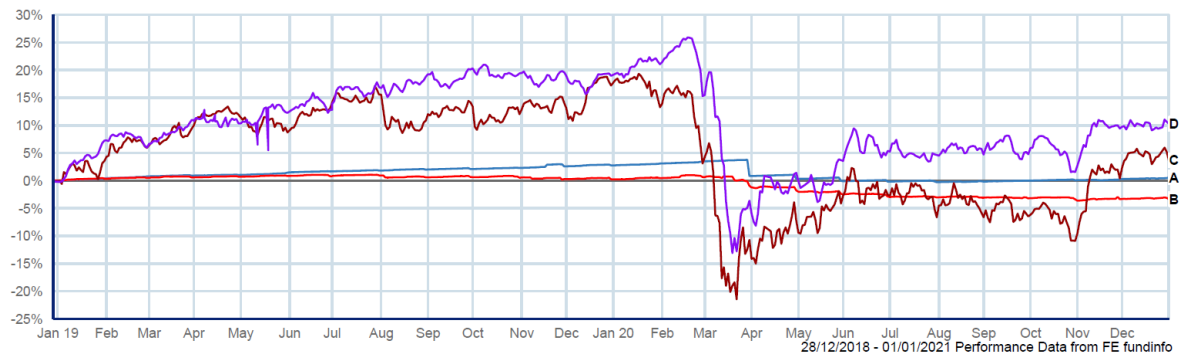
THE JHUKPPAIF ROLLERCOASTER RIDE...

Five years of extraordinary circumstances to deal with for direct property



...DESPITE THAT, PROPERTY IS STILL VERY RELEVANT

And an important diversifier that **performs**



Cumulative performance		1m	3m	6m	1y	3y	5y	10y
A	Janus Henderson UK Property PAIF I Acc	0.3%	0.6%	0.8%	-2.1%	4.7%	9.0%	51.4%
B	IA UK Direct Property	0.0%	-0.2%	-0.4%	-3.6%	0.4%	8.6%	47.2%
C	FTSE 100	1.4%	10.5%	6.6%	-11.5%	-5.3%	26.2%	60.2%
D	IA Property Other	0.5%	4.1%	4.8%	-7.3%	7.0%	23.8%	64.8%

- **Less volatile** than equities
- **Uncorrelated** to traditional markets – especially important in black swan events
- Important **diversifier** in a **multi-asset** portfolio
- **Outperformed** peer group over 1, 3, 5 & 10-year time horizons
- Positioned towards **core** assets with **strong income** streams and compelling **long-term** investment rationales

Source: FE Trustnet, as at 01 January 2020

Note: Performance shown for the I Acc share class in GBP.

Past performance is not a guide to future performance.

UK PROPERTY PAIF

Annualised Performance (%)	3 Year	5 Year	10 Year	Since Inception (14/06/1999)
Fund – I Acc GBP (Net)	1.6	1.7	4.7	4.5
IA UK Direct Property	0.1	1.7	3.9	—

Discrete Performance (%)	I Acc GBP (Net)	IA UK Direct Property
31 Dec 2019 – 31 Dec 2020	-2.1	-3.6
31 Dec 2018 – 31 Dec 2019	2.8	0.2
31 Dec 2017 – 31 Dec 2018	4.1	3.9
31 Dec 2016 – 31 Dec 2017	8.7	7.9
31 Dec 2015 – 31 Dec 2016	-4.3	0.3

Peer Group Description

The Investment Association (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.

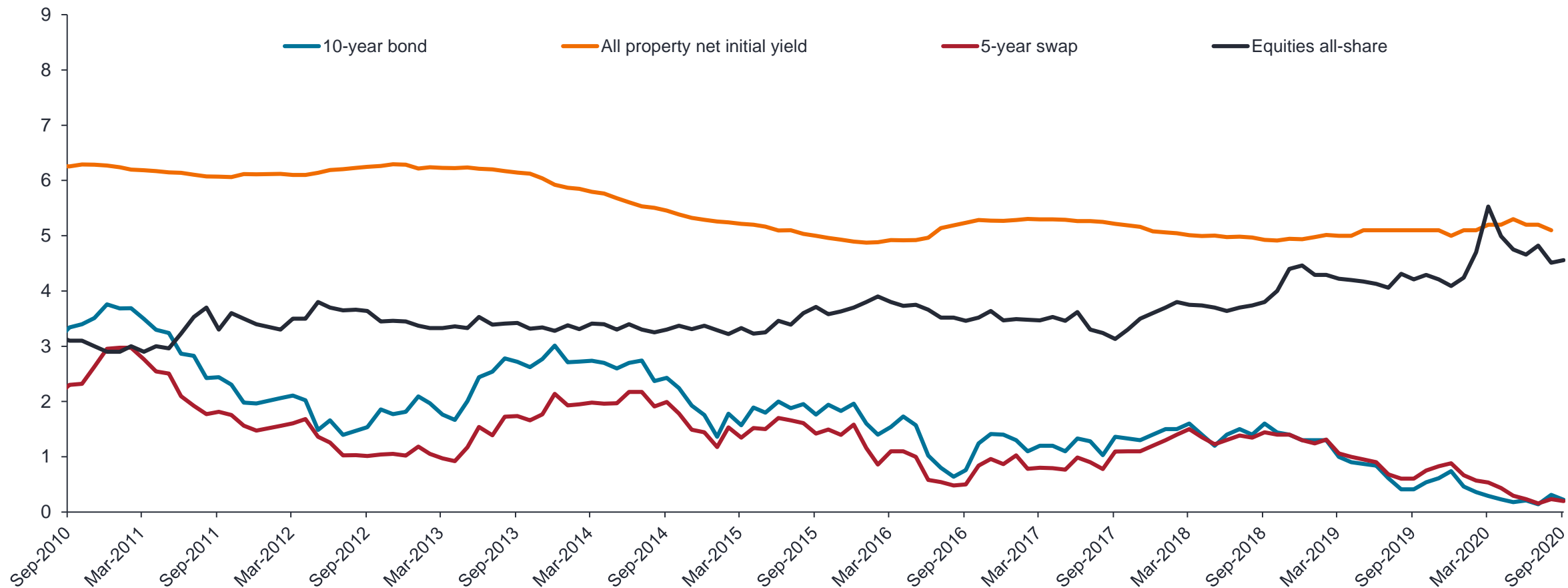
Source: Morningstar, as at 30 November 2020. Discrete performance as at 31 December 2020. All rights reserved, on a bid to bid pricing basis, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Note: The Fund aims to provide a high and increasing level of income as well as capital growth over the long term (5 years or more). The Fund will be a Property Authorised Investment Fund (PAIF) for tax purposes at all times. The Fund invests at least 60% of its assets in UK commercial real estate and in shares and bonds of UK companies in the real estate industry. The Fund is actively managed with reference to the IA UK Direct Property sector average, which is based on a peer group of broadly similar funds, as this can provide a useful comparator for assessing the Fund's performance.

Past performance is not a guide to future performance.

PROPERTY DISTRIBUTION VS EQUITIES AND GILTS

Relative Pricing of Asset Classes, %



Source: Nuveen Real Estate, MacroBond, MSCI Q2 2020

INCOME & DISTRIBUTION

Robust and diverse tenant base with strong rent collection statistics

Top 10 Tenants by Income (December 2020):

Infinity Data Centre

Kuehne & Nagel Drinkflow Logistics Limited

Sainsbury's Supermarkets Limited

Eddie Stobart Limited

Care UK Community Partnerships Limited

Amazon UK Services Ltd.

JC Bamford Excavators Limited

TJX UK

DSG Retail Limited

Expert Logistics Limited

- Diverse tenant base including strong supermarket, technology, construction, healthcare and logistics income
- Over 10% of our income is from supermarkets
- Robust rent collection statistics. December 2020 rent collection at 80.0% so far...

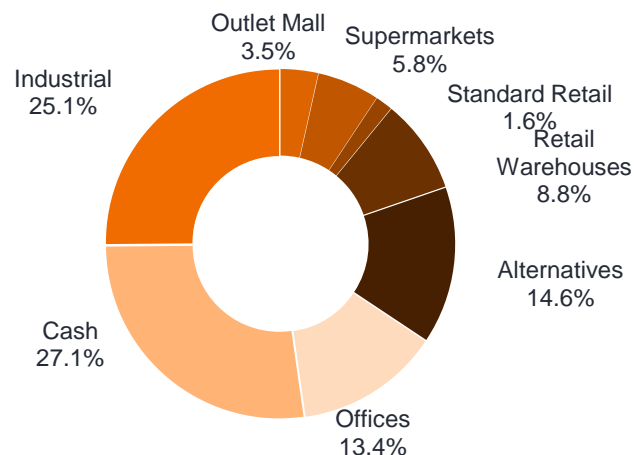
Rent Collection %

Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Dec 2020	Oct 2020	Nov 2020
85	83	82	85	85	84	89	87

Source: Nuveen Real Estate

PORTFOLIO COMPOSITION

Fund sector allocation by capital value



- **4.8%** vacancy rate (as at Sept-20)
- **9.4 years** weighted average unexpired lease length versus a benchmark of 6.3 years (as at Sept-20)
- **59%** London & South East
- **34.8%** leases benefit with fixed uplifts or are index linked to RPI

- The fund is looking to reduce it's office and retail warehouse weighting
- Gradual sale of funds larger assets
- Focus on holding industrial, supermarkets and alternatives

Property Level Performance (%)	1 Year	3 Year	5 Year	7 Year	10 Year
Fund	-0.91	4.81	5.47	7.38	7.17
Index	-6.43	0.86	2.56	5.74	5.65
Difference (Fund vs. Index)	6.91	3.92	2.84	1.55	1.44
Rank	1	1	1	2	2

Source: Janus Henderson Investors, Nuveen Real Estate, as at 31 December 2020. Property level performance as at 30 September 2020.

Note: The sum of the sectors + cash may not equal 100% due to rounding.

The above is intended for illustrative purposes only and is not indicative of the historical or future performance of the fund.

Reference to individual companies or any securities is purely for the purpose of information only and should not be construed as a recommendation to buy or sell the same

Past performance is not a guide to future performance.

NURTURE KEY TENANT RELATIONSHIPS

AMAZON SOUTHAMPTON

Q2 2019



Acquired vacant, sustainable credentials improved and re-let

AMAZON CROYDON

Q2 2020



Conversion of redundant retail warehousing to urban logistics unit

AMAZON BARDON

Q2 2020

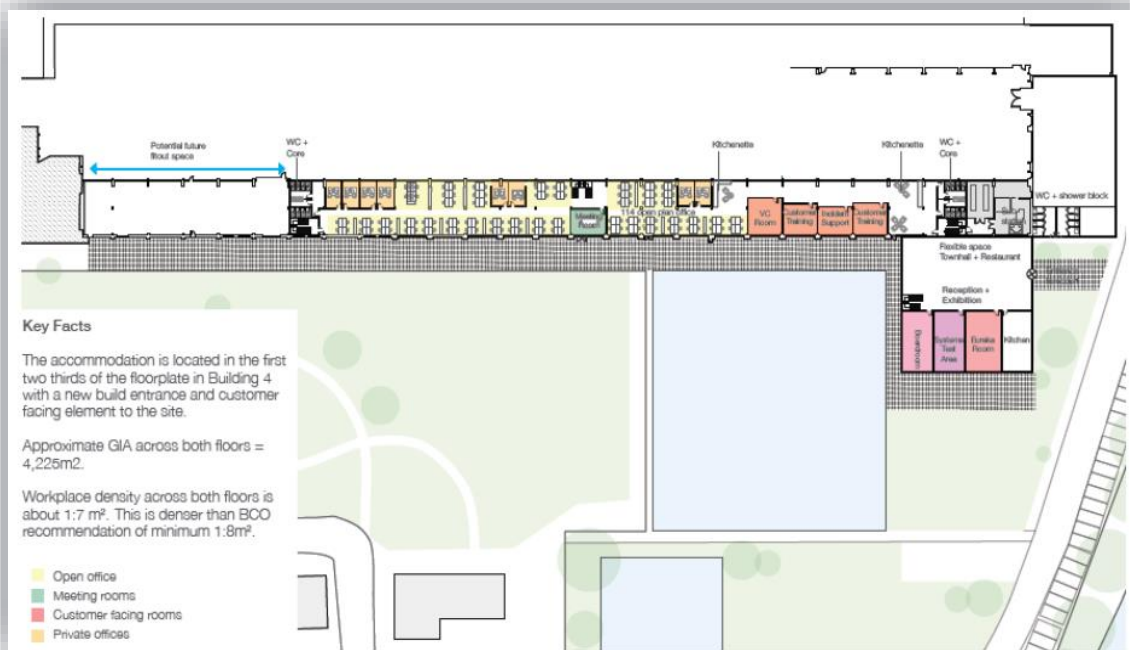


Letting deal structured with Amazon to acquire the unit for car charging

Source: Nuveen Real Estate

GE, RUGBY – TARGETED DEVELOPMENT

Option Development – Option B Ground Floor



- Existing asset value c. £11m / Lease expiry November 2022
- Proposal: New 25-year lease with 2.5% compounded five yearly increases. Parent company guarantee.
- Construction works: £12.5m development to deliver new office accommodation and associated facilities for GE
- Funding of works: £4.5m contribution from GE and £8.0m from JHUKPPAIF
- Asset value post works: £27.9m
- Propose net profit to JHUKPPAIF: around £7.85m / 39.2% profit on cost**

INCOME PROTECTION AND GROWTH

JHUKPPAIF remains a very core but very active fund

1

Rent Reviews (last 12 months)

- 64 reviews completed
- £14,800,339 of reviewed income
- 5.3% increase on passing rent

2

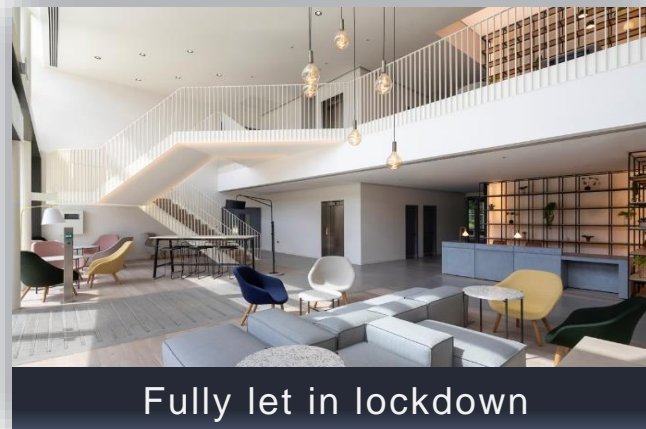
Lettings (last 12 months)

- 51 lettings completed
- £9,704,182 of income
- 2.0% increase against ERV

Source: Nuveen Real Estate as at 30 December 2020

VOID REDUCTION

- **Q4 2019: 6.9%**
- **Q3 2020: 4.8%**
- **Sector breakdown** – vacancy heavily weighted towards industrial and office sectors
- **Location, location, location!**
Void in strong micro-locations which are letting well
- **Asset quality** – design led and fit for purpose playing to the occupational audience



RAISING LIQUIDITY

The 14 assets sold over 2020 raising £269.3m

Sector Breakdown		Number of Assets Sold
Industrial	£33.9m	2
Office	£99.7m	3
Alternative	£21m	1
Retail Warehouse	£90.1m	5
Standard Retail	£24.5m	3
Total	£269.3m	14

- Further assets under offer for sale
- The principal challenge for the Fund is to retain key metrics and performance whilst raising this essential liquidity

Ahead of the market



Sold well over past three years including reducing offices and retail exposure

Sold all pubs and department stores

Capitalised during 2020 from sale of large office campus on Stockley Park

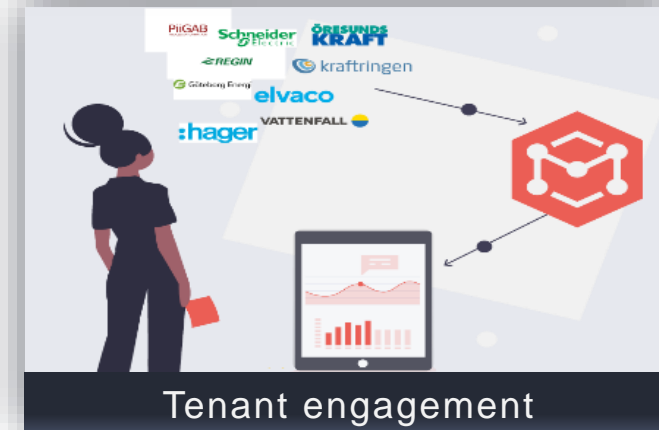
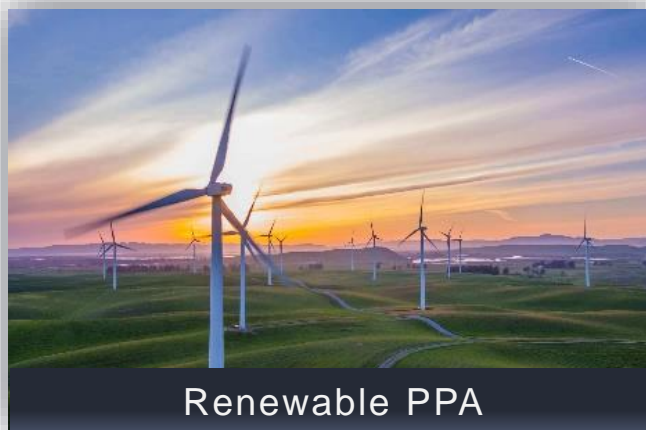


Sold a large retail warehouse park over the last part of 2020 further protecting income and reducing exposure to retail tenants

Current portfolio is well balanced with good performance

OPERATIONALLY NET ZERO CARBON BY 2030

- Two decades ahead of Paris Accord
- Take advantage of short-term pricing reward, with a longer-term defensive position as net zero carbon requirements become baked into market prime
- Liquidity, financing and rental premiums
- Focus on energy efficiency, renewable energy, and tenant engagement
- On track and independently measured by The Carbon Trust
- 4th out of 59 funds in our benchmark within 2020 GRESB results



APPENDIX

BIOGRAPHY



Ainslie McLennan

Fund Manager, Janus Henderson UK Property PAIF

Ainslie McLennan is Head of UK Balanced Funds and Fund Manager of Janus Henderson UK Property PAIF at Nuveen Real Estate, formerly TH Real Estate, which was formed in 2014 as a joint venture between Henderson Global Investors and TIAA-CREF. TH Real Estate was renamed Nuveen Real Estate in January 2019 to consolidate under the investment umbrella brand of Nuveen. Ainslie joined Henderson in 2002, running commercial property fund mandates investing both directly and indirectly in UK and European markets until 2014. Prior to Henderson, she worked for a private property investment practice in Scotland.

Ainslie graduated with a bachelor of land economy degree (Hons) from Aberdeen University. She is a member of the Royal Institution of Chartered Surveyors and the Investment Property Forum. She has 25 years of property industry expertise.

Source: Janus Henderson, as at 31 December 2020

Contact us

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Important information

Janus Henderson UK Property PAIF (the Fund) and its Feeder Fund remain suspended for dealing – 4th December 2020

Since the last formal dealing suspension review in November, the team have continued to make progress on property sales, with two sales completing in November (an office in Leatherhead and an industrial building in Warwick). A pipeline of properties under offer to sell is in place and exchange and completion dates are being negotiated with prospective buyers. As we said in our last update, the property transaction market remains challenging and there are still chances of delays or withdrawals from transactions, especially as we head into the festive holiday season and have the Brexit transition deadline looming. Property sales are spread across a number of property sectors/tenant profiles to maintain the characteristics of the Fund, thereby balancing the interests of investors who wish to remain invested in the Fund (or its Feeder) and those who want to redeem.

The Board of Henderson Investment Funds Limited, which is the authorised corporate director (ACD) for the Fund, has again formally reviewed the dealing suspension. The Board has agreed with the Fund's depositary that the Janus Henderson UK Property PAIF (and its Feeder Fund) should remain suspended due to the need to allow the property sales under offer to progress to completion. This will enable known redemptions to be met and the Fund has sufficient liquidity to substantially reduce the risk of re-suspension in the short term. Despite the challenging property market conditions, the looming Brexit transition deadline and the uncertainty caused by the FCA's consultation on introducing redemption notice periods for open-ended funds invested in direct property, we envisage the PAIF and its Feeder Fund will be able to reopen during the first quarter of 2021.

The dealing suspension, therefore, remains in place until further notice. The situation and progress on property sales will continue to be monitored closely by the ACD to ensure the funds are well placed to meet redemption requests on reopening and that the characteristics of the Fund are maintained. A further update will be provided within the next 28 days, or sooner should the situation change.

Contact us

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