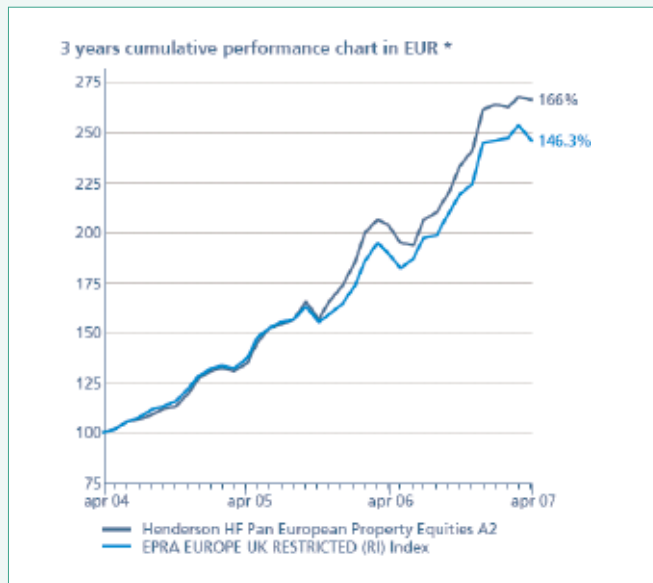


REAL ESTATE

HENDERSON HORIZON PAN EUROPEAN PROPERTY EQUITIES FUND



source: Henderson Global Investors

Focus: The fund invests at least 75% of its assets in quoted equity* securities of companies or Real Estate Investment Trusts (or its equivalents), whose registered offices are EC listed or are traded on a regulated market and derive the main part of their revenue, from the ownership, management and/or development of real estate in Europe

(*The Pan European property equities in Henderson's portfolios are closed-ended companies that are listed on European stock markets, and provide exposure to a variety of property sectors. These include retail properties, offices, industrial units, hotels and residential properties. The majority of property equities provide exposure to commercial property in the form of the retail and office sectors, which have the lowest risk profiles of the property market, and where returns are primarily in the form of income from rents. The highest potential risks and returns are to be found among developers, where projects tend to be more speculative and returns are primarily in the form of capital growth.)

Strengths:

- Liquidity and flexibility to exploit a wide variety of opportunities in European property markets
- Relative transparency of listed property versus unlisted
- Depth of experience on the team, knowledge of markets and participants, exploiting market inefficiencies and asymmetries of information
- Performance track record

Weaknesses:

- Volatility of share prices
- Imperfect representation of underlying property markets

Opportunities:

- Growth of sector due to REITs and emerging property market opportunities
- Ability to exploit new enhanced UCITS III powers

Threats:

- Potential liquidity constraints due to size of fund
- Unexpected inflation
- Excessive inflows, leading to price overshoot

Risk Management

□ = low □ = low/moderate □ = moderate □ = moderate to high ■ = high

• The fund's major risk: over-exposure to high beta stocks in a sustained market downturn		• Ability to contain transaction costs	□□□□■
• Expertise in evaluating real estate stocks - including presence of management skills	□□□□■	• Event risk	□□□□□
• Ability to identify and invest in under valued real estate stocks	□□□□□	• Market risk	□□□□□
• Ability to enter and exit stocks - in order to optimise valuation:	□□□□□	• Currency risk	□□□□□
Accuracy of research	□□□□□	• Leverage risk	□□□□□
		• Key man risk	□□□□□

Performance Parameters

■ =insufficient ■ =adequate ■ = satisfactory ■ = good ■ = outstanding

• Fund's current asset under management (AuM):	EUR 2.1bn	• Ability to sustain funds performance in:	
• No. of positions in the portfolio:	40 -75	• Rising market	■ ■ ■ ■ ■
• Diversification: locations & properties owned by companies		• Falling market	■ ■
• Countries (56.5%UK)	■ ■	• Sideway trending market	■ ■ ■ ■ ■
• Sectors	■ ■ ■ ■ ■	• Mean correlation between 1990 -2006, source: EPRA, May 2007	
• Capitalisation	■ ■ ■ ■ ■	• FTSE EPRA/NAREIT Europe Total Return Index and MSCI Europe Total Return Index 0.72	
• Avg. holding period	■ ■ ■ ■ ■	• FTSE EPRA/NAREIT Europe TRI and UK Total All Lives DS Govt Total Return Index -0.15	
• Manager's ability to pinpoint and uncover stocks that show potential (illiquidity premium)	■ ■ ■ ■ ■	• FTSE EPRA/NAREIT Europe Total Return Index and Reuters Commodities Price Index 0.06	
• Efficiency of putting capital to work:	■ ■ ■ ■ ■	• Since inception, consistency in delivering targeted returns	■ ■ ■ ■ ■

Outlook

↑ upside potential ↗ upside to range bound ↔ range bound ↘ range bound to down ↓ downside potential

• Barriers to entry: expertise, research		• Fund tends to outperform benchmark when perceived risk is low and market returns are positive	
• Outlook on investing in Pan European real estate equities	↗	• Fund tends to underperform benchmark when general investor sentiment is averse to property equities	
• Scope for a fund such as Henderson's PE real estate equity fund:	↗	• Fund's worst case scenario inflation is stronger than expected, risk premium rises and liquidity dries up - recession leading to weak tenant demand	
• Threat posed by competition:	↔		
• Fund's ability to deliver target returns over			
The next 12 months: fairly high			
The next 1 -3 years: fairly high			

Investment Insights

• Fund's target audience: retail and institutional investors	• Fund's base EUR and other currencies: USD, GBP
• Targeted AuM: capacity should be limited to 3%EPRA free float (currently approx. EUR4.5bn)	• Available to investors: in Europe and Asia
• Suited to investors looking for:	• Fund's complexity for an investor: low
long-term total returns in the 10-15% range from diversifying asset class	• Transparency provided to investors: high
• To optimise returns, recommended avg. holding period: indefinitely	• Rating/ awards: 5 star rating by Morningstar;
• Trading frequency: daily	S&P Fund Management Rating 'A'