Henderson
GLOBAL INVESTORS

Notification of dealing suspension

Dear Investor

Important information about the Henderson UK Property PAIF and Henderson UK Property PAIF Feeder Fund

With effect from 12 noon on 5 July 2016 Henderson Investment Funds Limited have temporarily suspended dealing in the Henderson UK Property PAIF (the Fund) and its associated Henderson UK Property PAIF Feeder Fund (the Feeder) due to the exceptional circumstances outlined below. Orders placed after this point will not be acted on until the suspension is lifted.

The decision to suspend was taken in agreement with the funds' Depositary, National Westminster Bank Plc, and the Financial Conduct Authority has been informed.

Background to the suspension

The suspension has been implemented to safeguard the interests of all investors. Uncertainty generated by the European Union referendum has had a negative effect on market sentiment and led to substantial withdrawals from property funds. A cash liquidity buffer is typically held to meet redemptions but the pace and size of redemptions has increased to abnormally high levels following the referendum result. This has put exceptional liquidity pressure on the Fund, exacerbated in recent days by the suspension of other direct property funds.

Transactions in direct property can be a lengthy process given the need to make offers, match buyers and sellers, undertake due diligence and the necessary legal work. It is important that property transactions are conducted in an orderly and considered manner so that the fund managers achieve the most reasonable deal for investors in the Fund (and indirectly the Feeder), including those investors who wish to remain invested for the medium to long term.

The dealing suspension will allow for an orderly sale of some properties and help ensure that the strong attributes of the portfolio in terms of its mix of properties and quality tenant base are not compromised while cash liquidity is raised ahead of a re-opening of dealing in the funds.

What happens now?

- Redemption requests can still be placed but these will not be processed; instead they will be held and all processed on the day the Fund and Feeder are re-opened to dealing, i.e. there is no significance to the order in which redemption requests are received during this period. Please note that not all platform providers may be able to submit these to us.
- Subscription requests, switches and transfers will not be accepted during the suspension period.
- For investors who are directly registered with Henderson, the portion of any regular savings that would normally be invested in the Fund or the Feeder will not be collected during the suspension period. Normal collections will resume once the Fund and Feeder re-open to dealing.
- We will continue valuing the Fund and Feeder during suspension so indicative prices will continue to be reported.
- The Fund will continue to be actively managed and all fund reporting will continue as normal. Ongoing charges and transaction costs will be applied as normal.
- Income distributions will continue throughout the period of suspension.

Henderson Global Investors Limited
201 Bishopsgate, London EC2M 3AE
T +44 (0)20 7818 1818 **F** +44 (0)20 7818 1819

henderson.com

Authorised and regulated by the Financial Conduct Authority. Registered office as above. Registered in England number 906355.
We may record phone calls for our mutual protection and to improve customer service.

When might the funds re-open?
We will announce a date for the re-opening of the Fund and Feeder when we are comfortable that we have sufficient cash to meet client redemption intentions plus a sufficient liquidity buffer to meet any fresh redemptions. We will endeavour to satisfy ourselves that the funds will not face re-suspension. We will notify clients ahead of the re-opening. Clients who have submitted a redemption request during the suspension period will be given the option to cancel their redemption request if they have since changed their mind. Redemptions will be dealt at the price available on the date of re-opening, which may be different to the price applicable when the initial redemption request was received. The suspension will cease as soon as practicable and will be formally reviewed at least every 28 days and regular updates will be provided via our website.

Outlook
At this stage, the longer-term impact of the referendum result is unknown. We are confident about the quality of the Fund's portfolio, which is well located with a good mix of tenants. The Fund continues to offer a net income yield of 3.2% (4.0% gross), which is attractive relative to other asset classes. The average lease term is 10.9 years and the void rate is 3.4%, well below the UK Investment Property Databank benchmark average of 9.6% (31 March 2016, latest available figure) and testimony to the strength of the tenant base. All Fund figures at 30 June 2016, yields may vary and are not guaranteed.

We are acutely aware of the frustration that the dealing suspension may cause you and would like to thank you for your patience during this challenging period. We will, of course, keep you up to date with any significant developments and will include additional information on our website at **HGi.co/propertysuspension.**

If you have any queries about the suspension or require any further information, please contact your financial adviser or call our Client Services Team on 0800 832 832 between 9.00am and 5.30pm Monday to Friday.

Yours faithfully,



Simon Hillenbrand
Head of UK Retail

Telephone calls may be recorded and monitored.