

Asia-Pacific Property Update



FOR PROFESSIONAL INTERMEDIARIES' USE ONLY

Henderson Horizon Fund – Asia-Pacific Property Equities Fund (the 'Fund')

In this update, Frankie Lee, Head of Property Equities, Asia, shares his views about the Chinese property market, progress of the anticipated office sector recovery and today's valuations relative to historical basis in Asia.

In the six months ended 30 June 2010, our Fund's net asset value declined by a modest 4.3%, delivering a far more superior performance than our index in what remained a challenging global equities and economic environment. This was attributable to our risk controls and outstanding sector and securities selection. Our views of the next quarters are that selected pockets of property value will grow especially strongly, healthily and sustainably in countries and companies which are leveraged to Emerging Asia. This opportunity is mainly represented by China, Indonesia and India, among others. At the same time, Hong Kong and Singapore office sector will continue to see strong demand for space due to pertinent services of rising Asian wealth and capital markets needs.

China property market

Irrespective of the outcome from the existing Euroland fiscal policy and anaemic economic growth in the next one year, we consider a thriving Chinese economy, albeit at a lower growth rate than the previous 12 months, will increasingly become more pertinent and drive income and asset value growth in the Asia-Pacific region for years.

In allowing the RMB to appreciate moderately, China has modestly demonstrated their confidence in the economy's recovery as they resolve to adopt a more domestic consumption focused economic growth model and reduce the probability of trade friction around the world. Accordingly, China and Hong Kong property stocks benefited from the lift in sentiments and firming asset prices to emerge as the biggest outperformer for June, returning 3.4%. Singapore property stocks, with their large exposure to China, also gained 3.3%.

We anticipate that growth of the Chinese economy will become less reliant on fixed asset investment and Chinese home prices of late have begun the necessary and healthy moderation. While the cool-down may take a few quarters to fully play out, business consolidation is slowly taking place and we begin to see varying sales performance among the developers. As business hurdle is heightened while land cost is gradually lowered, we believe many good listed developers will reap benefits from the potential improvement in margin and market share down the road.

Having successfully circumvented the decline in China property stock prices to date, we believe the Fund is now in prime position to capitalize on the unreasonably wide discount to net asset value across the sector.

Stock holdings with China exposure:

China	China Overseas Land, Glorious Property Holdings, Shanghai Jin Jiang, Shimao Property Holdings, Yanlord
Hong Kong	Henderson Land Development, Hongkong Land Holdings, Kerry Properties, Sun Hung Kai Properties
Singapore	Keppel Land

Asia-Pacific Property Update



Office sector recovery in Asia

We continue to favour the **office theme** and believe the multi-year recovery in rents and asset value typical of an office sector cyclical upturn has yet to be priced in and there remains room yet for stocks to rerate. This is on the back of steady improvement of employers' hiring intention most particularly in Singapore and Hong Kong according to the latest Hudson Survey which, for example, indicated that 72% of financial institutions in Hong Kong were looking to hire representing the strongest signal of future office demand since 2007.

More positive signs recently:

Singapore

- Marina Bay Financial Centre Phase 1 is 100% pre-committed. Barclays and BHP Billiton take up a total of 580,000 sq ft of space.
- Ocean Financial Centre is 30% pre-committed although only slated for completion in end 2011
- Goldman Sachs is in talks to expand space for back office near CBD

Hong Kong

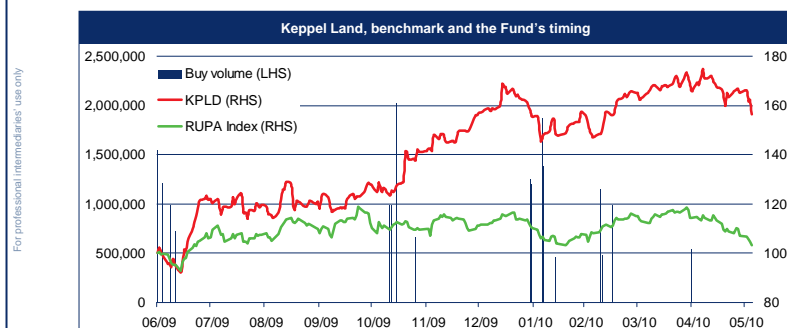
- ANZ, Blackrock, Daiwa and Chinese companies are expanding space
- Central office rents were up 20% in 1H 2010

Source: JLL, Bloomberg, CLSA Research, as at 23 April 2010

The Fund's strategic allocation to office stocks benefitted from an upbeat jobs market, improving occupancy levels and encouraging leasing activities, with Keppel Land and Hongkong Land contributing significantly to the Fund's performance during June as well as the first half of 2010.

Keppel Land

Outperformed about 60% in ten months



Source: EPRA/NAREIT Pure Asia Index per Bloomberg, as at 31 May 2010

Well-timed stock purchases

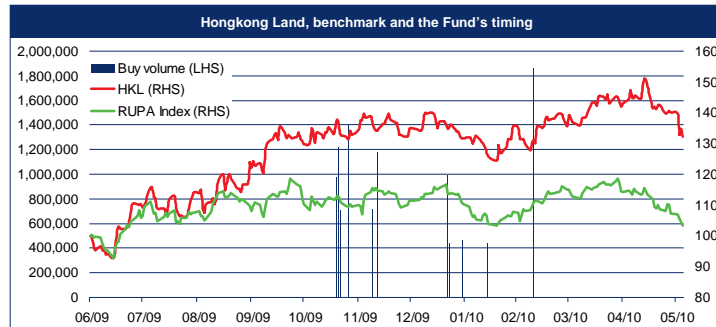


Asia-Pacific Property Update



Hongkong Land

Outperformed about 33% in ten months



Source: EPRA/NAREIT Pure Asia Index per Bloomberg, as at 31 May 2010

Well-timed stock purchases

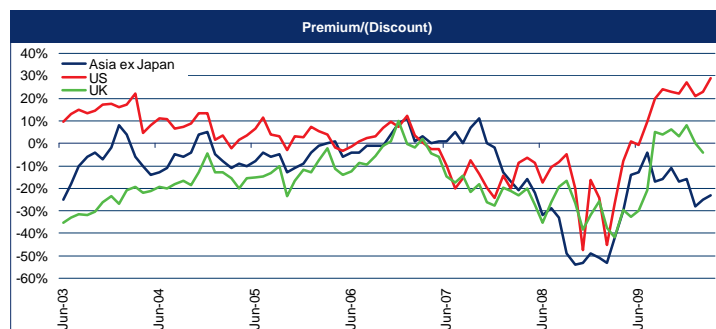


Valuations

From valuation perspective, the Asia property sector is currently trading at range of 10-35% discount to NAV depending on the region. Asia property market has generally underperformed the US and European property market over the last 10 months due to the roll-out of the real estate tightening measures to date, concerns over lower growth in the Chinese economy and continuing rate hikes in this region.

We reckon the bad news is already reflected in the price and believe that there's a higher probability for Asia property market to outperform the rest over the next 6-12 months given that the fundamental data remains supportive of equities and risk assets in general.

Asia ex-Japan vs US and UK



Source: Henderson Global Investors, Green Street Advisors, Inc., EPRA, JPM Research, MS Research, Worldscope, Factset
Note: Data as at 31 March 2010



Asia-Pacific Property Update



Key investment risks to be considered before investing

- The Fund does not invest in real estate directly but primarily invests in equity securities and equity instruments of companies or REITs (or its equivalent) which engaged in real estate businesses.
- Investments in the Fund are exposed to property-sector specific risk and varying degree of risks to economic, political, regulatory and social development changes in the Asia-Pacific region.
- The Fund may invest substantial sum of its assets in companies located in a single country within the Asia-Pacific region (including emerging market) and may involve a higher concentration of risk and market volatility, including liquidity risks for investments in emerging markets, than funds investing in developed markets and following a more diversified policy.
- Investments in the Fund involve varying degree of investment risks (eg. market, legal, financial, interest rate, currency, etc). In extreme market conditions, you may lose your entire investment in the Fund.
- The Fund may not be suitable for all investors. The intermediary who offers it to the investor should advise the investor why the product is suitable for him and how it is consistent with his investment objectives and meet his financial needs.

Note: The above investment risks summary may not have set out all the risks and other significant aspects involved in investing in the Fund. You are advised to read the Prospectus of the Fund for more details of the investment risks.

Important Information

Henderson Global Investors (Singapore) Limited and its affiliates are referred to herein as Henderson Global Investors. This document has been produced based on Henderson Global Investors' research and analysis and represents our house view which is **solely for the use of professional intermediaries and not for general public distribution. All the information contained in the document is intended for information, illustration or discussion purposes only and should not be relied on for any investment decisions or regarded as a substitute for the exercise of your own judgement. The information contained in the document has not been reviewed or endorsed by the MAS.**

The contents of this document are prepared without consideration to the specific investment objective, financial situation and particular needs of any specific person. It does not constitute an advertisement and should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase any investment in any jurisdiction and do not purport to represent or warrant the outcome of any investment strategy, program or product. Any information and views provided herein is subject to change without further notice. None of the material, nor its content, nor any copy of it, maybe altered in any way, transmitted to, copied or distributed to any other party, without prior express written permission of Henderson Global Investors. The information contained herein is obtained and / or compiled from sources believed to be reliable and current and Henderson Global Investors do not warrant, guarantee or represent, either expressly or impliedly, the accuracy, validity or completeness of such information. Henderson Global Investors or any directors or employees of Henderson Global Investors shall not be liable for any damages arising from any person's reliance on this information and shall not be liable for any errors or omissions (including but not limited to errors or omissions made by third party sources) in this information. Unless otherwise indicated, the source for all data is Henderson Global Investors.

Past performance of any fund, a security, an investment or manager and any opinions, forecasts, assumptions, estimates or valuations made are not necessarily indicative of the future or likely performance of the fund, the security, investment or manager. An investment in collective schemes/funds, and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. The value of the units and the income from the funds may fall as well as rise as a result of market and currency fluctuations.

Henderson Global Investors (Singapore) Limited Company Registration No. 199700782N
Date of issue: 5 July 2010