

24 June 2013

Henderson Group plc and TIAA-CREF establish global real estate alliance

Henderson Group plc (“Henderson”) and Teachers Insurance and Annuity Association - College Retirement Equities Fund (“TIAA-CREF”) have agreed to combine their European and Asian real estate businesses to form a leading real estate venture, TIAA Henderson Global Real Estate, with assets under management (“AUM”) of approximately £13.0 billion (US\$19.8 billion)¹. In a related sale, Henderson will also sell its North American real estate business to TIAA-CREF.

- **Henderson will own 40% of TIAA Henderson Global Real Estate, which will have access to a strong source of capital from TIAA-CREF enabling it to invest alongside clients to grow the business further.**
- **Henderson will receive cash proceeds of £114.2 million (US\$176.6 million) (before deal costs), further strengthening its balance sheet and capital position.**
- **The transactions value Henderson’s property business at 8.8 times property’s 2012 EBITDA.**
- **Henderson will be a simplified business with core strengths in Global and European Equities, Absolute Return, Multi-Asset and Global Fixed Income investment management.**

Commenting on the transaction:

Andrew Formica, Chief Executive of Henderson Group plc said: *“Henderson has long recognised that its property business would benefit from greater scale and access to capital to accelerate its future growth. We are delighted to have a financially strong and ambitious partner in TIAA-CREF who shares our absolute commitment to serving clients’ needs. With their added expertise and resources, I am confident that our clients and shareholders will benefit from this relationship.”*

Roger W. Ferguson Jr., President and Chief Executive Officer of TIAA-CREF said: *“This partnership enables TIAA-CREF to further diversify our investments into new markets as we continue to expand our asset management business globally. Real estate has been a key part of our investment platform since 1934. We are pleased to partner with Henderson as we launch this venture, and together seek new opportunities on behalf of our clients.”*

James Darkins, Chief Executive Officer Designate of TIAA Henderson Global Real Estate said: *“The combination of TIAA-CREF’s and Henderson’s European and Asian real estate interests creates a new powerhouse in global real estate. Between us, we have the scale and capital resources to serve the real estate investing needs of our existing clients, as well as create exciting new opportunities to co-invest alongside them around the globe.”*

Summary of the transactions

Henderson, one of Europe’s largest independent investment managers with £68.9 billion (US\$104.6 billion) of assets under management, today announces it has agreed to launch a new global real estate investment management company with TIAA-CREF, a leading financial services provider headquartered in New York. TIAA Henderson Global Real Estate will have combined AUM of approximately £13.0 billion (US\$19.8 billion) and will offer clients expanded investment opportunities in the global real estate market.

Henderson and TIAA-CREF will contribute their existing real estate asset management businesses outside North America to TIAA Henderson Global Real Estate. TIAA-CREF will also make a cash

¹ All figures are as at 31 March 2013 unless otherwise stated. Figures converted based on the exchange rates for the relevant period in respect of the financial information provided.



payment to Henderson, following which Henderson will own 40% and TIAA-CREF will own 60% of TIAA Henderson Global Real Estate.

At the same time, Henderson will sell 100% of its North American real estate business for cash to TIAA-CREF. In addition, TIAA-CREF's North American Real Estate business and TIAA Henderson Global Real Estate have entered into reciprocal arrangements where TIAA-CREF's North American Real Estate business will provide North American real estate management services to TIAA Henderson Global Real Estate, and TIAA Henderson Global Real Estate will provide exclusive distribution and servicing to TIAA-CREF's North American institutional Real Estate clients.

In total, Henderson will receive a cash payment of £114.2 million (US\$176.6 million) (before deal costs), further strengthening its balance sheet and capital position at completion.

Benefits to Henderson

Over the past 30 years Henderson has grown its direct property business into one of Europe's leading franchises with £12.7 billion (US\$19.2 billion) of AUM and approximately 350 institutional investors. In recent years, scale and access to capital have become increasingly important factors to success in real estate asset management, particularly as investors have become ever more sophisticated in the way in which they invest in the asset class. TIAA Henderson Global Real Estate will have access to a steady and sizeable source of seed and co-investment capital, which will support its growth ambitions.

Globally, TIAA-CREF has invested approximately US\$8.9 billion (£5.5 billion) in direct property and commercial mortgage debt over the last two years (as at 31 December 2012) and expects to continue its active investment programme. It also expects to significantly increase its investment outside its home market in North America and, in this regard, TIAA Henderson Global Real Estate will be the exclusive provider of property services to TIAA-CREF. To this point, TIAA-CREF, in support of its portfolio and business, anticipates investing US\$1.5 billion in real estate in Europe and Asia over the next few years which will be managed by TIAA Henderson Global Real Estate.

Capitalising further on the new relationship and their respective expertise and capabilities, Henderson and TIAA-CREF have agreed to explore other strategic investment opportunities beyond the real estate sector. For example, select Henderson US mutual funds are currently available through TIAA-CREF's institutional retirement and retail brokerage platforms, complementing Henderson's global expansion strategy.

The total cash proceeds to Henderson of £114.2 million (US\$176.6 million) will further strengthen Henderson's balance sheet (see "Financial impact") and capital position at completion. Creation of TIAA Henderson Global Real Estate and the sale of Henderson's North American real estate business to TIAA-CREF enables Henderson to simplify its business structure to focus on expanding its core investment management business of Global Equities, European Equities, Absolute Return, Multi-Asset and Global Fixed Income.

TIAA Henderson Global Real Estate

TIAA Henderson Global Real Estate will consist of TIAA-CREF's European real estate business, Henderson's European and Asian real estate businesses, and a new global distribution and client service agreement for all of TIAA-CREF's real estate clients. The new alliance will provide access to global capabilities in the office, retail, logistics, residential and commercial real estate debt sectors.

TIAA Henderson Global Real Estate will have exclusive rights to offer direct property and property debt investments outside North America for both Henderson and TIAA-CREF. TIAA-CREF will combine Henderson's North American real estate business with its existing real estate business in North America and will provide North American real estate investment management services to TIAA Henderson Global Real Estate.

TIAA Henderson Global Real Estate is strongly positioned to grow its product set and extend its global presence. TIAA Henderson Global Real Estate's significant scale will provide greater access to investment opportunities and debt markets, as well as increase capacity to develop and offer new

attractive products to clients. As part of the agreement, TIAA Henderson Global Real Estate will launch a business initiative in commercial real estate debt, including co-investment from TIAA-CREF.

Upon completion of the transaction, an experienced management team will be overseen by a joint Board of Directors, combining global expertise from both TIAA-CREF and Henderson. Tom Garbutt, currently Head of Global Real Estate of TIAA-CREF, will become the Chairman and James Darkins, currently Managing Director of Henderson's direct property business, will become Chief Executive Officer of TIAA Henderson Global Real Estate. On the Board of Directors, there will be five directors, three of whom, including the Chairman, will be TIAA-CREF representatives, and two of whom, including Andrew Formica, Chief Executive of Henderson, will be Henderson representatives. TIAA Henderson Global Real Estate will be headquartered in London with offices in Europe, Asia and North America.

The combined total real estate AUM for TIAA Henderson Global Real Estate and TIAA-CREF is approximately £41.5 billion (US\$63 billion), making the alliance among the leading global real estate investment managers².

Additional stake in TIAA Henderson Global Real Estate

TIAA-CREF has a one-off option to acquire an additional stake of up to 15% of TIAA Henderson Global Real Estate from Henderson. TIAA-CREF can exercise the option between the third and the seventh anniversary of the transaction's completion. The additional stake percentage is dependent on TIAA-CREF's level of seed and co-investment capital committed to TIAA Henderson Global Real Estate up to the exercise date. The maximum additional stake of 15% will be subject to a minimum US\$1.5 billion seed and co-investment by TIAA-CREF in TIAA Henderson Global Real Estate's funds or products. The purchase price payable by TIAA-CREF to Henderson for the additional stake will be a cash payment equal to the percentage of the stake acquired multiplied by seven times TIAA Henderson Global Real Estate's 12-month trailing EBITDA at exercise.

Financial impact

Henderson's property business had revenues of £61.5 million (US\$97.8 million) and EBITDA of £21.5 million (US\$34.2 million) for the year ended 31 December 2012. This accounted for 14% of Henderson's 2012 revenues and underlying EBITDA. The transactions value Henderson's property business at 8.8 times property's 2012 EBITDA.

The cash proceeds to Henderson of £114.2 million (US\$176.6 million), once received, will be added to Henderson's working capital resources and used to further support Henderson's capital position. On a pro forma basis the proceeds (before deal costs) would result in Henderson reporting a net cash position of £146.1 million (US\$221.8 million) as at 31 March 2013.

Agreement and timings

The agreement to form TIAA Henderson Global Real Estate was entered into by TIAA-CREF and Henderson on 24 June 2013. Pre-conditions for the completion of the transaction include receipt of relevant regulatory clearances and satisfaction of certain other third party consent requirements. The transaction is expected to complete in the first quarter of 2014 and is not conditional upon the sale of Henderson's North American real estate business to TIAA-CREF, which is also expected to complete in the first quarter of 2014 and is conditional upon the successful launch of TIAA Henderson Global Real Estate.

The agreements cover Henderson's institutional property business only. Henderson will retain its retail OEIC property fund, Henderson UK Property Unit Trust, where TIAA Henderson Global Real Estate will be appointed as sub-adviser. In addition, the Henderson Global Property Securities team will also remain with Henderson.

Henderson and TIAA-CREF expect no immediate changes for their clients or their operations.

² Source: ANREV / INREV Fund Manager Survey 2013.



The contribution of Henderson's real estate asset management businesses outside North America to TIAA Henderson Global Real Estate and the sale of Henderson's North American real estate business to TIAA-CREF will, taken in the aggregate, constitute a Class 2 transaction under UK Listing Rules.

Information on Henderson

Henderson Group plc ("Henderson") is the holding company of the investment management group Henderson Global Investors. Henderson's principal place of business is in London and since December 2003 it has been dual-listed on the London Stock Exchange and Australian Securities Exchange ("ASX"). Henderson is a constituent of the FTSE 250 and S&P/ASX 100 indices. Henderson is incorporated in Jersey and is tax-resident in the UK.

Established in 1934, Henderson is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income and property. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with approximately £68.9 billion (approximately US\$104.6 billion) of assets under management and 1,000 employees worldwide.

Henderson has developed a significant property investment capability over the past 30 years. Its property business has approximately £12.7 billion (US\$19.2 billion) of assets under management, with approximately 350 institutional investors and 200 employees across Europe, Asia Pacific and North America. It had a gross asset value of £42.6 million (US\$69.2 million) as at 31 December 2012 and profit before tax of £20.9 million (US\$33.2million) for the year ended 31 December 2012. The property business manages pooled and segregated accounts targeting core and value-added returns across all commercial sectors, as well as property funds with regional themes.

www.henderson.com
www.henderson.com/property

Information on TIAA-CREF

Established in 1918, TIAA-CREF is a US financial services organization with US\$520 billion (approximately £342.5 billion) in assets under management. A Fortune 100 company, TIAA-CREF is the leading provider of retirement services in the academic, research, medical and cultural fields.

The company's global real estate team invests on behalf of leading institutional investors, individual investors through retirement plans in the US non-profit sector and its own general account. The company has invested in public and private equity and debt real estate investments for more than 70 years, dating back to its first commercial mortgage investment in 1934. TIAA-CREF's real estate management team has an average of 25 years of investment experience. The company has US\$44 billion (approximately £29 billion) in private real estate and commercial mortgage investments and is among the largest real estate managers of US institutional tax-exempt real estate assets.

www.tiaa-cref.org

Forward-looking statements

This announcement may contain forward-looking statements with respect to the financial condition, results and business of the companies named herein. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. The actual future results may differ materially from the results expressed or implied in these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Market briefing

Management will present a briefing on 24 June 2013 at 6.00pm (Sydney) / 9.00am (London).

Teleconference details

We recommend participants dial in 5-10 minutes prior to the start of the presentation. To telephone link-up to the briefing, dial one of the following numbers from 5.50pm (Sydney) / 8.50am (London):

United Kingdom	0800 6940257 (free call)
Australia	1800 020199 (free call)
US	1866 9669439 (free call)
All other countries	+44 (0) 1452 555566 (this is not a free call number)
Conference title	Henderson Group, Market Briefing
Conference ID	99024361
Chairperson	Andrew Formica

Replay numbers from:

United Kingdom	0800 9531533
Australia	1800 613 774
US	1 866 2474222
International	+44 (0) 1452 550000
Access code	99024361 (available from 24 June to 1 July 2013)

Webcast details

You can log on to listen to an audiocast of the briefing which will start at 6.00pm (Sydney) / 9.00am (London). Go to www.henderson.com/marketbriefing or click on the relevant link on the homepage. An archive of the webcast will be available shortly after the event.

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