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If you have sold or otherwise transferred all of your Shares in Henderson Diversified Income Limited, please forward this document (but not the accompanying personalised form of proxy or letter of direction) immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HENDERSON DIVERSIFIED INCOME LIMITED

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law, 1991
with registered number 97669)*

NOTICE OF EXTRAORDINARY GENERAL MEETING

**Recommended proposals to redomicile the investment business
in the United Kingdom by way of transfer of the assets
to Henderson Diversified Income Trust plc
followed by the summary winding up of the Company**

Notice of an extraordinary general meeting of Henderson Diversified Income Limited to be held at 8.35 a.m. (or if later as soon as the AGM convened for the same day has concluded) on Wednesday, 26 April 2017 at Liberté House, 19-23 La Motte Street, St. Helier, Jersey JE2 4SY is set out at the end of this document. To be valid, the form of proxy accompanying this document must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company's registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavillions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 8.35 a.m. on Monday, 24 April 2017. Investors holding Shares in the Company through Halifax Share Dealing Products (run by Halifax Share Dealing Limited) who transferred from the products formerly managed by Henderson Global Investors Limited ("**HGI**") or who have subsequently been introduced via HGI will have received with this document a voting instruction card which must be completed and returned in accordance with the instructions printed on it not later than 8.35 a.m. on Monday, 17 April 2017.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	3
PART 1 LETTER FROM THE CHAIRMAN	4
PART 2 FURTHER DETAILS OF THE PROPOSALS	7
PART 3 THE SCHEME	9
PART 4 HENDERSON DIVERSIFIED INCOME TRUST PLC	12
PART 5 TAXATION	16
PART 6 GENERAL INFORMATION	18
DEFINITIONS	23
NOTICE OF EXTRAORDINARY GENERAL MEETING	26

EXPECTED TIMETABLE

Scheme	2017
Time and date from which it is advised that dealings in Shares should only be for cash settlement and immediate delivery of documents of title	8.00 a.m. on 24 April
Latest time and date for receipt of forms of proxy for the EGM of the Company	8.35 a.m. on 24 April
Calculation date	close of business on 24 April
Record Date for Shareholders' entitlements under the Scheme	6.00 p.m. on 25 April
Dealings in Shares suspended	7.30 a.m. on 26 April
EGM of the Company	8.35 a.m. on 26 April or if later as soon as the AGM convened for the same day has concluded
Effective Date for implementation of the Scheme and commencement of the liquidation of the Company	26 April
New Shares issued in uncertificated form credited to CREST accounts of Shareholders under the Scheme	8.00 a.m. 27 April
Admission to listing and dealings commence in the New Shares issued pursuant to the Scheme	8.00 a.m. 27 April
Cancellation of listing of the Shares on the premium segment of the Official List and trading on the Main Market	8.00 a.m. 27 April
Share certificates in respect of New Shares issued in certificated form pursuant to the Scheme despatched to Shareholders entitled thereto	week commencing 1 May 2017

PART 1

LETTER FROM THE CHAIRMAN

HENDERSON DIVERSIFIED INCOME LIMITED

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law, 1991
with registered number 97669)*

Directors

Paul Manduca (*Chairman*)
Angus Macpherson
Ian Wright
Nigel Parker

Registered Office

Liberté House
19-23 La Motte Street
St. Helier
Jersey JE2 4SY

3 March 2017

Dear Shareholder

**Recommended proposals to redomicile the investment business
in the United Kingdom by way of transfer of the assets
to Henderson Diversified Income Trust plc
followed by the summary winding up of the Company**

1. Introduction

The Company announced on 5 December 2016 that the Board, having consulted with major Shareholders, had concluded that it was in the best interests of Shareholders as a whole to proceed with the proposals to redomicile the investment business of the Company in the United Kingdom (the “**Proposals**”).

The purpose of this document is to provide you with further details of the Proposals and to convene an extraordinary general meeting of the Company to seek approval for the implementation of the Proposals. At the EGM you will be asked to consider and, if thought fit, approve (i) the payment of a dividend by the Company for the period to 25 April 2017; and (ii) the terms and implementation of the Scheme and the summary winding up of the Company.

2. Background to the Proposals

The Board is proposing to simplify the tax structure of the Company by redomiciling the investment business of the Company in the United Kingdom and electing to join the UK’s investment trust regime. The Proposals will be effected by the transfer of the Company’s assets to a newly incorporated company, Henderson Diversified Income Trust plc (the “**New Company**”), and then the Company will be placed into a summary winding up, which is a form of voluntary liquidation under Jersey law. Shareholders will be issued one New Share in the New Company for each Ordinary Share in the Company that they hold on the Record Date.

Since the launch of the Company there have been a number of developments in Luxembourg and UK tax legislation and practice. In particular, the Luxembourg authorities now expect additional capital to be invested in such subsidiaries whilst the UK Government has announced changes to withholding and corporate taxes affecting investment trusts with effect from 6 April 2017. These developments have created some uncertainty over the sustainability and efficiency of the Company’s existing structure.

The Directors of the New Company have stated that they intend to comply with the requirements of the UK investment trust regime. On this basis dividends paid out after 6 April 2017 will not be subject to UK withholding taxes. They will also apply the new interest streaming regime where dividends paid to shareholders to the extent derived from interest income may be deducted in arriving at profits chargeable to UK tax.

The Scheme requires approval by Shareholders at the Extraordinary General Meeting of the Company, notice of which is set out at the end of this document.

3. The Scheme

The Scheme provides for the assets and liabilities of the Company (including the shares of the Luxembourg subsidiary) to be transferred to the New Company in consideration for the issue of new ordinary shares in the New Company to the Shareholders. Shareholders will be issued one New Share in the New Company for each Ordinary Share in the Company that they hold on the Record Date. The Scheme is subject to, amongst other conditions, its approval by Shareholders.

The Liquidators shall retain, from the assets attributable to the Shares, the Liquidation Fund. The Liquidation Fund shall be applied by the Liquidators in discharging the liabilities of the Company (including the Winding Up Costs and the costs of the Interim Dividend payable to Shareholders on 30 June 2017). The Liquidation Fund shall include a cash balance equal to the aggregate value of the Interim Dividend, together with the costs of paying the Interim Dividend.

4. Benefits of the Proposals

The Directors consider that the Proposals are in the best interests of Shareholders for the following reasons:

- they will reduce annual costs for the New Company from approximately £620,000 per annum (excluding management fees and performance fees) to approximately £470,000 per annum; and
- the proposed structure of the New Company is relatively simple compared to the structure of the Company and its group and reduces uncertainty in the tax position for Shareholders going forward.

5. Information on the New Company

The New Company is a newly incorporated, closed-ended, United Kingdom investment company. The New Company has been incorporated for the purpose of effecting the proposal for the reconstruction of the Company. If the Scheme becomes effective the New Company will be, effectively, a mirror image of the Company. The Shareholders in the New Company will be the same as the Shareholders in the Company and each will hold the same number of Ordinary Shares in the New Company as they held in the Company at the Record Date. The New Shares will be listed on the premium segment of the Official List and traded on the Main Market.

As with the Company, the New Company will appoint Henderson Investment Funds Limited as investment manager. There is intended to be no material difference in the investment policy of the New Company as compared to the Company, however both the investment objective and the investment policy of the New Company have been refined to meet with current regulatory standards and to ensure that all relevant investment asset classes are included. The New Company can invest selectively across the full spectrum of fixed income asset classes including, but not limited to, secured loans, Government bonds, asset backed securities, investment grade corporate bonds, high yield corporate bonds, unrated bonds, preference and selective high yield equity shares, hybrid securities, convertible bonds and floating rate notes. The New Company will seek to invest directly in its target investments, although it may also invest through other collective investment vehicles if appropriate.

The Company published its final annual report and accounts for the period to 31 October 2016. The year end of the New Company will be 30 April. The New Company will publish its first annual report and accounts for the period from incorporation to 30 April 2018 in July 2018 and the first annual general meeting of the New Company will be held in August 2018.

It is the intention of the Directors of the New Company to continue the dividend policy of the Company and make distributions in the form of quarterly dividends payable in March, June, September and December each year. At the EGM the Company will seek Shareholder approval for the payment of a dividend for the period to 25 April 2017 to be paid to Shareholders on 30 June 2017. It is the intention of the Directors of the New Company to pay an interim dividend in respect of the period ended 31 July 2017 to Shareholders in September 2017.

The Directors of the New Company will consult with the Investment Manager to establish the appropriate level of dividend to be paid and this level may vary from time to time. There can be no guarantee that the level of dividend paid by the Company will be maintained by the New Company at the current level or at all.

As noted above the Directors of the New Company intend to apply the interest “streaming” regime to dividends paid by the New Company. The New Company is expected to designate a substantial proportion of its dividends as payments of interest for tax purposes.

Further details of the New Company are set out in Part 4 of this document.

6. Costs and expenses

It is expected that the total costs and expenses of and incidental to the Proposals will be approximately £570,000 if the Scheme becomes effective.

7. Extraordinary General Meeting

The notice convening the EGM of the Company to be held at 8.35 a.m. (or if later as soon as the AGM convened for the same day has concluded) on 26 April 2017 is set out at the end of this document. Resolution 1, which will be proposed as an ordinary resolution, is concerned with the approval of the dividend to be paid by the Company for the period ending 25 April 2017. Resolution 2, which will be proposed as a special resolution, is concerned with approving the terms of and implementation of the Scheme and the summary winding up of the Company.

8. Conditions of the Scheme

Implementation of the Scheme is conditional, amongst other conditions, on (i) Resolution 2 being passed at the EGM; and (ii) the consent of the Jersey Financial Services Commission. If Resolution 2 is not passed or any other condition of the Scheme is not satisfied, the Proposals will not be implemented, in which event the Company will continue in its current form. In these circumstances, the Board will reassess the options available to the Company.

9. Action to be taken

Shareholders will find enclosed a form of proxy for use in connection with the EGM. Whether or not shareholders propose to attend the EGM, they are requested to complete, sign and return the form of proxy as soon as possible, in accordance with the instructions printed on it. Investors holding shares in the Company through Halifax Share Dealing Products (run by Halifax Share Dealing Limited) who transferred from the products formerly managed by HGI or who have subsequently been introduced via HGI will have received with this document a voting instruction card which must be completed and returned in accordance with the instructions printed on it.

To be valid, the enclosed form of proxy must be lodged with the Company’s registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavillions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 8.35 a.m. on Monday, 24 April 2017. The completion and return of the form of proxy will not prevent a shareholder from attending and voting in person at the EGM.

10. Directors’ intentions and recommendation

The Board considers the Proposals and the Resolutions to be proposed at the EGM to implement the Proposals to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings which total 221,488 Ordinary Shares (representing 0.1 per cent of the total voting rights in the Company exercisable at the EGM).

Yours faithfully

Paul Manduca
Chairman

PART 2

FURTHER DETAILS OF THE PROPOSALS

1. Mechanics of the Scheme

Subject to the passing of Resolution 2 at the EGM (and satisfaction of the other conditions of the Scheme, full details of which are set out in paragraph 10 of Part 3 of this document), the Company will be placed into a summary winding up, which is a form of voluntary liquidation under Jersey law, and the Scheme will take effect from the Effective Date.

On the Effective Date all of the assets and liabilities of the Company (including the shares of the Luxembourg Subsidiary) shall be transferred to the New Company. In consideration for the transfer of such assets and liabilities to the New Company, New Shares will be issued to Shareholders.

2. Dealings in Ordinary Shares on the London Stock Exchange

The last day for trading in the Ordinary Shares on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 24 April 2017. As from 24 April 2017, dealings will be for cash settlement only and, in the case of certificated Ordinary Shares, will only be registered if documents of title are delivered immediately.

The Record Date, being the date for determining the entitlements of Shareholders under the Scheme, is 6.00 p.m. on 25 April 2017.

If Shareholders dispose of their Ordinary Shares otherwise than through the London Stock Exchange they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme.

3. Settlement and dealings in New Shares

Applications will be made for the New Shares to be issued under the Scheme to be listed on the premium segment of the Official List of the UK Listing Authority and to be admitted to trading on the Main Market of the London Stock Exchange. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List and that the first day of dealings in such securities will be 27 April 2017.

New Shares will be issued in registered form and may be held in either certificated or uncertificated form. Those Shareholders who hold their Ordinary Shares in the Company in certificated form will receive their New Shares in certificated form. It is expected that share certificates in respect of such New Shares will be despatched to the Shareholders entitled thereto in the week commencing 1 May 2017.

It is expected that Shareholders who hold their Ordinary Shares in the Company in uncertificated form at the Record Date will receive their New Shares in uncertificated form on 27 April 2017, although the New Company reserves the right to issue such securities in certificated form. In normal circumstances, this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or systems operated by the Registrar in connection with CREST. The New Company will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Shares in uncertificated form.

Share certificates

Existing certificates in respect of the Ordinary Shares in the Company will cease to be of tradable value following the despatch to Shareholders of certificates in respect of their holdings in the New Company. Shareholders will receive a single share certificate for their entire holding of New Shares.

General

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Scheme will be despatched at Shareholders' own risk.

4. Overseas Shareholders

The issue of New Shares to persons resident or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular:

- 4.1. none of the New Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable state statutes in the United States and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or South Africa;
- 4.2. the New Shares have not been and will not be registered under the United States Investment Company Act 1940, as amended, and investors are not entitled to the benefits of that Act; and
- 4.3. no offer is being made, directly or indirectly, under the Scheme, in or into by the use of mails, or by means instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Japan or South Africa.

It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

5. Financial reporting

The Company published its final annual report and accounts for the period to 31 October 2016. The year end of the New Company will be 30 April. The New Company will publish its first annual report and accounts for the period from incorporation to 30 April 2018 in July 2018 and the first annual general meeting of the New Company will be held in August 2018. The New Company will publish half year accounts for the period to 31 October each year in the following January.

PART 3

THE SCHEME

1. Definitions and interpretation

The definitions set out on pages 23 to 25 of this document have the same meaning when used in the context of the Scheme, save as otherwise provided in this Part 3.

2. Calculation of the Company's net assets

Subject to Resolution 2 being passed at the EGM and becoming unconditional, on the Calculation Date, or as soon as possible thereafter, the Directors, in consultation with the proposed Liquidators and the directors of the new Company, shall calculate the aggregate value of the net assets of the Company and the FAV per Share in accordance with the Company's accounting policies.

3. Provision of information by the Liquidators

On the Effective Date, or as soon as practicable thereafter, the Investment Manager, on the instructions of the Liquidators, shall procure that there shall be delivered to the New Company (or its nominee) particulars of the assets and liabilities of the Company and a list certified by the Registrar of the names and addresses of, and the numbers of Ordinary Shares held by each Shareholder on the Register and the entitlements of such Shareholders to the New Shares under the Scheme.

4. Application of Liquidation Fund

Upon the winding up of the Company, but before any assets of the Company are transferred to the New Company, the Liquidators shall retain, from the assets attributable to the Shares, the Liquidation Fund. The Liquidation Fund shall be applied by the Liquidators in discharging the liabilities of the Company (including the Winding Up Costs and the costs of the Interim Dividend payable to Shareholders on 30 June 2017). The Liquidation Fund shall include a cash balance equal to the aggregate value of the Interim Dividend, together with the costs of paying the Interim Dividend. If there shall be any balance after discharging such liabilities, the Liquidators shall take all practicable steps, as and when the Liquidators shall think fit to realise the Company's investments if any remaining in the Liquidation Fund and in due course pay the remaining balance to the New Company without any further New Shares being issued in respect of such amounts.

5. Transfer of assets and liabilities

- 5.1. On the Effective Date, or as soon as practicable thereafter, the Liquidators (in their personal capacity, only to take advantage of exclusions to their personal liability included in the Transfer Agreement, and on behalf of the Company) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of the assets and liabilities of the Company to the New Company (or its nominee) in exchange for the issue of New Shares to holders of Ordinary Shares on the basis set out in this Part 3.
- 5.2. The Transfer Agreement provides that the assets to be transferred to the New Company shall be transferred with such rights and title as the Company may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement further provides that the Company, acting by its Liquidators, insofar as they are reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by the New Company (or its nominee) in respect of the assets and liabilities of the Company to be acquired and shall, in particular, account to the New Company for all income, dividends, distributions, interest and other rights and benefits in respect of such assets and liabilities received from the Effective Date.
- 5.3. The Company has a wholly-owned subsidiary in Luxembourg, Henderson Diversified Income (Luxembourg) S.à.r.l. Under the Transfer Agreement the entire issued share capital of the

Luxembourg Subsidiary will be transferred from the Company to the New Company on the Effective Date and the beneficial title to the assets and liabilities held within the Luxembourg Subsidiary will be assigned to the Company immediately. The legal title to the assets held within the Luxembourg Subsidiary will then be transferred to the New Company as soon as practicable thereafter and following the completion of this process the Luxembourg Subsidiary will be wound up.

6. Issue of New Shares

- 6.1. In consideration for the transfer of the assets and liabilities of the Company to the New Company in accordance with this Part 3, the New Shares shall be issued to the holders of Ordinary Shares on the basis of one New Share in the New Company for each Ordinary Share held in the Company.
- 6.2. The New Shares will be issued on a one for one basis. The New Shares will be issued at the FAV per Share under the Scheme which will be the Net Asset Value of an Ordinary Share at the Calculation Date adjusted to reflect the Winding Up Costs (as described in more detail below) and the costs of the Interim Dividend.
- 6.3. It is expected that the total costs and expenses of and incidental to the Proposals will be approximately £570,000 in aggregate if the Scheme becomes effective. For the purposes of calculating the FAV per Share the costs of the Scheme will be split between the Company and the New Company. The Winding Up Costs to be paid by the Company are expected to be approximately £150,000 and will include the costs associated with the summary winding up of the Company. The Issue Costs to be paid by the New Company are expected to be approximately £420,000 and will include the costs of establishing the New Company. The Issue Costs will be reflected in the NAV per Share of the New Company immediately following completion of the Scheme.
- 6.4. The New Shares to be issued pursuant to paragraph 6.1 shall be allotted, credited as fully paid, to the Liquidators (as nominee for the Shareholders entitled thereto) as soon as practicable after the delivery to the New Company (or its nominee) of the particulars referred to in paragraph 3 above, whereupon the Liquidators shall renounce the relevant New Shares to the Shareholders entitled thereto and the New Company shall issue such New Shares to such Shareholders. The New Company shall:
 - (a) in the case of the New Shares issued in certificated form, arrange for the despatch of certificates for such shares issued under the Scheme to the Shareholders entitled thereto at their respective addresses in the Register (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto; and
 - (b) in the case of the New Shares issued in uncertificated form, procure that Euroclear is instructed on the first Business Day following the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the Shareholders entitled thereto with their respective entitlements to New Shares issued under the Scheme.
- 6.5. The New Company shall be entitled to assume that all information delivered to it in accordance with paragraph 3 above is correct and to utilise the same in procuring registration in the New Company's register of members of the holders of the New Shares issued under the Scheme.

7. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the Directors and the parties to the Transfer Agreement may from time to time approve in writing.

8. Reliance on information

The Company, the Directors, the Liquidators, the Investment Manager and the New Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, the Directors (or any of them), the Investment Manager, the New Company, the Directors of the New Company (or any of them) or the Registrar, auditors, bankers

or other professional advisers, and no such person shall be liable or responsible for any loss suffered as a result thereof by the Company, any Shareholder or the New Company.

9. Liquidators' liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators save for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme, the Transfer Agreement or any act which the Liquidators do or commit to do at the request of the New Company.

10. Conditions

The Scheme is conditional on:

- 10.1. the passing of Resolution 2 at the EGM and any conditions of such resolution (other than any such conditions relating to this paragraph 10.1 or paragraphs 10.2 or 10.3 below) being satisfied;
- 10.2. the Jersey Financial Services Commission consenting to the Scheme; and
- 10.3. the UK Listing Authority, having acknowledged to the New Company or its agent (and such acknowledgment not having been withdrawn) that the application for the Admission of the New Shares to the Official List with a Premium Listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied and the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading, subject only to allotments.

Subject to the paragraphs below, the Scheme shall become effective on the date on which Resolution 2 to be proposed at the EGM (or any adjournment thereof) is passed. If it shall become effective, the Scheme shall be binding on all Shareholders and on all persons claiming through or under them.

If the Scheme does not become effective on or before 31 May 2017, the Scheme shall never become effective.

11. General

Any instructions for the payment of dividends on Ordinary Shares in force on the Effective Date and lodged with the Company and/or the Registrars shall, unless and until revoked by notice in writing to the Registrars, continue to apply in respect of any distributions or allocations of, or the other application of, monies under the Scheme in respect of the issue of New Shares under the Scheme.

The Scheme shall, in all respects, be governed by, and construed in accordance with, the laws of Jersey.

PART 4

HENDERSON DIVERSIFIED INCOME TRUST PLC

The information that is set out below is extracted from the Prospectus. The Board and the Company accept no responsibility for the information set out below.

1. Constitution and status

The New Company is a new, closed-ended, United Kingdom investment company and was incorporated on 23 February 2017. The New Company was incorporated for the purpose of effecting the proposals to redomicile the investment business of the Company from Jersey to the United Kingdom.

2. Directors

The Board of the Company consisted of five Directors until the retirement of Helen Green on 28 February 2017. Angus Macpherson has been appointed as the Chairman of the New Company and Ian Wright has been appointed as chairman of the Audit Committee. Roderick Davidson, Denise Hadgill and Stewart Wood have also been appointed as non-executive Directors of the New Company. As a result the board of the New Company will also comprise five Directors.

3. Investment objective and policy

The New Company's investment objective is to seek income and capital growth such that the total return on the net asset value of the Company exceeds the average return on a rolling annual basis of three month sterling LIBOR plus 2 per cent.

The Company aims to deliver this outcome by investing in a diversified portfolio of global fixed and floating rate income asset classes including secured loans, government bonds, high yield (sub-investment grade) corporate bonds, unrated corporate bonds, investment grade corporate bonds and asset backed securities. The Company may also invest in high yielding equities and derivatives.

The Company uses a dynamic approach to portfolio allocation across asset classes and is permitted to invest in a single asset class if required. The Company seeks a sensible spread of risk at all times. It can invest in assets of any size, sector, currency or issued from any country.

The Company has adopted the following allocation limits:

- secured loans 0 to 100 per cent. of gross assets
- government bonds 0 to 100 per cent. of gross assets
- investment grade bonds 0 to 100 per cent. of gross assets
- high yield corporate bonds 0 to 100 per cent. of gross assets
- unrated corporate bonds 0 to 10 per cent. of gross assets
- asset backed securities 0 to 40 per cent. of gross assets
- high yielding equities 0 to 10 per cent. of gross assets

As a matter of policy, the Company will not invest more than 10 per cent. in aggregate of its net assets in a single issue or issuer.

The Company may use financial instruments known as derivatives to enhance returns. They may also be used to reduce risk or to manage the Company's assets more efficiently. The use of derivatives may include credit derivatives (including credit default swaps) in addition to interest rate futures, interest rate swaps and forward currency contracts. The credit derivatives, interest rate futures and swaps are used to take a synthetic exposure to, or to hedge, an investment position where the derivative contract is more efficient or cost effective than a position in the underlying physical asset. The Company's exposure to derivatives is capped at a maximum net long or net short position of 40 per cent. of net assets. The Company may also employ financial gearing for efficient portfolio management purposes and to enhance

investment returns but total gearing (both financial gearing and synthetic gearing combined) may not exceed 40 per cent. of net assets. Forward currency contracts are used to hedge other currencies back to sterling.

Any material change in the New Company's investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of the New Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

4. Dividend policy

It is the intention of the Directors of the New Company to continue the policy of the Company and make distributions in the form of quarterly dividends payable in March, June, September and December each year.

As a UK company, the New Company is subject to more stringent restrictions on the payment of dividends, however it is proposed that, subject to confirmation from the High Court, immediately following completion of the Proposals the New Company will cancel its share premium account to give its Directors greater flexibility. It is the intention of the Directors of the New Company to pay an interim dividend in respect of the period ended 31 July 2017 to Shareholders in September 2017. At the EGM the Company will seek Shareholder approval for the payment of a dividend for the period to 25 April 2017 to be paid to Shareholders on 30 June 2017.

The Directors of the New Company will consult with the Investment Manager to establish the appropriate level of dividend to be paid and this level may vary from time to time. In addition, the Articles of the New Company permit the distribution of capital profits. The Directors of the New Company intend to make distributions out of capital or from the reserve created by the cancellation of the share premium account for two principal reasons: to provide additional flexibility in relation to dividend payments; and to facilitate share issuance under the Share Issuance Programme. Where the New Company issues new shares at a premium to net asset value, the new shareholders will pay capital for current year income which might adversely affect the distributable income per share. Accordingly, such a shortfall in distributable income per share may be made up through the distribution of an equivalent amount from this distributable capital reserve.

The Directors of the New Company intend to apply the "streaming" regime to dividends paid by the New Company, meaning that a substantial proportion of the dividends of the New Company will be designated as payments of interest for tax purposes.

There can be no guarantee that the level of dividend paid by the Company will be maintained by the New Company at the current level or at all.

Further details in relation to the taxation of dividends are set out in Part 6 of the Prospectus.

5. Capital structure

5.1. Share capital

The New Company's share capital will comprise Ordinary Shares only, all of which will be listed on the premium segment of the Official List and admitted to trading on the Main Market. Shareholders are therefore entitled to such dividends as are declared by the New Company and are entitled, on a return of capital on a winding up or otherwise, to all surplus assets of the New Company which remain after satisfying any liabilities.

5.2. Voting rights

Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the New Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by them.

No member shall be entitled to vote at any general meeting if any call or other sum presently payable by them in respect of shares remains unpaid.

A Shareholder shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the New Company or to exercise any other right conferred by membership in relation to any such meeting and may suffer any rights to a dividend to be suspended for a period of up to one year if he or any other person appearing to be interested in such Shares has failed to comply with a notice requiring the disclosure of Shareholders' interests and given under the Articles within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class.

5.3. *Dividend rights*

The New Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the Companies Act and any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares in the New Company.

5.4. *Return of capital*

On a winding up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided amongst Shareholders *pro rata*, according to the rights attached to the shares, unless otherwise provided for under a scheme or reconstruction and winding up of the New Company.

6. Borrowings and gearing

The New Company has the power to borrow money under its Articles and may employ gearing to enhance investment returns but bank borrowings will not exceed 40 per cent. of net assets.

The Company has a £45.5 million bank facility with Scotiabank Europe PLC. Under the Facility Agreement £26.1 million was drawn down on 1 March 2017 (being the last practicable date prior to publication of this document) at a rate of interest of LIBOR or EURIBOR (depending upon the currency of the loan) plus a margin of 0.925 per cent. per annum plus mandatory costs, with a final maturity date of 14 August 2018.

If the Scheme becomes effective, a new facility agreement broadly reflecting the terms of the existing Facility Agreement will be entered into by the Company on the Effective Date.

7. Management fees

As with the arrangements between the Investment Manager and the Company, the New Company will pay to the Investment Manager both a base fee and, if certain conditions are met, a performance fee, under the management agreement between the Investment Manager and the New Company. The Investment Manager is entitled to a management fee payable quarterly in arrears calculated at the rate of 0.60 per cent. per annum of the Company's Net Assets.

The Investment Manager is also entitled to a performance fee, calculated at the end of the New Company's financial year (and payable once the Board has approved the New Company's annual report and accounts) if the Company's total return in that year exceeds the hurdle return for the year at a rate of 15 per cent. of such excess. The New Company's performance hurdle rate is three month sterling LIBOR plus 2.00 per cent. There is a cap on total fees payable, including base and performance fees, of 1.2 per cent. per annum of the monthly average of the net assets in the calculation period.

As HIFL will continue to manage the New Company's portfolio after the Scheme is implemented, HIFL has agreed to the termination of the Management Agreement with the Company on the Effective Date without notice or penalty. For the purposes of calculating the first performance fee payable to the Investment Manager under the management agreement between the Investment Manager and the New Company the performance of the Company for the period from 1 November 2016 to the Effective Date will not be paid by the Company and will be carried forward to the New Company. Therefore the first performance fee payable by the New Company will be calculated over an 18 month period from 1 November 2016 to 30 April 2018.

8. Administration arrangements

The Company's existing administration agreement with BNP Paribas Securities Services, Jersey branch will terminate without penalty on completion of accounting and administrative requirements in relation to the liquidation of the Company. Pursuant to the Management Agreement, the Investment Manager has been appointed to provide the day to day administration of the Company. In its capacity as administrator, it is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records, accounting and administrative services. The Investment Manager has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Henderson Secretarial Services Limited has been appointed to provide the general secretarial functions as required under the Companies Act for no additional charge.

PART 5

TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder. They are based upon the law and practice currently in force, and relate only to the position of Shareholders who are beneficial owners of their Ordinary Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the New Company.

1. Receipt by Shareholders of New Shares

On the issue of New Shares under the Scheme to a UK resident Shareholder, such Shareholder, will not be regarded as disposing of their Ordinary Shares for the purposes of UK taxation of chargeable gains. Instead, for those purposes the New Shares will be treated as the same asset as the Ordinary Shares in respect of which they were acquired under the Scheme, accordingly, the Shareholder will be regarded as having acquired those New Shares at the same time and for the same aggregate base cost as their holding of Ordinary Shares.

2. Stamp duty and stamp duty reserve tax

In relation to UK stamp duty and SDRT the allocation, allotment and issue of the New Shares under the Scheme will not give rise to a liability to stamp duty or SDRT.

3. Shareholders in the New Company

3.1. *Taxation of capital gains*

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their ordinary shares in the New Company. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,100 for the tax year 2016-2017. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate tax payers) and 20 per cent. (for higher and additional rate tax payers) during the tax year 2016-2017.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their ordinary shares in the New Company. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of ordinary shares in the New Company must be set off as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

3.2. *Taxation of dividends*

3.2.1. *Individual Shareholders*

(a) *Non interest distributions*

As noted above the Directors of the New Company intend to apply the interest "streaming" regime to a significant proportion of the dividends paid by the New Company.

In the event that the Directors of the New Company do not elect for the “streaming” regime to apply to any dividends paid by the New Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the New Company. The following statements would also apply to any dividends not treated as “interest distributions” were the Directors to elect for the streaming regime to apply.

The notional 10 per cent. dividend credit was abolished with effect from 6 April 2016. A £5,000 (fiscal year 2016-2017) annual tax free dividend allowance was introduced for UK individuals with effect from 6 April 2016. Dividends received in excess of this threshold will be taxed, for the fiscal year 2016/17 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers). The taxation of dividends received by SIPPs and ISAs will be unaffected.

The New Company will not be required to withhold tax at source when paying a dividend which is not designated as an “interest distribution”.

(b) *Interest distributions*

Where the Directors of the New Company elect to apply the “streaming” regime to any dividends paid by the New Company, were the New Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder’s income. Certain provisions in the Finance Bill 2017 will take legislative effect from 6 April 2017 such that no withholding tax will be applied to “interest distributions” made by the New Company after 6 April 2017.

Each UK resident individual who is a basic rate taxpayer is entitled to a Personal Saving Allowance which exempts the first £1,000 of savings income (including distributions deemed as ‘interest distributions’ from an Investment Trust Company). The exempt amount is reduced to £500 for higher rate taxpayers and additional rate taxpayers do not receive an allowance.

3.2.2. *Other Shareholders*

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the New Company unless the dividends fall within one of the exempt classes on Part 9A of CTA 2009. If, however, the Directors of the New Company did elect for the “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by the New Company as “interest distributions”, they would be subject to corporation tax in the same way as a creditor in a loan relationship.

It is important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities which may arise in respect of their shares in the New Company.

4. Clearances

Clearance has been received from HMRC in respect of the Scheme under section 701 of the Income Tax Act 2007 and section 138 of the Taxation of Chargeable Gains Act 1992. With regard to the former, the receipt of New Shares would not, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

PART 6

GENERAL INFORMATION

1. Share capital

As at the date of this document, the issued share capital of the Company is 179,568,240 Ordinary Shares of no par value. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2. Disclosure of interests

2.1. The names and business addresses of the Directors, all of whom are non-executive, are as follows:

Paul Manduca (*Chairman*);
Nigel Parker;
Ian Wright; and
Angus Macpherson,

all of Liberté House, 19-23 La Motte Street, St. Helier, Jersey JE2 4SY.

2.2. The interests of the Directors in the share capital of the Company at the date of this document, all of which are beneficial, are set out below beside their names:

<i>Director</i>	<i>Number of Ordinary Shares</i>
Paul Manduca	100,000
Nigel Parker	20,000
Ian Wright	—
Angus Macpherson	101,488

2.3. There are no service agreements in existence between the Company and any of the Directors, nor are any such agreements proposed.

2.4. The total emoluments receivable by the Directors from the Company will not be varied in consequence of the Proposals.

2.5. No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which was effected by the Company in the financial year ended 31 October 2016 or in the current financial year.

2.6. As at 1 March 2017 (being the latest practicable date prior to publication of this document), the Company was aware of the following person who have a notifiable interest in the issued share capital of the Company:

<i>Registered shareholder</i>	<i>No of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Brewin Dolphin Limited	24,573,351	13.7%

3. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Company within two years preceding the date of the publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

3.1. *Management Agreement*

The Management Agreement dated 22 July 2014 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as manager of the Company, to manage the investments of the Company in accordance with the investment policy and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company.

As at the date of this document, the Investment Manager is entitled to a management fee, payable quarterly in arrears, at an annual rate of 0.60 per cent. of the Net Assets of the Company. In addition the Investment Manager is entitled to a performance fee in certain circumstances. This fee is calculated and payable at the end of the Company's financial year if the Company's total return in that year exceeds the hurdle return (as described below) for the year. The performance period begins on 1 November and ends on 31 October. The total return is calculated as the change in Net Asset Value per Share for the relevant financial year multiplied by the time-weighted average number of Shares in issue during that period plus the aggregate of dividends declared in respect of such period.

The hurdle return is calculated as the Net Asset Value per Share at the start of the relevant financial year multiplied by the time-weighted sterling LIBOR plus 2.00 per cent. per annum multiplied by the time-weighted average number of Shares in issue during that period plus any underperformance of the hurdle return in any previous years which will be carried forward to each following year until the hurdle return (including any underperformance component) is exceeded. If the performance fee is payable, it will be an amount equal to 15 per cent. of the amount by which the total return exceeds the hurdle return subject to a cap so that the total fees payable to the Investment Manager do not exceed 1.2 per cent. of the Net Assets of the Company in any financial year. Unrewarded performance will be carried forward but will only be able to be offset against underperformance in future periods.

The Investment Manager invoices the Company when the fee payable has been calculated by the Administrator, reviewed and approved by the auditors and approved by the Audit Committee and the full Board. Payment shall be due to the Investment Manager within ten days of the issue of such invoice. The Investment Manager is also entitled to reimbursement of reasonable expenses incurred by it in connection with its duties.

The Investment Manager may, with the Board's consent, delegate the provision of investment management and other services to a third party but will remain liable for the acts of any such third party and will be responsible for their remuneration. The Management Agreement contains provisions under which the Company exempts the Investment Manager from all liabilities and indemnifies the Investment Manager against all liabilities suffered by the Investment Manager in carrying out its duties except where due to the negligence, wilful default, dishonesty or fraud of the Investment Manager and permits the Investment Manager and its associates to deal with parties other than the Company. The Management Agreement between the Company and the Investment Manager is terminable by the Company giving the Investment Manager not less than six months' written notice and the Investment Manager giving the Company not less than six months' written notice, and may be terminated by either party immediately in the event of a continuing material breach of the agreement by, or the insolvency of, the other party. Termination shall be without prejudice to the completion of any transactions already initiated and shall be without any penalty or other additional payment save that the Company shall be obliged to pay the accrued contractual fees and charges due to the Investment Manager and any reasonable expenses of the Investment Manager in terminating the agreement.

The warranties and indemnities given by the Company pursuant to the terms of the Management Agreement are usual for an agreement of this nature.

3.2. *The Administration Agreement*

An Administration Agreement dated 15 June 2007 and side letter dated 22 June 2011, both between the Company and the Administrator, whereby the Administrator is appointed to act as administrator and secretary of the Company. The Administration Agreement contains provisions

under which the Company exempts the Administrator from all liabilities and indemnifies the Administrator against all liabilities suffered by the Administrator in carrying out its duties except where due to the bad faith, negligence, wilful default or fraud of the Administrator. For its services as administrator and company secretary the Administrator receives £89,500 per annum. In addition it receives a transaction charge for each transaction. The warranties and indemnities given by the Company pursuant to the terms of the Administration Agreement are customary for an agreement of this nature. The agreement may be terminated on not less than three months' notice in writing provided that termination will be immediate where:

- (i) either party breaches the terms of the Administration Agreement and such breach is incapable of remedy within 30 days; or
- (ii) either party commences liquidation proceedings except voluntary liquidation for the purposes of reconstruction.

Upon termination the Administrator will be entitled to receive all fees accrued to the date of termination but is not entitled to compensation in respect of such termination.

3.3. *The Luxembourg Subsidiary side letter to the Administration Agreement*

A side letter dated 22 June 2011 signed by the Company and the Luxembourg Subsidiary to the Administration Agreement dated 15 June 2007 whereby the Administrator agrees to provide services to the Luxembourg Subsidiary. The provision of such services is governed by the terms of the Administration Agreement. For its services as administrator the Administrator receives £24,500 per annum. In addition it receives a transaction charge for each transaction.

3.4. *Depositary Agreement*

The Depositary Agreement dated 18 July 2014 between the Company and the Depositary pursuant to which the Company appoints the Depositary to act as depositary and custodian of the Company's assets and to accept responsibility for the safe custody of the financial instruments of the Company which are delivered to and accepted by the Depositary or any of its sub-custodians. The Depositary Agreement may be terminated by either the Company or the Depositary giving to the other not less than six months' written notice, or earlier in the event of breach. The Depositary is entitled to receive a fee comprising an annual safekeeping charge of 0.5 basis points on the value of the Company's assets, with a minimum of £25,000 per annum, plus a transaction charge of £4.50 for each transaction. Upon termination the Depositary will be entitled to receive all fees and other monies accrued to the date of termination but is not entitled to compensation in respect of such termination. Under the Depositary Agreement the Company has agreed to indemnify the Depositary (for itself and as trustee for each of its branches and subsidiaries and for the directors, officers and employees of the Depositary and each of its branches and subsidiaries) from and against any and all losses of any kind or nature arising directly or indirectly out of the performance of the services under the Depositary Agreement other than losses which result from the negligence, intentional default or fraud of the Depositary or any of its branches or subsidiaries or of any sub-custodian.

3.5. *Luxembourg Subsidiary Custodian Agreement*

The Custodian Agreement dated 22 June 2011 between the Luxembourg Subsidiary and the Custodian pursuant to which the Luxembourg Subsidiary appoints the Custodian to act as custodian of the Luxembourg Subsidiary's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Luxembourg Subsidiary which is delivered to and accepted by the Custodian or any of its sub-custodians. The Custodian Agreement may be terminated by either the Luxembourg Subsidiary or the Custodian giving to the other not less than 90 days' written notice, or earlier in the event of breach. The Custodian is entitled to receive a fee comprising an annual safekeeping charge of one basis point on the value of the Luxembourg Subsidiary's assets, with a minimum of £25,000 per annum, plus a transaction charge of £8 for each transaction. Upon termination the Custodian will be entitled to receive all fees and other monies accrued to the date of termination but is not entitled to compensation in respect of such termination. Under the Custodian Agreement the Luxembourg Subsidiary has agreed to indemnify the Custodian (for itself and as trustee for each of its branches and subsidiaries and for the

directors, officers and employees of the Custodian and each of its branches and subsidiaries) from and against any and all losses of any kind or nature arising directly or indirectly out of the performance of the services under the Custodian Agreement other than losses which result from the negligence, wilful default or fraud of the Custodian or any of its branches or subsidiaries or of any sub-custodian.

3.6. *Facility Agreement*

The senior secured multi-currency revolving facility agreement dated 30 September 2011 as extended and amended by the following: (i) first amendment agreement dated 26 September 2013; (ii) second amendment agreement dated 21 July 2014; (iii) third amendment agreement dated 14 August 2014; and (iv) fourth amendment agreement dated 12 August 2016, all between the Company as borrower, Scotiabank Europe PLC ("**Scotiabank**") as lender, and Henderson Diversified Income (Luxemburg) S.à.r.l. as guarantor, for an amount up to £45,500,000 (the "**Facility Agreement**"). Pursuant to the Facility Agreement, the facility may be advanced for an overnight period, one week, two weeks, or periods of one, two, three or six months or any other period agreed between the Company and Scotiabank. The rate of interest on each advance will be aggregate of LIBOR or in relation to any utilisation in Euro, EURIBOR, plus the cost of any applicable reserve asset requirements, regulatory fees and a margin of 0.95 per cent. per annum. The Facility Agreement contains warranties and representations by the Company in favour of Scotiabank together with general and financial covenants and events of default. The Facility Agreement requires that, at any time, the ratio of adjusted total net assets to adjusted senior debts is not less than 4.50 to 1.00. The principal events of default are: (i) non-payment by the Company of amounts due under the Facility Agreement; (ii) breach by the Company of the covenants, undertakings, representations or warranties contained in the Facility Agreement; (iii) cross default in respect of financial indebtedness of the Company; (iv) any events or circumstances which Scotiabank reasonably believes has a material effect on the business, assets or condition of the Company; and (v) insolvency and insolvency-related events relating to the Company.

3.7. *Registrar Agreement*

The Registrar Agreement dated 20 May 2010 between the Company and the Registrar pursuant to which the Company appoints the Registrar as registrar and the Registrar agrees to provide the Company with registrar services. The Registrar is entitled to receive a minimum annual fee of £5,500 if the register contains the details of less than 500 shareholders in any year and £7,000 if the register contains the details of more than 500 shareholders in any year. Under the Registrar Agreement, the Company has agreed to indemnify the Registrar from and against all loss whatsoever or howsoever arising, suffered or incurred directly or indirectly by the Registrar as a result of, or in connection with the performance by the Registrar of its obligations under the Registrar Agreement. Either party may terminate the Registrar Agreement by giving written notice to the other party if the other party is in persistent or in material breach of any term of the Registrar Agreement or experiences and insolvency event or ceases to have the appropriate authorisation to conduct its business.

4. **General**

- 4.1. Since 31 October 2016 (the date to which the latest published accounts of the Company were prepared) there has been no significant change in the financial or trading position of the Company.
- 4.2. There are no governmental, legal or arbitration proceedings (including, in so far as the Company is aware, any governmental, legal or arbitration proceedings which are pending or threatened) which may have, or have had in the previous 12 months, a significant effect on the Company or the Company's financial position or profitability.
- 4.3. The Liquidators have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in the form and context in which they appear.
- 4.4. Certain information in this document has been sourced from third parties. Such information has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

5. Documents available for inspection

Copies of the following documents are available for inspection, and copies of them may be obtained, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company, Liberté House, 19-23 La Motte Street, St. Helier, Jersey JE2 4SY and at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until 26 April 2017:

5.1 the Articles:

5.2 the Prospectus and the documents (other than this document) referred to in the Prospectus as being available for inspection; and

5.3 this document.

3 March 2017

DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them and the singular shall be taken to include the plural (except where the context otherwise requires):

Administrator	BNP Paribas Securities Services, S.C.A. Jersey Branch
Administration Agreement	the administration agreement dated 15 June 2007 between the Company and the Administrator further details of which are set out in paragraph 3.2 of Part 6 of this document
Admission	in respect of New Shares, the admission of such New Shares to the Official List and to trading on the Main Market
AGM	the annual general meeting of the Company convened for 8.30 a.m. on 26 April 2017 or any adjournment thereof
Articles	the articles of association of the Company, as amended from time to time
Business Day	a day (excluding Saturday or Sundays or public holidays in England and Wales and Jersey) on which banks are generally open for business in London for the transaction of normal business
Calculation Date	close of business on 24 April 2017, being the date and time at which the Company's assets will be determined for the purposes of the calculation of the FAV per Share for the purposes of the Scheme
Companies Act	the Companies Act 2006
Company	Henderson Diversified Income Limited, a company incorporated in Jersey with registered number 97669
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended and the Companies (Uncertificated Securities) (Jersey) Order 1999
Custodian	BNP Paribas Securities Services Trust Company (Jersey) Limited
Depository	BNP Paribas Securities Services (London)
Depository Agreement	the depository agreement dated 18 July 2014 between the Company and the Depository further details of which are set out in paragraph 3.4 of Part 6 of this document
Directors or Board	the directors of the Company
Effective Date	the date on which the Scheme becomes effective, which is expected to be 26 April 2017
EGM or Extraordinary General Meeting	the extraordinary general meeting of the Company convened for 8.35 a.m. on 26 April 2017 or if later as soon as the AGM convened for the same day has concluded, and any adjournment thereof
EU	the European Union
EURIBOR	the European inter-bank offer rate

Facility Agreement	the senior secured multi-currency revolving facility agreement dated 30 September 2011 (as amended) between the Company as borrower, Scotiabank Europe PLC as lender, and the Luxembourg Subsidiary as guarantor, for an amount up to £45,500,000
FAV per Share	the formula asset value of a Share calculated as at the Calculation Date being the net asset value of the Company less any liabilities it has, calculated in accordance with its normal accounting policies post the Winding Up Costs and the costs of the Interim Dividend
FCA	the Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000 (as amended)
HGI or Manager	Henderson Global Investors Limited
Investment Manager or HIFL	Henderson Investment Funds Limited
Interim Dividend	the dividend to be paid by the Company in June 2017
ISA	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Issue Costs	costs of the Scheme to be allocated to the New Company for the purposes of calculating the FAV per Share
LIBOR	London inter-bank offer rate
Liquidators	the liquidators of the Company, being initially the persons appointed at the EGM
Liquidation Fund	the liquidation fund to be retained by the Liquidators as provided for in paragraph 4 of Part 3 of this document
London Stock Exchange	London Stock Exchange plc
Luxembourg Subsidiary	the wholly owned subsidiary undertaking of the Company, Henderson Diversified Income (Luxembourg) S.à.r.l.
Luxembourg Subsidiary Custodian Agreement	the custodian agreement dated 22 June 2011 between the Luxembourg Subsidiary and the Custodian further details of which are set out in paragraph 3.5 of Part 6 of this document
Main Market	the London Stock Exchange's main market for listed securities being a regulated market for the purposes of Directive 2004/39/EC
Management Agreement	the investment management agreement dated 22 July 2014 between the Company and the Investment Manager, further details of which are set out in paragraph 3.1 of Part 6 of this document
Net Asset Value or NAV	the value of the Company's assets, less any liabilities (including any costs or borrowings)
Net Asset Value per Share or NAV per Share	the prevailing net asset value per Share as the context may require from time to time, calculated in accordance with the Company's normal accounting policies
New Company	Henderson Diversified Income Trust plc, a company incorporated in England and Wales with registered number 10635799
New Shares	the ordinary shares in the New Company to be issued pursuant to the Scheme

Ordinary Shares or Shares	the ordinary shares of no par value in the capital of the Company
Official List	the official list of the UK Listing Authority
Performance Fee	the performance fee which may be payable by the Company to the Investment Manager pursuant to the Management Agreement
Proposals	the proposals for the summary winding up and reconstruction of the Company (including the Scheme) described in this document
Prospectus	the prospectus published by the New Company on 3 March 2017
Record Date	6.00 p.m. on 25 April 2017, being the record date for determining the entitlements of shareholders under the Scheme
Registrar	Computershare Investor Services (Jersey) Limited
Registrar Agreement	the registrar agreement dated 20 May 2010 between the Company and the Registrar, further details of which are set out in paragraph 3.7 of Part 6 of this document
Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the FCA
Resolution 1	the ordinary resolution to be proposed at the EGM to approve the payment of the interim dividend for the period to 25 April 2017
Resolution 2	the special resolution to be proposed at the EGM to approve the terms and implementation of the Scheme
Resolutions	the resolutions to be proposed at the EGM to (i) approve the payment of the interim dividend for the period to 25 April 2017; and (ii) approve the terms and implementation of the Scheme
Scheme	the proposed scheme of reconstruction and summary winding up of the Company
Shareholder(s)	holder(s) of Shares in the Company or shares in the New Company as the context may require
Transfer Agreement	the agreement for the transfer of the assets from the Company to the New Company
Transfer Date	the date on which the Company's assets are transferred to the New Company pursuant to the Transfer Agreement, which is expected to be the Effective Date
UK Listing Authority or UKLA	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
United States or USA or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
Winding Up Costs	costs of the Scheme to be allocated to the Company for the purposes of calculating the FAV per Share

HENDERSON DIVERSIFIED INCOME LIMITED

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law, 1991
with registered number 97669)*

EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Henderson Diversified Income Limited (the “**Company**”) will be held on Wednesday, 26 April 2017 at 8.35 a.m. (or if later as soon as the annual general meeting of the Company convened for the same day has concluded) at Liberté House, 19-23 La Motte Street, St. Helier, Jersey JE2 4SY to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION

1. To declare a dividend of 1.25 pence per ordinary share in respect of the period ending 25 April 2017 to be paid on 30 June 2017 to holders of ordinary shares on the register at close of business on 21 April 2017.

SPECIAL RESOLUTION

2. Subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in paragraph 10 of the scheme contained in Part 3 of the circular to shareholders of the Company dated 3 March 2017 (the “**Scheme**”), a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof (the “**Circular**”):
 - (i) notwithstanding anything contrary in the Company’s articles of association (the “**Articles**”), the Scheme be and is hereby approved and the Directors of the Company and the liquidators of the Company as named in paragraph (iii) below, when appointed, (the “**Liquidators**”) be and are hereby authorised to implement the Scheme and to execute any document and do any thing for the purpose of carrying the Scheme into effect;
 - (ii) in particular and without prejudice to the generality of paragraph 2(i) above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to this resolution and/or the Articles as amended by this resolution:
 - (a) to enter into and give effect to the transfer agreement (the “**Transfer Agreement**”) between the Company, Henderson Diversified Income Trust plc, Henderson Diversified Income (Luxembourg) S.á.r.l and the Liquidators (in their personal capacity and on behalf of the Company) (in the form of the draft produced to the meeting and signed for the purpose of identification by the Chairman thereof) with such non-material amendments thereto as the Directors and the parties to such agreement may agree;
 - (b) to procure that the assets and liabilities of the Company be vested in Henderson Diversified Income Trust plc (or its nominee) on and subject to the terms of the Transfer Agreement; and
 - (c) to request Henderson Diversified Income Trust plc to allot and issue new ordinary shares in the capital of Henderson Diversified Income Trust plc, credited as fully paid, on the basis described in the Transfer Agreement for distribution among the holders of ordinary shares in the capital of the Company entitled thereto under the Scheme (or to the Liquidators as nominee on their behalf) by way of satisfaction and discharge of their respective interests in so much of the assets of the Company as shall be transferred to Henderson Diversified Income Trust plc in accordance with the Transfer Agreement and with the Scheme;
 - (iii) the Company be wound up summarily in accordance with Chapter 2 of Part 21 of the Companies (Jersey) Law 1991 and Derek Neil Hyslop and Stuart Arthur Gardner of Ernst & Young LLP are hereby appointed as the Liquidators of the Company for the purposes of such winding up with power to act for the purpose of winding up the affairs and distributing

the assets of the Company in accordance with the Scheme, and any power conferred on them by law or this resolution and any act required or authorised under any enactment to be done jointly or by each of them alone;

- (iv) the remuneration (plus VAT or GST if applicable) of the Liquidators be fixed by reference to the time properly spent by them and their staff in attending to matters arising prior to or during the winding up of the Company (including without limitation, the implementation of the Scheme and any matters outside the statutory duties of the Liquidators and undertaken at the request of the members or a majority of them) and the Liquidators be and are hereby authorised to draw such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them to give effect to the Scheme;
- (v) the Company's books and records be held by the investment manager of Henderson Diversified Income Trust plc to the order of the Liquidators until the expiry of two years after the date of dissolution of the Company, when they may be disposed of, save for financial and trading records which shall be kept for a minimum of ten years following the vacation of the Liquidators from office; and
- (vi) the Liquidators be empowered and directed to carry into effect the provisions of the Articles including, but not limited to, making distributions pursuant to article 137 of the Articles.

This resolution shall operate by way of such amendments to the Articles as may be necessary to give effect hereto.

By order of the Board

BNP Paribas Securities Services S.C.A.
Jersey Branch
Corporate Secretary

Registered Office
Liberté House
19-23 La Motte Street
St. Helier
Jersey JE2 4SY

3 March 2017

Notes:

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy. You may not use any electronic address provided either in this notice or any related documents (including the circular, form of proxy and/or letter of direction) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Company's registrar, Computershare Investor Services (Jersey) Limited, c/o Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the time of the meeting or any adjourned meeting.
3. Investors holding shares in the Company through Halifax Share Dealing Products (run by Halifax Share Dealing Limited ("**HSDL**")) who transferred from the products formerly managed by Henderson Global Investors Limited ("**HGI**") or who have subsequently been introduced via HGI will have been sent a voting instruction form. In accordance with the arrangements made between HSDL and HGI, you are given the opportunity to exercise the voting rights appertaining to your shares. Voting instruction forms should be returned as soon as possible, in accordance with the instructions given on them, so as to be received back not later than 8.35 a.m. on Monday, 17 April 2017. This timetable is to enable the nominee company to submit a form of proxy not more than 48 hours before the General Meeting.
4. The return of a completed form of proxy or other instrument of proxy will not prevent you attending the General Meeting and voting in person if you wish.
5. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company no later than 6.00 p.m. on Friday, 21 April 2017 or, in the event that the meeting is adjourned, 6.00 p.m. on the day two days prior to any adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. Information regarding the General Meeting is available from www.hendersondiversifiedincome.com.
7. As at 1 March 2017 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 179,568,240 Ordinary Shares. On a show of hands shareholders shall have one vote. Save as otherwise provided in the Articles of Association, on a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by him. Therefore, the total voting rights in the Company as at 1 March 2017 was 179,568,240 Ordinary Shares.
8. Any person holding five per cent. or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
9. In order to be passed as a special resolution, at least two-thirds of the shareholders who (being entitled to do so) vote in person, or by proxy, at the General Meeting require to vote in favour of it.