

Proposed roll-over to Henderson High Income Trust plc and liquidation of the Company

Shareholder Q&A

The answers below should be read in conjunction with the Henderson Diversified Income Trust plc ('HDIV') Circular and Henderson High Income Trust plc ('HHI') prospectus. Defined terms used below shall, unless the context requires otherwise, have the meanings ascribed to them in the Circular.

1. What was the proposed combination?

The Board announced on 4 October 2023 that it had agreed heads of terms for a combination of the assets of the Company with Henderson High Income Trust plc ("**Henderson High Income**" or "**HHI**") by means of a scheme of reconstruction and members' voluntary winding up of the Company under section 110 of the Insolvency Act (the "**Scheme**") and the issue of New HHI Shares to Shareholders who elect, or are deemed to have elected, to roll over their investment into Henderson High Income (the "**Proposals**"). Shareholders could elect to receive cash pursuant to the Proposals in respect of some or all of their holdings of Shares.

2. Why was the Scheme recommended?

The Board had for some time been concerned that the diversified income strategy envisaged for the Company at launch in 2017 had not anticipated the economic conditions which have subsequently prevailed; for example, it has proved difficult for the portfolio managers to take advantage of their ability to invest in loans. The Board was concerned about the effectiveness of the investment strategy in maintaining income levels and the capital value of the Company in real terms in the future. The diminishing size of the Company, with its consequential impact on costs, returns and liquidity, was a further concern for the Board.

The Board invited proposals from several investment companies, with alternative investment processes which could offer greater scope to provide a more consistent return to Shareholders, as well as examining various other options for the Company, including liquidation.

Following a review of those options put forward for the future of the Company, the Board believed that the combination with Henderson High Income offered numerous benefits to

those Shareholders who elected to rollover into HHI, whilst at the same time, importantly, offering Shareholders the option of a full cash exit at a value close to liquidation value.

3. Who are Henderson High Income Trust plc?

Henderson High Income is a UK investment trust whose investment objective is to invest in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth.

The majority of HHI's assets are currently invested in the ordinary shares of listed companies, with the balance invested in listed fixed interest securities.

HHI invests predominantly in the securities of UK companies but can also invest up to 30 per cent. of gross assets outside of the UK.

The HHI portfolio continues to be managed on the same basis as it has been in the past. In particular, the HHI investment policy and investment objective has not been amended in connection with the Scheme and the portfolio continues to be managed by David Smith CFA as the lead portfolio manager, supported by the 15-person strong Janus Henderson Global Equity Income team and the fixed income team for the bond allocation.

4. What were my options?

Shareholders were entitled to elect to receive in respect of some or all of their Shares:

- i. New HHI Shares (the "**Rollover Option**"); and/or
- ii. cash (the "**Cash Option**").

The default option under the Scheme was for Shareholders to receive New HHI Shares meaning that Shareholders who, in respect of all or part of their holding of Shares, had not made a valid election or who did not make an election at all under the Scheme will have been deemed to have elected for New HHI Shares in respect of such holding.

5. What were the terms of the Rollover Option?

Shareholders who elected, or were deemed to elect, for the Rollover Option were entitled to receive New HHI Shares on the basis of the ratio of the HDIV FAV per Share to the HHI FAV per Share, multiplied by the number of Shares so elected.

The value of the Rollover Pool was calculated on the basis of the Company NAV adjusted for: (a) the value of the Liquidation Pool, including the Retention; (b) any costs of the Proposals payable by the Company (to the extent the same do not form part of the value of the Liquidation Pool); and (c) the benefit of the Janus Henderson Contribution, if any, less the Cash Pool NAV and plus the benefit of the Cash Option Discount (being the "**HDIV FAV**"). The HDIV FAV per Share was equal to the HDIV FAV divided by the total number of Shares that have elected for the Rollover Option (calculated to six decimal places).

The calculation of the HHI FAV took into account: (i) the fixed costs and expenses to HHI of the Proposals; (ii) any dividends declared but not paid by HHI to HHI Shareholders prior to the Effective Date; (iii) the Janus Henderson Contribution; and (iv) a premium of 1.0 per cent. The HHI FAV per Share was equal to the HHI FAV divided by the number of HHI Shares in issue (excluding any treasury shares) on the Calculation Date (calculated to six decimal places).

6. What were the terms of the Cash Option?

The Cash Option was offered at a discount of 1.0 per cent. to the Company NAV per Share. There was no limit on the number of Shares which could be elected for the Cash Option.

7. Are my New HHI Shares treated differently from the existing HHI issued shares?

The New HHI Shares rank equally in all respects with HHI's existing issued ordinary shares other than in respect of dividends declared with a record date prior to the Effective Date.

8. Were shareholders paid a dividend before the Scheme was implemented?

On 8 January 2024, the Board announced a pre-liquidation interim dividend of 0.55 pence per Share payable to shareholders on the register at 5 January 2024. The dividend was paid to shareholders on 15 January 2024.

9. When will I receive my cash or new share certificate?

Cheques and electronic payments to shareholders electing the Cash Option and the issue of share certificates for shareholders rolling over to HHI, will be sent the week commencing 22 January 2024.

10. I elected for the Rollover Option or made no election, but now have a question.

Who do I contact?

For questions relating to your shares, share certificate, transferring your shares, grant of probate, setting up a dividend mandate and similar questions, contact the HHI registrar:

Computershare Investor Services PLC
The Pavillions, Bridgewater Road
Bristol VS99 6ZZ
Telephone: 0370 707 1039
Email: web.queries@computershare.co.uk

For copies of the annual report or queries regarding the HHI portfolio or performance, refer to the website: www.hendersonhighincome.com or contact the investment manager at:

Telephone: 0800 832 832
Email: support@janushenderson.com

11. I elected for the Cash Option, but now have a question. Who do I contact?

For questions relating to the receipt of you cash, contact the liquidator at:

Messrs Colman/Waring
RE: Henderson Diversified Income Trust plc liquidation
Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom
Telephone: +44 131 777 2065 / +44 131 240 2597
Email: jamie.coleman@parthenon.ey.com / sean.waring@parthenon.ey.com

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For HDIV website

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