

THE ENCLOSED DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. THEY RELATE TO A PROPOSED CHANGE TO A HENDERSON FUND YOU CURRENTLY OWN AND REQUIRE ACTION ON YOUR PART.

24 March 2016

Dear Nominee,

Notice of change: conversion of the Henderson UK Property OEIC to a property authorised investment fund (PAIF) and launch of an associated Feeder Fund.

We are writing to notify you of planned changes to the Henderson UK Property OEIC (an open-ended investment company with variable capital), referred to as the 'Company' and the corresponding launch of a feeder fund to the PAIF. Subject to receiving the necessary regulatory approvals, this will take place on 27 May 2016, the 'Effective Date', and is, we believe, in the long-term best interests of investors – as explained below.

Please read this letter in conjunction with the accompanying circular, which provides full details of the proposal. It is important that you read through this carefully and that you ensure that any of your clients with a holding in the Henderson UK Property OEIC understand the implications and where applicable you complete and return the Corporate Form of Election.

Summary of the planned conversion

These changes will result in the Company adopting a special tax status as a property authorised investment fund (PAIF). As a result of the change in status, the Company will be renamed the Henderson UK Property PAIF. In conjunction with these changes, we are proposing the launch of a Feeder Fund (Henderson UK Property PAIF Feeder Fund), which is intended for those investors who cannot, or no longer wish to, invest directly in the Company following the conversion. Fees and ongoing charges figures are unaffected by the new PAIF and Feeder Fund structure.

Action you need to take

If you are able to stream income and wish to remain in the Company following Conversion, you must complete the enclosed Corporate Form of Election (which includes the corporate undertakings and declarations required by HMRC) and send it to Henderson, to be received by 10.00am on 13 May 2016, using the enclosed pre-paid envelope. Unless we receive this, we will have to move your investment into the proposed Feeder Fund.

Background and reasons for the conversion

The PAIF regime was set up by the UK government with the aim of establishing an open-ended equivalent of the Real Estate Investment Trust regime. PAIF was designed to allow eligible investors to receive income from their property investment in a tax-efficient manner.

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A summary of the key reasons to convert to PAIF are listed below:

- PAIFs are a type of tax-efficient property fund which benefit UK tax-exempt investors, including charities and pension funds (including self-invested pension funds) and those investing through an ISA.
- PAIFs are generally exempt from UK tax on income derived from property holdings and other investments with the result that tax-exempt investors in a PAIF benefit by the fund not being taxed (currently at 20%) on rental income and interest income.
- Existing tax-paying investors will generally not be affected by the change.

We believe the Conversion is in the overall long-term best interests of investors. The tax benefits of the Company as a PAIF should bring direct benefit to tax exempt investors and additionally should help to bring new investors into the Company leading to increased economies of scale.

Henderson will meet all costs in relation to the Conversion and the establishment of the Feeder Fund. The Company's normal running costs and transaction costs will continue to be borne by the Company.

Corporate investors' limit

Companies and other Body Corporate investors may invest in the Company or the Feeder Fund at Conversion. However, not all Bodies Corporate will have the tax and accounting resources to deal with investment into the PAIF and may find investment into the Feeder Fund more manageable.

Additionally, there are rules around investments by Body Corporate investors into PAIFs. A maximum holding limit of under 10% of a PAIF applies (except in the case of nominee companies holding units for non-Body Corporate investors or corporate investors holding less than 10%). In practice, however, in attempting to avoid breaches of this provision, we will monitor holdings approaching 8% and will impose our own maximum holding limit of 9% of the value of the Company. We will require investments in excess of these limits to be made in the Feeder Fund instead.

Changes to the Company

In order to effect the change of status of the Company, it is necessary to make certain changes to the wording of the investment objective of the Company and to the applicable investment and borrowing powers. However, the Conversion will not result in a material change to the manner in which the Company is managed. The investment team, philosophy and process, as well as fund reporting, remain the same.

UK tax implications

The change of status will have no effect on an investor's existing capital gains tax (CGT) position and will not be treated as a CGT event by HMRC. . PAIF status does, however, affect the UK taxation of the Company's income and its income distributions (and accumulations). Income from the Company will be split three ways: interest income, rental income and dividend income, whereas income from the Feeder Fund will be all classed as dividend income. The £5,000 per annum dividend allowance to be introduced from 6 April 2016 means it may be more tax efficient for some UK taxpayers to hold taxable investments in the Feeder Fund, where income is distributed as a dividend, than in the Company. In summary, the adoption of PAIF status will affect different investors in different ways.

For nominees who currently hold investments in the Henderson UK Property OEIC on behalf of underlying beneficial investors, the capacity to offer a choice of Company and Feeder Fund would maximise beneficial investors' tax efficiency. If you are unable to stream income, the Feeder Fund would leave tax-exempt investors in a tax-neutral position compared to their experience pre-conversion; however, they would be missing out on the increased tax efficiency afforded by the PAIF as regards treatment of income.

Exchange of shares/units

Details of how to exchange shares/units between the Company and the Feeder Fund will be available from us following the Conversion and will also be set out in the respective Prospectuses of the Company and the Feeder Fund.

Dealings in shares

Please be advised that any dealing request received by 12.00 noon on 26 May 2016 will be dealt with in the usual way. Requests received after that time will be dealt with following the Conversion and so will be carried over until the next valuation point of the Company, which is expected to be 12.00 noon on 31 May 2016. This is the first day post-Conversion when dealings in the Company and Feeder Fund will be available.

Dealings in shares in the Company are expected to recommence on 31 May 2016. In the event that any of your shares in the Company are exchanged for units in the Feeder Fund on Conversion, you will receive confirmation of the number of units in the Feeder Fund issued to you within two weeks of 31 May 2016.

If you have any questions relating to the PAIF conversion, please call our Investment Services Team on 0800 082 2345 between 9am and 5.30pm Monday to Friday.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Hillenbrand', is positioned above the printed name.

Simon Hillenbrand

Head of UK Retail

For and on behalf of

Henderson Global Investors

Enc: Circular

Corporate Form of Election