

6. TAXATION

6.1 Australian Taxation

The following paragraphs, which are intended as a general guide only and not as a substitute for detailed tax advice, are based on current legislation and on what is understood to be current Australian Taxation Office (“ATO”) practice as at the date of this document.

These paragraphs summarise certain limited aspects of the Australian tax consequences of the Scheme and the holding and disposing of New Henderson Group Shares. Unless otherwise expressly stated, they apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who are resident in Australia for tax purposes and who hold their New Henderson Group Shares on capital account. They do not apply to Shareholders that hold their New Henderson Group Shares as trading stock or revenue assets. The following paragraphs do not apply to Shareholders who are corporates that hold New Henderson Group Shares that give them an interest in 10% or more of the total shares in issue.

If you are in any doubt about your tax position in relation to the Scheme, the holding of New Henderson Group Shares, or the IAS plan, you should consult an appropriate professional adviser immediately.

(a) Australian tax consequences of the Scheme

(i) *Class ruling from the Australian Taxation Office*

Old Henderson Group has applied for a class ruling from the ATO in relation to the Australian capital gains tax (“CGT”) implications of the Scheme and the application of the Foreign Investment Funds provisions in relation to the IAS plan. The class ruling application does not include a request for the ATO to confirm the valuation of the right to receive a dividend under the IAS plan. The following outline accords with the analysis included in the class ruling application made by Old Henderson Group.

Once the class ruling is released by the ATO, a link to the class ruling will be posted on Henderson Group’s website (<http://go.henderson.com/nhg>).

(ii) *Capital gains tax consequences*

Although the implementation of the Scheme should be regarded as a chargeable event for Australian CGT purposes, a Shareholder should be able to enjoy CGT rollover relief so that the implementation of the Scheme would not give rise to a CGT liability for a Shareholder provided that the Shareholder elects for rollover relief (as explained in more detail in the paragraph on CGT rollover relief). If a Shareholder does not elect CGT rollover relief, the Shareholder will make a capital gain if the “capital proceeds” received are greater than the cost base of their Old Henderson Group Shares. A Shareholder will make a capital loss if the “capital proceeds” received are less than the cost base of their Old Henderson Group Shares.

If a Shareholder makes a capital loss the capital loss may be offset against capital gains derived in the same or subsequent years of income, but cannot be offset against ordinary income.

Where a Shareholder is an individual, trust or complying superannuation entity and has held the Old Henderson Group Shares for at least 12 months, the Shareholder may be entitled to benefit from the CGT discount concession to reduce the amount of capital gain. This means that:

- if the Shareholder is an individual or trustee, the Shareholder will only be required to include one-half of any capital gain in their assessable income; and
- if the Shareholder is a complying superannuation entity, the Shareholder will only be required to include two-thirds of any capital gain in their assessable income.

Where a Shareholder is a company, but not a trustee, the CGT discount concession will not generally be available.

Old Henderson Group is of the view that the right to receive dividends under the IAS plan should have no incremental value over and above the value of the New Henderson Group Shares and therefore should have no separate market value. This is on the basis that the right cannot be transferred and does not impact on the value received by Shareholders on the sale of their New Henderson Group Shares. Further, the only advantage provided by the IAS plan is that Shareholders will not be required to submit a declaration of residence to New Henderson Group in order to prevent Republic of Ireland withholding tax being deducted from their dividends (see paragraph 6.4(b)(ii) below). If the right to receive dividends under the IAS plan has no market value, there should be no impact on these rights on the availability of CGT rollover relief to Shareholders. In the event that the ATO attributes value to the rights received by Shareholders under the IAS plan, Shareholders would be subject to Australian income tax on the capital gain relating to the right.

(iii) CGT rollover relief

If a Shareholder of Old Henderson Group makes a capital gain on the cancellation of their Old Henderson Group Shares, the Shareholder may be entitled to CGT rollover relief.

Where the relevant election is made by the Shareholder, CGT rollover relief should allow the Shareholder to disregard a capital gain that would otherwise arise upon the receipt of the New Henderson Group Shares. CGT rollover relief is not available to the extent the Shareholder makes a capital loss.

If a Shareholder wishes to elect for CGT rollover relief, the election is made when lodging their income tax return for the income year in which the taxable event happens. This will usually be in the income year in which the New Henderson Group Shares were issued. The Shareholder chooses CGT rollover relief by excluding the amount of the capital gain eligible for relief from their tax return. A formal submission of an election to the ATO is not required, however, it would be prudent to keep a written record of the election.

As noted above, Old Henderson Group is of the view that the right to receive dividends under the IAS plan rather than directly from New Henderson Group should not by itself have any separate market value for Shareholders and therefore should not impact on the ability of Shareholders to claim CGT rollover relief. However, in the event that value is attributed to the rights under the IAS plan, these may be considered proceeds for the cancellation of Old Henderson Group Shares that are not eligible for CGT rollover relief (as CGT rollover relief is only available to the extent that the proceeds consist of New Henderson Group Shares). Therefore, Shareholders would be subject to Australian income tax on the capital gains relating to the rights received under the IAS plan.

(b) Australian tax consequences of holding New Henderson Group Shares

(i) Disposal of New Henderson Group Shares

A subsequent sale of New Henderson Group Shares received in exchange for the Old Henderson Group Shares and held on capital account should result in Australian CGT consequences similar to those described above. However, the cost base of the New Henderson Group Shares will differ, depending upon whether or not the Shareholder chooses CGT rollover relief when exchanging their Old Henderson Group Shares pursuant to the Scheme.

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If CGT rollover relief is chosen

Where CGT rollover relief is chosen, the cost base of the New Henderson Group Shares received as consideration will be equal to the cost base of their Old Henderson Group Shares and any incidental costs that are incurred in the sale of the New Henderson Group Shares. For the purpose of determining whether the CGT discount concession is available on any capital gain from the sale of New Henderson Group Shares, the Shareholders who can claim the CGT discount concession will be taken to have acquired the New Henderson Group Shares at the time they originally acquired their Old Henderson Group Shares.

If CGT rollover relief is not chosen

Where CGT rollover relief is not chosen, the cost base of the New Henderson Group Shares received as consideration will be equal to the market value of New Henderson Group Shares at the date of their issue and any incidental costs that are incurred in the sale of the New Henderson Group Shares. For the purpose of determining whether a CGT discount is available on any capital gain from the sale of New Henderson Group Shares, the Shareholder should be taken to have acquired the New Henderson Group Shares at the date of their issue.

(ii) Right to receive dividends under the IAS plan

The right to receive dividends under the IAS plan cannot be transferred and should be deemed to be cancelled for Australian income tax purposes at the point that the New Henderson Group Shares are sold.

The capital proceeds for the cancellation should be equal to the market value of the right at the point of the sale of the New Henderson Group Shares. This should also be equal to the cost base of the right which will be the value originally attributed to it when granted. As outlined above, Old Henderson Group is of the view that this value should be nil.

However, in the event that there is a value attributed to the right to receive dividends under the IAS plan, this value should not alter during the period that the Shareholder holds their New Henderson Group Shares. Therefore, no capital gain or loss should be realised at the point of sale of the New Henderson Group Shares, as the market value should be equal to the cost base of the right.

(iii) Dividends paid on the New Henderson Group Shares

If a Shareholder receives a dividend from New Henderson Group the dividend should be included in the assessable income of the Shareholder in the income year in which the dividend is received. The dividend income will be subject to Australian income tax at the Shareholder's marginal rate.

If the Shareholder suffers Republic of Ireland withholding tax on the dividend received (see paragraph 6.4(b)(ii) below), the amount included in assessable income will be the amount of the dividend prior to the deduction of withholding tax. The Shareholder may be able to claim a foreign income tax offset for the withholding tax suffered. However, this will depend on the individual circumstances of the Shareholder. Therefore, independent professional advice should be obtained by each Shareholder.

(iv) Dividends paid under the IAS plan

All Shareholders will be deemed to make an election to participate in the IAS plan, unless such Shareholder lodges an election not to participate in the IAS plan.

If a Shareholder receives a dividend under the IAS plan, the dividend should be included in the assessable income of the Shareholder in the income year during which the dividend is received. The dividend under the IAS plan will be subject to Australian income tax at the Shareholder's marginal tax rate.

(c) Application of the Australian Foreign Investment Funds ("FIF") provisions in relation to the IAS plan

The Australian tax legislation includes FIF provisions, which apply to Australian residents that hold interests in foreign companies and foreign trusts. Where these provisions apply, the Shareholders may be required to include an amount in their assessable income without actually receiving dividends from New Henderson Group or under the IAS plan. However, there are several exemptions from the FIF provisions that could apply.

One exemption applies to Shareholders who are individuals (other than individuals acting in the capacity of a trustee), if the aggregate value of all of their and their associates' interests in foreign companies or trusts combined at 30 June each year is less than A\$50,000. The relevant value of the shares in foreign companies (including New Henderson

Group CDIs or Ordinary Shares) or interests in foreign trusts (including interests in the IAS plan) will be the greater of the cost or market value at 30 June each year. Old Henderson Group is of the view that the right to receive dividends under the IAS plan should have no value. On this basis, no amount should be included in the calculation of the value in respect of the Shareholder's interest in the IAS Trust for the purposes of determining whether this exemption applies.

A second exemption from the FIF rules may also apply in respect of the CDIs or Ordinary Shares held in New Henderson Group by virtue of the ASX classification of the CDIs. The FIF provisions should not apply simply on the basis of the classification of Old Henderson Group on the ASX in the sector "Asset Management and Custody Banks," a subsector of "Diversified Financials." Shareholders will need to satisfy themselves at the end of each income year that this exemption is available based on the classification of New Henderson Group on the ASX at that time.

The second exemption does not apply to interests in foreign trusts and so does not apply to the right received by the Shareholders under the IAS plan. However, no income should accrue under the FIF provisions on the basis that either:

- if the value of the interest is nil, Shareholders can apply the deemed rate of return method to calculate income attributable under the FIF rules in relation to their interests in the IAS Trust; or
- if the right to receive dividends under the IAS plan is considered to have a value separate from the New Henderson Group Shares, Shareholders can apply the calculation method to calculate the attributable income. As all dividends paid under the IAS plan will be distributed as taxable income to the relevant Shareholders, no attributable FIF income should remain in respect of the interest of the relevant Shareholders in the IAS Trust.

6.2 New Zealand Taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current New Zealand Inland Revenue Department's practice as at the date of this document.

These paragraphs summarise certain limited aspects of the New Zealand tax consequences of the Scheme and the holding and disposing of New Henderson Group Shares. Unless otherwise expressly stated, they apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who are resident in New Zealand for tax purposes. The New Zealand tax rules differ depending on each Shareholder's circumstances, including the composition of their entire portfolio of foreign investments. The following paragraphs do not apply to Shareholders that hold New Henderson Group Shares that give them an interest in 10% or more of the total shares in issue.

If you are in any doubt about your tax position in relation to the Scheme, the holding of New Henderson Group Shares, or the IAS plan, you should consult an appropriate professional adviser immediately.

(a) New Zealand tax consequences of the Scheme

Under the Scheme, Shareholders holding an interest in Old Henderson Group will be treated for New Zealand tax purposes as if they have sold their shares in return for shares in New Henderson Group.

The New Zealand tax consequences of the cancellation of Old Henderson Group Shares will differ depending on the Shareholder's individual circumstances.

If the Shareholder falls within the Foreign Investment Fund ("FIF") regime "*de minimis*" exclusion (as discussed below) the cancellation of the Old Henderson Group Shares is treated as a disposal of the shares and, if the Shareholder does not hold the shares on revenue account (i.e. they are not part of a business of trading or were purchased for the purpose of sale), the cancellation of the Old Henderson Group Shares is a disposal that should have no tax consequences. If the Shareholder does hold the shares on revenue account, any gains or losses on the disposal will be taxable.

If, instead, the Shareholder is taxable under the Fair Dividend Rate ("FDR") calculation method under the FIF regime (as discussed below), a "quick sale" can be triggered and potentially increase a Shareholder's taxable income if any Old Henderson Group Shares were acquired in the same tax year as the cancellation. If there is no quick sale, such an increase in the Shareholder's taxable income should not arise from the cancellation of the Old Henderson Group Shares.

(b) New Zealand tax consequences of holding New Henderson Group Shares

The New Zealand tax consequences of holding New Henderson Group Shares differ depending on the individual circumstances of each Shareholder.

Individuals – De minimis exclusion from FIF

Generally, New Zealand Shareholders with a less than 10% shareholding in a foreign company, including Old Henderson Group and New Henderson Group, will be subject to the FIF regime in respect of such interests. However, individuals (i.e. natural persons) who directly hold such investments with an aggregate “cost” of NZ\$50,000 or less at all times during a tax year are excluded from calculating taxable income under the FIF regime.

In determining whether this *de minimis* exclusion from the FIF regime applies, the Shareholders must determine the “cost” of all such foreign investments they hold (i.e. that are prima facie subject to the New Zealand FIF regime), not just their investments in Old Henderson Group and New Henderson Group. For the purposes of calculating “cost”, an election can be made to treat all foreign shares that were acquired before 1 January 2000 as having a cost of 50% of the market value of those shares on 1 April 2007.

The “cost” of the New Henderson Group Shares is the market value of the Old Henderson Group Shares at the time of the cancellation of the Old Henderson Group Shares.

Individuals falling within the NZ\$50,000 *de minimis* exclusion will not have to apply the FIF regime to calculate their taxable income. Instead, they will be taxed on dividend income received and, if they hold their investments on capital account for tax purposes, they will not be taxed on any gain or loss on disposal (including the gain or loss that may arise from the cancellation of their Old Henderson Group Shares). However, if their investments are held on revenue account for tax purposes (i.e. they are part of a business of trading or were purchased for the purpose of sale), in addition to being taxed on dividends, the Shareholder will also be taxable on any gain or loss on disposal, including any gain or loss arising on the cancellation of their Old Henderson Group Shares.

Any foreign tax withheld on dividends from New Henderson Group can be claimed in New Zealand by the Shareholders as a credit against the New Zealand tax liability on the dividends. If the credit exceeds the New Zealand tax payable on the dividends, then any remaining credit will be forfeited.

Individuals – No de minimis exclusion from FIF

For individuals where the *de minimis* exclusion does not apply (i.e. where the individual’s total “cost” of their entire offshore portfolio of shares is, at any time during the tax year, more than NZ\$50,000), their shareholding in Old Henderson Group and in New Henderson Group will be taxable under the New Zealand FIF regime (and dividends under the IAS plan remain taxable as dividends).

The default calculation under the FIF regime is the Fair Dividend Rate (“FDR”) calculation method. Under the FDR method, Shareholders in Old Henderson Group and New Henderson Group are taxable on 5% of the opening market value of those shares at the start of the tax year together with a “quick sales” adjustment for any shares that are purchased and sold within the same tax year. For the purposes of the “quick sales” adjustment, the Shareholder will be taxed on the lesser of any gain, including dividends, achieved on the quick sale or 5% of the actual cost of the shares sold.

Individual Shareholders have the choice of applying the Comparative Value (“CV”) calculation method if the actual return on their portfolio of investments that are subject to the FIF regime (i.e. not just their holdings in Old Henderson Group and New Henderson Group) is less than their taxable income calculated under the FDR method (including “quick sales”). This is referred to as the “safety net” option. Under the CV method the net change in the market value during the tax year of all FIF investments, including Old Henderson Group Shares and New Henderson Group Shares, plus any distributions received, can be deemed to be the FIF income for the year for those Old Henderson Group Shares or New Henderson Group Shares. This “safety net” option cannot result in a tax loss for the year, at most it can only reduce taxable income from all FIF investments to nil.

Any foreign tax withheld on dividends from New Henderson Group can be claimed in New Zealand by the Shareholder as a foreign tax credit against their New Zealand tax liability on the FIF income arising from the investment. If the credit exceeds the tax payable on the investment, then any remaining credit will be forfeited.

Family Trusts

Family trusts will in general be taxable in the same manner as individuals, however they cannot take advantage of the *de minimis* exclusion from the FIF regime, and only certain family trusts can use the “safety net” calculation method.

Institutions

Non-individual Shareholders in Old Henderson Group or New Henderson Group do not qualify for the *de minimis* exclusion and therefore must apply the FIF regime and will most likely be subject to the FDR calculation method in relation to the investment in Old Henderson Group or New Henderson Group. The taxable income in respect of the Old Henderson Group Shares or New Henderson Group Shares will accordingly be 5% of the opening market value of the shares at the start of the income year plus a “quick sales” adjustment. The alternative CV calculation method (“safety net”) is not available.

Certain Shareholders such as unit trusts who, because of their nature, determine the market value of their investments on a daily basis can calculate their FIF income by applying the FDR calculation method daily, and thus can eliminate the need to include a “quick sales” adjustment.

Non-individual Shareholders will be able to claim any foreign tax withheld on the dividends from New Henderson Group in New Zealand as a credit against their New Zealand tax liability on the FIF income arising from the investment. If the foreign tax credits exceed the New Zealand tax on those investments, then any remaining credits will be forfeited.

(i) Disposal of New Henderson Group Shares

The New Zealand tax consequences of disposing of New Henderson Group Shares will differ depending on the Shareholder’s individual circumstances.

It should be noted that although New Zealand does not have a capital gains tax, gains and losses on the sale of Old Henderson Group or New Henderson Group Shares can have tax consequences for Shareholders who fall within the *de minimis*, and are excluded from the FIF regime, and who hold the shares on revenue account (i.e. they are part of a business of trading or were purchased for the purpose of sale). There can also be tax consequences for Shareholders that are subject to the FIF regime and are either required to do a quick sale calculation under the FDR calculation method or apply the “safety net” CV calculation method.

Individuals

Shareholders that fall within the *de minimis* exclusion from the FIF regime (as outlined above) will only be taxable on the disposal of their New Henderson Group Shares if they hold the shares on revenue account, i.e. they are part of a business of trading or were purchased for the purpose of sale.

Shareholders that calculate their FIF income under the FDR calculation method and have purchased New Henderson Group Shares during the same tax year as a disposal of New Henderson Group Shares have a “quick sale” tax liability based on the lesser of any gain, including dividends, achieved on the sale or 5% of the actual cost of the shares sold. If there has been no purchase of New Henderson Group Shares in the same tax year as the disposal of the New Henderson Group Shares, no tax consequences will arise from that disposal.

For Shareholders that choose to calculate their FIF income under the CV calculation method, the disposal of New Henderson Group Shares is included as taxable income under that calculation method.

Family Trusts

Family trusts that calculate their FIF income under the FDR calculation method and have purchased New Henderson Group Shares during the same tax year as a disposal of New Henderson Group Shares have a “quick sale” tax liability based on the lesser of any gain, including dividends, achieved on the sale or 5% of the actual cost of the shares sold. If there has been no purchase of New Henderson Group Shares in the same tax year as the disposal of the New Henderson Group Shares, no tax consequences will arise from that disposal.

Institutions

Shareholders that calculate their FIF income under the FDR calculation method and have purchased New Henderson Group Shares during the same tax year as a disposal of New Henderson Group Shares have a “quick sale” tax liability based on the lesser of any gain, including dividends, achieved on the quick sale or 5% of the actual cost of the shares sold. If there has been no purchase of New Henderson Group Shares in the same tax year as the disposal of the New Henderson Group Shares, no tax consequences will arise from that disposal.

(ii) Dividends paid on the New Henderson Group Shares

The New Zealand tax consequences of receiving dividends will differ depending on the Shareholder’s individual circumstances.

For Shareholders that fall within the *de minimis* exclusion from the FIF regime, dividends received from New Henderson Group will be taxable.

For Shareholders that do not fall within the *de minimis* exclusion and are taxed under the FIF regime, dividends paid by New Henderson Group will be taxed as follows:

- under the FDR calculation method, dividends from New Henderson Group are not taxed separately; the taxable income is 5% of the opening market value of the shares irrespective of any distributions from New Henderson Group.
- individuals (and family trusts) that choose to be subject to the “safety net” CV calculation method will include dividends received from New Henderson Group as taxable income as part of the CV calculation method.

Any foreign tax withheld on dividends from New Henderson Group can be claimed in New Zealand by the investor as a foreign tax credit against their New Zealand tax liability on the FIF income arising from the investment. If the credit exceeds the tax payable on the investment, then any remaining credit will be forfeited.

(iii) Dividends paid under the IAS plan

All Shareholders will be deemed to have made an election to participate in the IAS plan, unless such Shareholder lodges an election not to participate in the IAS plan.

For New Zealand tax purposes, the Shareholder will be taxable on dividends paid under the IAS plan, irrespective of the manner in which the Shareholder’s interests in New Henderson Group are taxed.

Shareholders that do not fall within the *de minimis* exclusion will potentially be subject to tax under the FDR method plus additional tax on any payments received from the IAS Trust. Such Shareholders should consult an appropriate professional adviser as to whether to elect not to participate in the IAS plan.

6.3 UK Taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current HM Revenue & Customs practice as at the date of this document.

These paragraphs summarise certain limited aspects of the UK tax consequences of the Scheme and the holding and disposing of New Henderson Group Shares. Unless otherwise expressly stated, they apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who are resident and, if individuals, ordinarily resident and domiciled in the United Kingdom for tax purposes, who hold their Old Henderson Group Shares (and who will hold their New Henderson Group Shares) as an investment (other than within an individual savings account), who are the absolute beneficial owners of those shares and who have not (and are not deemed to have) acquired those shares by virtue of an office or employment (whether current, historic or prospective). In addition, they may not apply to certain classes of Old Henderson Group Shareholders or New Henderson Group Shareholders such as collective investment schemes and insurance companies. The following paragraphs do not apply to Shareholders that hold New Henderson Group Shares that give them an interest in 10% or more of the total shares in issue.

If you are in any doubt about your tax position in relation to the Scheme, the holding of New Henderson Group Shares, or the IAS plan, you should consult an appropriate professional adviser immediately.

(a) UK tax consequences of the Scheme

An Old Henderson Group Shareholder who does not hold (either alone or together with other persons connected with him) more than 5% of, or of any class of, shares in or debentures of Old Henderson Group should not be treated as having made a disposal or part disposal of his Old Henderson Group Shares for the purposes of UK tax on chargeable gains on implementation of the Scheme. Instead any chargeable gain or allowable loss which would otherwise have arisen on a disposal of such holders' Old Henderson Group Shares should be "rolled over" into his New Henderson Group Shares. As a result, the New Henderson Group Shares should be treated as the same asset and as having been acquired at the same time and for the same consideration as the Old Henderson Group Shares from which they derived.

An Old Henderson Group Shareholder who holds (either alone or together with the persons connected with him) more than 5% of, or of any class of, shares in or debentures of Old Henderson Group should not be treated as having made a disposal or part disposal of his Old Henderson Group Shares for the purposes of UK tax on chargeable gains on the implementation of the Scheme and should be able to "roll over" any chargeable gain or allowable loss into his New Henderson Group Shares as described above provided the Scheme (i) is effected for *bona fide* commercial reasons and (ii) does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax. If these conditions are not met, then such an Old Henderson Group Shareholder who is resident or, in the case of an individual, ordinarily resident, in the UK will be treated, on receiving New Henderson Group Shares as consideration for the cancellation of his Old Henderson Group Shares, as having made a disposal of his Old Henderson Group Shares which may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK tax on chargeable gains. No application has been made to HM Revenue & Customs under section 138 of the Taxation of Chargeable Gains Act 1992 for clearance that these conditions will be met.

(b) UK stamp duty and stamp duty reserve tax ("SDRT") consequences of the Scheme

No stamp duty or SDRT will arise on the cancellation of the Old Henderson Group Shares or the allotment and issue of the New Henderson Group Shares under the Scheme.

(c) UK tax consequences of holding New Henderson Group Shares

(i) Disposal of New Henderson Group Shares

A subsequent disposal of New Henderson Group Shares by a New Henderson Group Shareholder who is resident or ordinarily resident in the UK may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK tax on chargeable gains.

A subsequent disposal of New Henderson Group Shares by a New Henderson Group Shareholder who is not resident in the UK for tax purposes but who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the New Henderson Group Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK tax on chargeable gains.

A New Henderson Group Shareholder who is an individual and who is temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on a chargeable gain realised on the disposal or part disposal of his New Henderson Group Shares during the period when he is non-resident.

On the basis that a New Henderson Group Shareholder was able to "roll over" any chargeable gain or allowable loss which would otherwise have arisen on the disposal of such holder's Old Henderson Group Shares on implementation of the Scheme (as set out above in the section entitled "UK tax consequences of the Scheme"), any chargeable gain or allowable loss on the disposal of New Henderson Group Shares should be calculated taking into account the allowable original cost to the Old Henderson Group Shareholder of acquiring the Old Henderson Group Shares from which the New Henderson Group Shares are derived.

For corporate shareholders only, indexation allowance on the relevant proportion of the original allowable cost should be taken into account for the purposes of calculating a chargeable gain (but not an allowable loss) arising on a disposal or part disposal of New Henderson Group Shares.

No indexation allowance or taper relief will be available to individual shareholders on disposals of their New Henderson Group Shares.

(ii) Dividends paid on the New Henderson Group Shares

Any New Henderson Group Shareholder who is an individual resident (for tax purposes) in the UK will, if he owns less than 10% of the issued share capital of New Henderson Group, be entitled to a tax credit equal to one-ninth of the dividend received from New Henderson Group. Such an individual will be taxable on the total of the dividend before deduction of Republic of Ireland tax withheld (if any) and the related tax credit (the “gross dividend”), which will be regarded as the top slice of the individual’s income.

The tax credit will be treated as discharging the individual’s liability to UK income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay UK income tax on the gross dividend of 32.5% of the gross dividend less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the UK income tax payable on the dividend by an individual liable to income tax at the higher rate would be 32.5% of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.

Corporate New Henderson Group Shareholders

A corporate New Henderson Group Shareholder who is resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its New Henderson Group Shares are held will generally be subject to UK corporation tax on the gross amount of any dividends paid by New Henderson Group before deduction of Republic of Ireland tax withheld (if any).

Credit for Republic of Ireland withholding tax

As noted in paragraph 6.4(b)(ii) on Republic of Ireland dividend withholding tax below, no Republic of Ireland dividend withholding tax should be withheld from dividends paid to UK tax-resident New Henderson Group Shareholders if the appropriate declaration has been made to the New Henderson Group Share Registry prior to payment of the dividend. If any Republic of Ireland tax is withheld from such dividends, HM Revenue & Customs will generally give credit for any Republic of Ireland withholding tax withheld from the payment of a dividend and not recoverable from the Republic of Ireland tax authorities against UK income tax or UK corporation tax payable by New Henderson Group Shareholders in respect of the dividend.

(iii) Dividends paid under the IAS plan

All Shareholders will be deemed to make an election to participate in the IAS plan, unless such Shareholder lodges an election not to participate in the IAS plan.

If a New Henderson Group Shareholder receives dividends under the IAS plan, such New Henderson Group Shareholder will be receiving dividends from IAS Issuer. There will not be a requirement to withhold at source any amount in respect of UK tax from dividend payments made under the IAS plan regardless of who receives the payment.

A New Henderson Group Shareholder who is an individual resident (for tax purposes) in the UK and who receives a dividend from IAS Issuer under the IAS plan should be taxed on dividends received under the IAS plan as such individual is currently taxed on dividends from Old Henderson Group, i.e. prior to the Scheme Effective Date.

A New Henderson Group Shareholder who is within the charge to UK corporation tax will not generally be taxable on any dividend it receives from IAS Issuer under the IAS plan.

A New Henderson Group Shareholder who is not liable to tax on dividends received under the IAS plan will not be entitled to claim payment of the tax credit in respect of those dividends.

The right of a New Henderson Group Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received under the IAS plan and to claim payment of any part of that tax credit will depend on the existence and terms of any double tax treaty between the UK and the country in which the holder is resident. A New Henderson Group Shareholder who is not solely resident in the UK should consult his own tax adviser concerning his tax liabilities on dividends received under the IAS plan, whether he is entitled to claim any part of the tax credit and, if so, the procedure for doing so.

(d) Transaction in securities

Old Henderson Group Shareholders should note that Old Henderson Group has been advised that the Old Henderson Group Shareholders should not suffer a counter-acting tax assessment under the transaction in securities rules in sections 703-709 of the Income and Corporation Taxes Act 1988 and sections 682-694 of the Income Tax Act 2007 by reference to the Scheme but that no application for clearance has been made under section 707 of the Income and Corporation Taxes Act 1988 or section 701 of the Income Tax Act 2007 in relation to the Scheme.

(e) UK stamp duty and SDRT on transfers of New Henderson Group Shares

In practice, UK stamp duty should generally not need to be paid on an instrument transferring New Henderson Group Shares.

No UK SDRT will be payable in respect of any agreement to transfer New Henderson Group Shares.

The statements in this paragraph summarise the current position on stamp duty and SDRT and are intended as a general guide only. They assume that the New Henderson Group Shares will not be registered in a register kept in the UK by or on behalf of New Henderson Group. New Henderson Group has confirmed that it does not intend to keep such a register in the UK.

6.4 Republic of Ireland Taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current Revenue Commissioners practice as at the date of this document.

These paragraphs summarise certain limited aspects of the Republic of Ireland tax consequences of the Scheme and the holding and disposing of New Henderson Group Shares. Unless otherwise expressly stated, they apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who are not resident, ordinarily resident or domiciled in the Republic of Ireland for tax purposes. They apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who hold their Old Henderson Group Shares (and New Henderson Group Shares) directly as an investment and who are absolute beneficial owners of those shares. The following paragraphs do not apply to certain types of Shareholders, such as dealers in securities or persons holding or acquiring Old Henderson Group Shares (or New Henderson Group Shares) in the course of a trade or by reason of employment, collective investment schemes and insurance companies.

If you are in any doubt about your tax position in relation to the Scheme or the holding of New Henderson Group Shares, or the IAS plan, you should consult an appropriate professional adviser immediately.

(a) Republic of Ireland tax consequences of the Scheme

Liability to Republic of Ireland tax on chargeable gains will depend on the individual circumstances of Old Henderson Group Shareholders and New Henderson Group Shareholders.

(b) Republic of Ireland tax consequences of holding New Henderson Group Shares

(i) Disposal of New Henderson Group Shares

Corporate New Henderson Group Shareholders who are not resident in the Republic of Ireland will not be liable for Republic of Ireland tax on chargeable gains realised on a subsequent disposal of their New Henderson Group Shares unless such New Henderson Group Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the Republic of Ireland through a branch or agency.

A New Henderson Group Shareholder who is an individual and who is temporarily non-resident in the Republic of Ireland may, under anti-avoidance legislation, still be liable to Republic of Ireland tax on any chargeable gain realised (subject to the availability of exemptions or reliefs).

As registered shares are regarded as situated where they are registered, New Henderson Group Shares are anticipated to be situated in Jersey for Republic of Ireland tax purposes. Accordingly, New Henderson Group Shareholders may be subject to foreign tax on any gain under local law.

(ii) Dividends paid on the New Henderson Group Shares

Republic of Ireland dividend withholding tax ("DWT")

Distributions made by New Henderson Group will generally be subject to DWT at the standard rate of income tax (currently 20%) unless the New Henderson Group Shareholder is within one of the categories of exempt shareholders referred to below. Where DWT applies, New Henderson Group is responsible for deducting DWT at source. For DWT purposes, a dividend includes any distribution made by New Henderson Group to its New Henderson Group Shareholders, including cash dividends, non-cash dividends and additional shares taken in lieu of a cash dividend.

PART IV – ADDITIONAL INFORMATION
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DWT is not payable where an exemption applies provided that New Henderson Group has received all necessary documentation required by the relevant legislation from the New Henderson Group Shareholder prior to payment of the dividend.

Certain New Henderson Group Shareholders who are not residents of the Republic of Ireland (both individual and corporate) are entitled to an exemption from DWT. In particular, a New Henderson Group Shareholder who is not resident for tax purposes in the Republic of Ireland and who is:

- (a) an individual resident for tax purposes in either a Member State (apart from the Republic of Ireland) or in a country with which the Republic of Ireland has a double tax treaty, and the individual is neither resident nor ordinary resident in the Republic of Ireland; or
- (b) a corporate ultimately controlled, directly or indirectly, by persons resident in either a Member State (apart from the Republic of Ireland) or in a country with which the Republic of Ireland has a double tax treaty; or
- (c) a corporate resident for tax purposes in either a Member State (apart from the Republic of Ireland) or a country with which the Republic of Ireland has a double tax treaty and not ultimately controlled by persons resident in the Republic of Ireland; or
- (d) a corporate whose principal class of shares (or those of its 75% parent) is substantially and regularly traded on a recognised stock exchange in either a Member State (including the Republic of Ireland where the company trades only on the Irish Stock Exchange) or in a country with which the Republic of Ireland has a double tax treaty or on an exchange approved by the Republic of Ireland Minister for Finance; or
- (e) a corporate that is wholly owned, directly or indirectly, by two or more companies the principal class of shares of each of which is substantially and regularly traded on a recognised stock exchange in either a Member State (including the Republic of Ireland where the company trades only on the Irish Stock Exchange) or in a country with which the Republic of Ireland has a double tax treaty or on an exchange approved by the Republic of Ireland Minister for Finance,

is not subject to DWT on dividends received from New Henderson Group provided that, in all cases noted above, the New Henderson Group Shareholder has made the appropriate declaration to New Henderson Group prior to payment of the dividend.

Republic of Ireland tax on dividends

Non-Republic of Ireland resident New Henderson Group Shareholders are, unless entitled to exemption from DWT, liable to Republic of Ireland income tax on dividends received on the New Henderson Group Shares. However, the DWT deducted by New Henderson Group discharges such liability to Republic of Ireland income tax. Where a non-resident New Henderson Group Shareholder is entitled to exemption from DWT, then no Republic of Ireland income tax arises and, where New Henderson Group has deducted DWT, a claim may be made for a refund of the DWT.

(iii) Dividends paid under the IAS plan

If a New Henderson Group Shareholder receives dividends under the IAS plan, these dividends will be received from IAS Issuer. Accordingly, no DWT will be levied on such dividends.

(c) Republic of Ireland stamp duty

No Republic of Ireland stamp duty should be payable by Old Henderson Group Shareholders as a result of the Scheme. Republic of Ireland stamp duty will not arise on transactions in New Henderson Group Shares provided such transactions do not relate to land (or other immovable property or any right over or interest in such property) in the Republic of Ireland or the stocks or securities of a Republic of Ireland registered company.

6.5 Jersey Taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current Jersey tax authority practice as at the date of this document.

These paragraphs summarise certain limited aspects of the Jersey tax consequences of the Scheme and the holding and disposing of New Henderson Group Shares. Unless otherwise expressly stated, they apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who are

not resident in Jersey for tax purposes. They apply only to Old Henderson Group Shareholders (or New Henderson Group Shareholders) who hold their Old Henderson Group Shares (and New Henderson Group Shares) directly as an investment. They do not apply to certain types of Shareholders, such as dealers in securities or persons holding or acquiring Old Henderson Group Shares (or New Henderson Group Shares) in the course of trade.

If you are in any doubt about your tax position in relation to the Scheme, the holding of New Henderson Group Shares, or the IAS plan, you should consult an appropriate professional adviser immediately.

(a) Taxation of New Henderson Group

The Jersey Comptroller of Income Tax has confirmed that provided the conditions of Article 123(1) of the Income Tax (Jersey) Law continue to be met, New Henderson Group will be regarded as not tax-resident in Jersey and will not be subject to Jersey tax on income earned outside Jersey.

Dividends on New Henderson Group Shares may be paid by New Henderson Group without withholding or deduction for or on account of Jersey income tax and holders of New Henderson Group Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such New Henderson Group Shares.

(b) Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer *inter vivos* of New Henderson Group Shares.

However, there is stamp duty payable when grants of probate and letters of administration are required in Jersey. Under Jersey law, a Jersey grant of probate or letters of administration are required to transfer shares on the death of a shareholder except (in the case of a shareholder not domiciled in Jersey) where the value of the deceased's holdings does not exceed £10,000, in which case the Directors of New Henderson Group may at their discretion dispense with this requirement on certain conditions being satisfied. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate and is payable on a sliding scale at a rate of up to 0.75% of the estate.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts, nor are there estate duties.