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8 February 2024

abrnd Diversified Income and Growth plc (the "Company")

Publication of Circular

Recommended Proposals for a Managed Wind-Down of the Company and associated adoption of a New Investment Objective and Policy and Notice of General Meeting

The Company has today published a circular (the "**Circular**") in relation to the recommended proposals for a Managed Wind-Down of the Company, the associated adoption of a New Investment Objective and Policy, the reduction in nominal value of the Company's Shares from 25 pence to one penny per Share and to cancel the entire nominal value standing to the credit of the Company's capital redemption reserve (the "**Proposals**"). The Proposals are subject to Shareholder approval and, accordingly, the Circular contains a notice convening a general meeting of the Company to be held at Wallacespace, 15 Artillery Lane, London E1 7HA on 27 February 2024 at 10.00 a.m. (or such later time as is immediately following the conclusion of the Company's annual general meeting convened for the same date at 9.30 a.m. and any adjournment thereof) (the "**General Meeting**").

A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. The Circular will also be available on the Company's website (<https://www.abrnddiversified.co.uk/>). Save as otherwise defined in this announcement, terms defined in the Circular shall bear the same meaning in this announcement.

Introduction

As announced by the Company on 14 December 2023, the Board has concluded that it is in the best interests of Shareholders as a whole to put forward proposals for a managed wind-down of the Company (the "**Managed Wind-Down**").

Pursuant to the Managed Wind-Down, the Company proposes to conduct an orderly realisation of its assets in a manner that seeks to optimise the value of the Company's investments whilst progressively returning cash to Shareholders.

Implementation of the Managed Wind-Down requires Shareholder approval to adopt the New Investment Objective and Policy reflecting the realisation strategy and the fact that the Company is ceasing to make new investments. The approval of Shareholders is also being sought to carry out a reduction in the nominal value of the Shares from 25 pence per Share to one penny per Share and to cancel the entire amount standing to the credit of the Company's capital redemption reserve (the "**Reduction**"). The reserve arising as a result of the Reduction will, subject to any arrangements required for the protection of creditors and any direction given by the Court in confirming the Reduction, amount to distributable reserves for the purposes of the Companies Act and will be available to the Company to distribute to Shareholders pursuant to the Managed Wind-Down.

Background to the Proposals

On 20 June 2023, the Company commenced a strategic review process that sought to address the material discount to Net Asset Value per Share at which its Shares were trading and consider how best to deliver value to Shareholders. The strategic review culminated in the Company's announcement of an enhanced distribution programme on 26 October 2023.

Following this announcement, further detailed discussions with Shareholders were undertaken. In the light of the feedback received during these conversations and the entrenched discount to Net Asset Value per Share at which the Company's Shares continued to trade, the Board announced on 14 December 2023 that it had resolved to put forward proposals for a Managed Wind-Down.

Summary of the Managed Wind-Down proposals

Pursuant to the Managed Wind-Down, the Company proposes to conduct an orderly realisation of its assets in a manner that seeks to optimise the value of the Company's investments whilst progressively returning cash to Shareholders. In particular:

- The Board expects that approximately £115 million would be returned to Shareholders in the first half of 2024 at, or close to, NAV per Share (subject to Shareholder approval, the approval of the Court for the Company to reduce its share capital and cancel the amounts standing to the credit of its capital redemption reserve and, subject to tax advice, potentially also its share premium account (further details of which are set out in the section headed "Means of Returning Capital") and the appropriate use of the Company's distributable reserves) principally by means of a bonus issue of redeemable B shares where the cash returned to Shareholders would be treated as a return of capital rather than income from a UK tax perspective, with further returns of cash to follow as value is realised from the Company's private markets portfolio in a timely and efficient manner as set out below.
- Approximately £108.5 million of the Company's private markets portfolio (valued as at 5 February 2024) is expected to mature between 2024 and 2027 (the "**First Tranche**"). It is intended that the proceeds from the First Tranche will be returned to Shareholders in a timely manner as the investments mature.

- The remaining £84.8 million of the private markets portfolio (valued as at 5 February 2024) is expected to mature between 2029 and 2033 (the “**Second Tranche**”). As market conditions improve, opportunistic secondary sales of Second Tranche assets would be considered by the Company in order to realise value from these assets in a timely manner.
- The Company will cease making new investments (save as to fund existing commitments and support the Managed Wind-Down as set out below).
- It is intended that the Company’s debt arrangements, comprising secured Bonds with a par value of c.£16.1 million, will be repaid during 2024.
- The Board will seek to reduce the Company’s ongoing costs.

Benefits of the Proposals

The Directors believe that the Proposals are in the best interests of Shareholders as a whole and should yield the following principal benefits:

- implementing a managed and orderly disposal of investments should optimise the value to be realised on the sale of the Company’s assets and, therefore, returns to Shareholders, including the significant Initial Return of Capital expected to comprise of approximately £115 million (representing approximately 38 pence per Share) during 2024;
- the Proposals will allow cash to be returned to Shareholders in a cost-effective and timely manner; and
- the Company will continue to benefit from the expertise of the Investment Manager who the Board believes is best placed to execute the Managed Wind-Down strategy to maximise value for Shareholders (particularly in respect of the First Tranche and Second Tranche assets).

Initial Return of Capital

The Company’s liquid assets currently comprise approximately £94 million of fixed income and credit investments, £47 million of listed equities and £8 million of cash and cash equivalents. Pursuant to the Managed Wind-Down, the Board intends to return the cash generated from the sale of the Company’s liquid assets together with available cash to Shareholders in 2024, save that the Company will retain sufficient funds to meet outstanding commitments in respect of its private markets portfolio (such commitments amounting to c.£38.4 million in total), repay the Company’s secured Bonds (c.£18 million including an estimate of the repayment premium) and provide for its ongoing working capital requirements (c.£8.5 million).

The Board therefore currently expects that approximately £115 million will be available to be returned to Shareholders in the first half of 2024 (the “**Initial Return of Capital**”). This is however, subject to the further conditions set out in the section of the Circular headed “Means of Returning Capital”.

Please see the section titled “Means of Returning Capital” generally for further information on the proposed process for the Initial Return of Capital.

Future Realisations

The Company held approximately £193 million of private markets investments as at 5 February 2024. The First Tranche of approximately £108.5 million is expected to be realised, as the underlying funds mature, between 2024 and 2027. The proceeds received by the Company from the First Tranche realisations will be progressively returned to Shareholders throughout this period and the Board will seek to do so in a timely and efficient manner. As set out in the chart below as at 5 February 2024, the Second Tranche, comprising the Company’s remaining private markets investments valued at c.£84.8 million, is expected to mature between 2029 and 2033:

Asset	Expected Maturity	NAV £'000	Unfunded Commitments £'000
abrdrn Andean Social Infrastructure Fund I	2029	£14,430	£4,666
Healthcare Royalty Partners IV	2031	£16,323	£320
SL Capital Infrastructure Fund II	2032	£24,767	£2,790
Bonaccord Capital Partners I-A	2032	£16,180	£3,482
Aberdeen Standard Secondary Opportunities Fund IV	2033	£13,490	£11,217
TOTAL		£84,794	£22,475

The Board believes that these longer-term investments are, in the large part, attractive, saleable assets but remains cognisant of the fact that early disposals from the Company’s private markets portfolio in current market conditions would necessitate a substantial discount to their long-term realisable values, and thereby limit the value that could be achieved for Shareholders. As market conditions improve, opportunistic secondary sales may be sought by the Company to realise value from these assets in a timely manner. Throughout the Managed Wind-Down the Board may also seek to use opportunistic secondary sales from either tranche of private markets investments to manage the Company’s undrawn commitments and optimise the level of cash that can be realised and returned to Shareholders. In considering how best to deliver value to Shareholders, the Board will also remain open-minded to corporate opportunities during the Managed Wind-Down.

Given the current position of the Company’s private markets portfolio, it is expected that the Managed Wind-Down would be in place for three to four years or longer (depending, among other things, on prevailing market conditions enabling the Company to realise optimal value from the Second Tranche assets). There can be no certainty as to the precise quantum or timing of any realisations or returns of capital from the private markets portfolio and, in particular, from sales of the Second Tranche assets (which will depend on prevailing market conditions alongside

consideration of the Company's liabilities, undrawn fund commitments and general working capital requirements).

Subject to any corporate opportunities that may arise during the Managed Wind-Down, it is envisaged that, once all (or substantially all) of the Company's investments have been realised, the Company would seek Shareholder approval for the Company to be placed into members' voluntary liquidation at the appropriate time.

Means of Returning Capital

Prior to the Managed Wind-Down being able to be implemented, Shareholders will need to approve the Continuation Resolution at the AGM and the Investment Policy Resolution at the General Meeting. Pursuant to the Managed Wind-Down, the Company will seek to return cash to Shareholders in an efficient and fair manner that accounts for, among other things, the UK tax consequences for Shareholders and the composition of the Company's shareholder register. Returns of capital pursuant to the Managed Wind-Down, including the Initial Return of Capital, are also conditional on, inter alia, the relevant Shareholder approvals and Court approvals being granted.

As set out in the notice of AGM published on 9 January 2024, the Company has asked Shareholders to approve the cancellation of the amount standing to the credit of the Company's share premium account at the Annual General Meeting. As set out in the Notice of General Meeting, the Company is also asking Shareholders to approve the reduction of its ordinary share capital by cancelling and extinguishing capital of 24 pence on each Share and reducing the nominal value per Share from 25 pence to one penny each in accordance with the Companies Act. In addition the Company is proposing to cancel the entire amount standing to the credit of its capital redemption reserve at the date of the General Meeting (which was approximately £37 million as at 5 February 2024, being the latest practicable date prior to the publication of the Circular).

If the required Shareholder approvals are obtained at the AGM and the General Meeting, the Company will be able to apply to the Court for confirmation of the Cancellation and/or the Reduction. In seeking the Court's confirmation of the Cancellation and/or Reduction, the Court needs to be satisfied that the interests of the Company's creditors (including contingent creditors), whose debts remain outstanding on the date the Court Order is registered and the holders of the Company's Bonds in the event the Bonds are not repaid prior to the Company's application to the Court being submitted will not be prejudiced by the Cancellation or the Reduction.

Subject to such Shareholder approvals and sanctions by the Court the resultant reserves arising from the Cancellation and the Reduction, expected to be approximately £230 million in aggregate, will subject to any arrangements required for the protection of creditors and any direction given by the Court in confirming the Reduction and Cancellation, amount to distributable reserves in accordance with the Companies Act which may be applied in any manner permitted by the Companies Act (including for any bonus share issues and/or redemptions, tender offers, share buy backs and/or other returns of capital) excluding for dividends.

The Company currently intends to implement the Initial Return of Capital pursuant to the Managed Wind-Down principally by means of a bonus issue of redeemable B shares to Shareholders. Such

B shares would then be immediately redeemed by the Company with the return of cash to Shareholders being treated as capital rather than income from a UK tax perspective. The Directors note that both the Cancellation and the Reduction are likely to be required in order to implement the Managed Wind-Down particularly where a B share issue is to be used for the Initial Return of Capital. Further returns to Shareholders will be subject to tax advice but could be made by means of tender offers.

Shareholders should note that following the Reduction, there will be no change in the number of Ordinary Shares in issue.

In the event that the Managed Wind-Down is approved, full details of the Initial Capital Return (including a summary of the UK taxation consequences for Shareholders) will be set out in a circular to Shareholders which will also seek the further Shareholder approvals that will require to be granted to implement the Initial Return of Capital. Subject to these further Shareholder approvals being granted and the required Court approvals being received, it is expected that the Initial Return of Capital will be implemented by the end of June 2024.

Dividends

The Board intends that it will continue to pay a sufficient level of dividend to ensure that the Company will not retain more than 15 per cent. of its income in an accounting period so as to maintain the Company's investment trust status during the Managed Wind-Down process. In addition, and in accordance with the Company's proposed dividend policy that is set out in the Accounts and will be put to Shareholders at the AGM, any dividend going forward will also reflect the Company's plan to return cash to Shareholders in a tax efficient manner. Therefore if Shareholders vote to approve the Investment Policy Resolution and put the Company into Managed Wind-Down, the Directors will still declare certain dividends based on the Company's net income but the quantum and timing of any dividends going forward will be at the sole discretion of the Board.

In the absence of unforeseen circumstances, it is the current intention of the Board that the Company will pay an interim dividend around the end of March 2024, the Initial Return of Capital (subject to all the required Shareholder and Court approvals being received as noted above) around the end of June 2024 and a further interim dividend around the middle of October 2024. Thereafter, it is likely that dividends will be paid in smaller, less regular amounts principally for the purpose of maintaining the Company's investment trust status and capital will be returned progressively to Shareholders in larger, less regular amounts by the most efficient mechanism available. The Board will therefore be taking into account the UK tax consequences for Shareholders in determining the most efficient means of returning realised cash during the Managed Wind-Down process.

The amount of the net proceeds from the Managed Wind-Down that can be paid as dividends and the timing of any capital distributions will also be determined by the distributable reserves of the Company. There can be no guarantee as to the payment, quantum or timing of dividends during the Managed Wind-Down process.

No further investments

The Company has not made any new private market investments since 14 December 2023 and, subject to the approval of the New Investment Objective and Policy, will not make any new

investments during the Managed Wind-Down save as in respect of existing fund commitments or to support the Managed Wind-Down. In particular, realised cash may be invested in liquid cash-equivalent securities, including short-dated corporate bonds, government bonds, cash funds or bank cash deposits (and/or funds holding such investments) pending its return to Shareholders.

Ongoing costs

The Board acknowledges the importance of monitoring the Company's ongoing costs as the Managed Wind-Down progresses and will continue to keep the options available to the Company under review. In order to reduce the costs of the Company, the Board intends to reduce the number of Directors and, as announced on 14 December 2023, Anna Troup has indicated that she does not intend to stand for re-election at the Annual General Meeting. The remaining Directors would like to take this further opportunity to thank Anna for her substantial contributions to the Board.

The Board is mindful of the operating costs of a listed investment company and will keep these under review seeking to minimise expenses where possible with an overarching view to delivering shareholder value and it is intended that the Company's existing secured bonds will be repaid in 2024.

Implementation of the New Investment Objective and Policy

The Proposals require the Company to adopt the New Investment Objective and Policy to reflect the realisation strategy and the fact that the Company is ceasing to make any new investments.

The Listing Rules require any proposed material changes to the Company's published investment objective and policy to be submitted to the FCA for prior approval. The Company notes that FCA approval of the New Investment Objective and Policy was obtained on 25 January 2024. The Listing Rules also require Shareholder approval prior to any material changes being made to the Company's published investment policy and, accordingly, Shareholder approval of the New Investment Objective and Policy is being sought at the General Meeting.

As set out in further detail below, the New Investment Objective and Policy (and, as a consequence, the Managed Wind-Down) will take effect subject to, and conditional on, Shareholder approval of (i) the Continuation Resolution at the Annual General Meeting; and (ii) the Investment Policy Resolution at the General Meeting.

The New Investment Objective and Policy is set out in full in Part 2 of the Circular.

The Investment Policy Resolution

The Investment Policy Resolution, which will be proposed as an ordinary resolution, seeks authority to adopt the New Investment Objective and Policy as set out in Part 2 of the Circular. As an ordinary resolution, more than 50 per cent. of the votes cast must be in favour for the Investment Policy Resolution to pass.

Continuation Resolution

In accordance with the requirements of the Articles, and as set out in the notice of AGM published on 9 January 2024, the Board has proposed an ordinary resolution that seeks Shareholder approval at the AGM for the continuation of the Company as an investment trust.

Shareholder approval of the Continuation Resolution is required in order that the Company can proceed to bring into effect the General Meeting in order that the Company can then proceed, subject to Shareholders approving the Investment Policy Resolution, to implement the Managed Wind-Down. Accordingly, the Investment Policy Resolution will only be able to take effect if it is passed at the General Meeting and if the Continuation Resolution has been previously approved by Shareholders at the AGM.

In the context of the Managed Wind-Down, the Directors therefore note their recommendation that Shareholders vote in favour of the Continuation Resolution at the AGM as set out in the Company's Accounts.

The Reduction Resolution

The Reduction Resolution which will be proposed as a special resolution seeks authority to carry out a reduction in the nominal value of the Shares from 25 pence per Share to one penny per Share and to cancel the entire amount standing to the credit of the Company's capital redemption reserve to create a distributable reserve which may be applied in any manner permitted by the Companies Act and/or the Articles (including for any bonus share issues and/or redemptions, tender offers, share buy backs and/or other returns of capital) excluding the payment of dividends. As a special resolution, more than 75 per cent. of the votes cast must be in favour for the Reduction Resolution to pass.

General Meeting

The General Meeting at which the Investment Policy Resolution and the Reduction Resolution will be proposed, in order that the Company can proceed with the Managed Wind-Down and the Initial Return of Capital, will be held at 10.00 a.m. on 27 February 2024 at Wallacespace, 15 Artillery Lane, London E1 7HA (or such later time as is immediately following the conclusion of the Company's AGM to be held at 9.30 a.m. on 27 February 2024 at the same venue).

The Investment Policy Resolution and the Reduction Resolution will be voted on by way of a poll. In accordance with the Articles, all Shareholders entitled to vote and who are present in person or by proxy at the General Meeting shall have one vote in respect of every Share held when voting on a poll.

Recommendation

The Board considers that the Proposals, including the adoption of the New Investment Objective and Policy and the Reduction, are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Investment Policy Resolution and the Reduction Resolution to be proposed at the General Meeting.

The Directors, who in aggregate have an interest in 303,671 Shares, representing approximately 0.09 per cent. of the issued share capital of the Company as at 5 February 2024 (being the latest

practicable date prior to the publication of the Circular), intend to vote their entire beneficial holdings of Shares in favour of the Investment Policy Resolution and the Reduction Resolution to be proposed at the General Meeting.

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