

This document comprises a prospectus relating to Henderson High Income Trust plc (the “Company”) prepared in accordance with the Prospectus Rules and Listing Rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at www.hendersonhighincome.com.

The Directors of the Company, whose names appear on page 31 of this document, and the Company each accept responsibility for the information contained in this document. The Directors and the Company, having taken all reasonable care to ensure that such is the case, believe that the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

HENDERSON HIGH INCOME TRUST PLC

(Incorporated in England and Wales with registered no. 02422514)

(Registered as an investment company under section 833 of the Companies Act 2006)

**Issue of new ordinary shares in connection
with the recommended proposals for
(i) the scheme of reconstruction and voluntary winding up
of Threadneedle UK Select Trust Limited and
(ii) a share issuance programme,
including an initial placing and offer**

Applications will be made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admissions in relation to the New Shares issued pursuant to the Scheme and the Initial Placing and Offer will become effective, and dealings in such New Shares will commence, on 29 June 2017. It is expected that further Admissions in relation to New Shares issued pursuant to the Share Issuance Programme will become effective, and dealings in such New Shares will commence, during the period from 29 June 2017 to 29 May 2018.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) (the “Investment Company Act”) and investors will not be entitled to the benefits of such Act.

Dickson Minto W.S. which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Sponsor to the Company. The Sponsor will not be responsible to anyone other than the Company for providing protections afforded to clients of the Sponsor or for affording advice in relation to the contents of this document or any matters referred to herein or any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares, the Scheme, the Initial Placing and Offer, the Share Issuance Programme or Admission. Accordingly, the Sponsor, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability including any responsibilities or liabilities which may arise under the Financial Services and Markets Act 2000 or any regulatory regime established thereunder) whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any other statement.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser. Potential investors should also consider the risk factors relating to the Company set out on pages 13 to 18 of this document.

30 May 2017

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings

Element	Disclosure
A.1	<p><i>Warning</i></p> <p>This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p><i>Financial Intermediaries</i></p> <p>Not applicable. No consent has been given by the Company or any person responsible for drawing up this document for the subsequent resale or final placement of securities by financial intermediaries.</p>

Section B – Issuer

Element	Disclosure
B.1	<p><i>Legal and commercial name</i></p> <p>Henderson High Income Trust plc.</p>
B.2	<p><i>Domicile and legal form</i></p> <p>The Company was incorporated and registered in England and Wales on 13 September 1989 as a public company limited by shares under the Companies Act 1985 with registered number 02422514. The Company operates under the Act and regulations made under the Act.</p>
B.5	<p><i>Group description</i></p> <p>Not applicable. The Company is not part of a group.</p>
B.6	<p><i>Major Shareholders</i></p> <p>As at close of business on 24 May 2017 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person or persons who have, or who following the Scheme Issue or Issues pursuant to the Initial Placing and Offer will or could have, directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company.</p> <p>The Company is not aware of any person or persons who, following the Scheme Issue or Issues pursuant to the Initial Placing and Offer will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>

B.7	<p>Key financial information</p> <p>Selected audited financial information relating to the Company which summarises the financial condition of the Company for the three financial years ended 31 December 2016 is set out in the following table:</p> <table border="1" data-bbox="338 313 1388 1030"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 31 December 2014</i></th> <th style="text-align: right;"><i>Year ended 31 December 2015</i></th> <th style="text-align: right;"><i>Year ended 31 December 2016</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">188,987</td> <td style="text-align: right;">197,111</td> <td style="text-align: right;">207,723</td> </tr> <tr> <td>Net asset value per Ordinary Share (borrowings at par) (pence)</td> <td style="text-align: right;">173.57</td> <td style="text-align: right;">177.47</td> <td style="text-align: right;">185.56</td> </tr> <tr> <td>Ordinary Share price (pence)</td> <td style="text-align: right;">177.88</td> <td style="text-align: right;">180.50</td> <td style="text-align: right;">183.63</td> </tr> <tr> <td colspan="4">Income</td> </tr> <tr> <td>Revenue return after expenses and taxation (£'000)</td> <td style="text-align: right;">9,817</td> <td style="text-align: right;">10,937</td> <td style="text-align: right;">11,066</td> </tr> <tr> <td>Revenue return per Ordinary Share (pence)</td> <td style="text-align: right;">9.24</td> <td style="text-align: right;">9.96</td> <td style="text-align: right;">9.93</td> </tr> <tr> <td>Dividend per Ordinary Share in respect of the financial year (pence)</td> <td style="text-align: right;">8.60</td> <td style="text-align: right;">8.90</td> <td style="text-align: right;">9.15</td> </tr> <tr> <td colspan="4">Ongoing charges</td> </tr> <tr> <td>As a percentage of average total Shareholders' funds (excluding performance fee)</td> <td style="text-align: right;">0.72</td> <td style="text-align: right;">0.79</td> <td style="text-align: right;">0.81</td> </tr> <tr> <td colspan="4">NAV/share price total returns</td> </tr> <tr> <td>1 year net asset value total return (%)</td> <td style="text-align: right;">7.5</td> <td style="text-align: right;">7.6</td> <td style="text-align: right;">8.9</td> </tr> <tr> <td>1 year Ordinary Share price total return (%)</td> <td style="text-align: right;">8.1</td> <td style="text-align: right;">6.6</td> <td style="text-align: right;">7.1</td> </tr> </tbody> </table> <p>There has been no significant change in the trading or financial position of the Company since 31 December 2016 (being the end of the last financial period of the Company for which financial information has been published).</p>		<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>	<i>Year ended 31 December 2016</i>	Net asset value				Net assets (£'000)	188,987	197,111	207,723	Net asset value per Ordinary Share (borrowings at par) (pence)	173.57	177.47	185.56	Ordinary Share price (pence)	177.88	180.50	183.63	Income				Revenue return after expenses and taxation (£'000)	9,817	10,937	11,066	Revenue return per Ordinary Share (pence)	9.24	9.96	9.93	Dividend per Ordinary Share in respect of the financial year (pence)	8.60	8.90	9.15	Ongoing charges				As a percentage of average total Shareholders' funds (excluding performance fee)	0.72	0.79	0.81	NAV/share price total returns				1 year net asset value total return (%)	7.5	7.6	8.9	1 year Ordinary Share price total return (%)	8.1	6.6	7.1
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B.8	<p>Key pro forma financial information</p> <p>Not applicable. No pro forma financial information is included in this document.</p>																																																								
B.9	<p>Profit forecast</p> <p>Not applicable. No profit forecast or estimate made.</p>																																																								
B.10	<p>Description of the nature of any qualifications in the audit report on the historical financial information</p> <p>Not applicable. The audit reports on the historical financial information contained within the document are not qualified.</p>																																																								
B.11	<p>Insufficient working capital</p> <p>Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).</p>																																																								
B.34	<p>Investment policy</p> <p><i>Investment objective</i></p> <p>The Company invests 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.</p> <p><i>Investment policy</i></p> <p>The Company will not invest more than 15 per cent. of its total assets in any single investment, nor will it invest more than 15 per cent. of its total assets in other investment trusts or investment companies. The Company has an active policy of using appropriate</p>																																																								

	<p>levels of gearing, both in the form of bank and longer term borrowings, principally to enhance income returns but also to achieve capital growth over time. A degree of gearing is usually employed with respect to the fixed interest portion of the Company's portfolio in order to generate additional income. The drawdown of floating rate borrowings is principally in Sterling but may be in other currencies, provided that these borrowings do not exceed the assets held in that particular currency at the time of drawdown. The gross level of borrowings at drawdown will not be greater than 40 per cent. of the total value of the Company's investments.</p> <p>The portfolio is diverse, containing a sufficient range of investments to ensure that no single investment puts undue risk on the sustainability of the income generated by the portfolio or indeed the capital value. Regard is also given to having a broad mix of companies in the portfolio, as well as a spread of risk across a range of economic sectors.</p>
B.35	<p><i>Borrowing limits</i></p> <p>The Company has an active policy of using appropriate levels of gearing, both in the form of bank and longer term borrowings, principally to enhance income returns but also to achieve capital growth over time. A degree of gearing is usually employed with respect to the fixed interest portion of the Company's portfolio in order to generate additional income. The drawdown of floating rate borrowings is principally in Sterling but may be in other currencies, provided that these borrowings do not exceed the assets held in that particular currency at the time of drawdown. In accordance with the Company's published investment policy, the gross level of borrowings at drawdown will not be greater than 40 per cent. of the total value of the Company's investments.</p> <p>The Articles provide that no money shall be borrowed if the aggregate principal amount outstanding of all borrowings then exceeds, or would as a result of such borrowing exceed, an amount equal to the Company's adjusted capital and reserves.</p>
B.36	<p><i>Regulatory status</i></p> <p>Save for its compliance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules, the Company is not a regulated entity.</p>
B.37	<p><i>Typical investor</i></p> <p>The Directors believe that the typical investors for whom an investment in the Company is appropriate are professionally advised private investors, institutional investors or those individuals who are prepared to tolerate a degree of risk or potential for loss, investing with the aim of receiving a high dividend income stream and maintaining the prospect of capital growth.</p>
B.38	<p><i>Investment of 20 per cent. or more of gross assets in a single underlying asset or investment company</i></p> <p>Not applicable. No investment in a single underlying asset or investment company will represent 20 per cent. or more of the Company's gross assets.</p>
B.39	<p><i>Investment of 40 per cent. or more of gross assets in another collective investment undertaking</i></p> <p>Not applicable. No investment in another collective investment undertaking will represent 40 per cent. or more of the Company's gross assets.</p>
B.40	<p><i>Applicant's service providers and maximum fees payable</i></p> <p><i>Managerial arrangements</i></p> <p>The Board has appointed Henderson Investment Funds Limited as its alternative investment fund manager (the "AIFM") in accordance with the AIFM Directive under the Management Agreement. The AIFM has delegated investment management services to Henderson Global Investors Limited (the "Manager"). Both the AIFM and the Manager are part of the Henderson Group. The Management Agreement is terminable by either party on six months' notice or on shorter notice in certain circumstances. The Management</p>

Agreement provides for both a base management fee and a performance fee. Performance is measured over a single financial year. The base management fee is 0.5 per cent. of the average value of gross assets less current liabilities, but excluding any debt used for investment purposes recorded within current liabilities and excluding any Henderson Group managed funds or Henderson Group plc shares within the portfolio ('adjusted gross assets'). This average value is calculated by using the values on the last day of each of the two calendar years preceding the reporting year. The base management fee is payable quarterly in arrears. The base management fee is reduced by the amount of any fees or expenses which are payable by the Company to the Depository for custody services in respect of the relevant quarter.

In addition, a supplemental base management fee is paid on any new funds in relation to share issues in the year they were raised, at the pro-rata annual rate. For the following year any funds raised are added to prior year assets for the purposes of calculating the fee.

Performance is measured by calculating the difference between the annual percentage change in net asset value per Ordinary Share and the benchmark equivalent. The benchmark is a composite of 80 per cent. of the FTSE All-Share Index (total return) and 20 per cent. of the Merrill Lynch Sterling Non-Gilts Index (total return). A one per cent. hurdle is deducted from any relative outperformance before any performance fee can be paid. A performance fee of 15 per cent. is awarded on this relative excess performance less the one per cent. hurdle and applied to the current year's average adjusted gross assets.

Fees are subject to a cap. In any one financial year total fees (the combined base management and performance fees) cannot exceed one per cent. of average adjusted gross assets for the current year. Any unrewarded outperformance above this cap is carried forward for a maximum of three years but may only be used to offset any underperformance and cannot in itself earn a performance fee.

Any underperformance relative to the benchmark will be carried forward and no performance fee will be payable until positive performance exceeds any past negative performance.

Management fees are calculated monthly and paid on a quarterly basis.

Secretarial and administration arrangements

Pursuant to the Management Agreement, the AIFM has also 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 values and maintenance of the Company's accounting records, accounting and administration services. The AIFM 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 Act.

Depository

HSBC Bank plc has been appointed as the Company's depository. Subject to the FCA Rules and AIFM Directive, the Depository performs an oversight function and is entrusted with the safekeeping of the assets of the Company and monitoring its cash flows. The annual fee payable to the Depository is 0.01 per cent. per annum of net assets (plus applicable VAT). The Depository will receive fees for the provision of such services at such rates as may be agreed from time to time (plus applicable VAT).

Auditors

PricewaterhouseCoopers LLP provides audit services to the Company. The fees charged by the Auditors are computed, *inter alia*, on the time spent by the Auditors on the affairs of the Company and the appointment of the Auditors is subject to annual review.

	<p><i>Registrar</i></p> <p>Computershare Investor Services PLC has been appointed as registrar to the Company pursuant to the Registrar Agreement. In such capacity, the Registrar will be responsible for the transfer and settlement of Shares held in certificated and uncertificated form. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated on the number of Shareholders and the number of transfers processed. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.</p>
B.41	<p>Regulatory status of service providers</p> <p>The AIFM and the Manager are authorised and regulated by the FCA.</p> <p>The Depositary is authorised by the PRA and regulated by the FCA and the PRA.</p>
B.42	<p>Calculation of Net Asset Value</p> <p>The net asset value of an Ordinary Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. The calculation of the net asset value per Ordinary Share will be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p> <p>Since the issue of the 3.67% unsecured notes 2034 in July 2015, the Company has valued the loan notes at par. Although the loan notes are unquoted and illiquid, it became normal practice in the investment trust sector for such instruments to be fair valued at a value different to par for net asset value reporting purposes. Accordingly, the Company announced on 3 October 2016 that it would, from that date, publish an additional fair value NAV per Share which included the loan notes at fair value.</p>
B.43	<p>Cross liability</p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	<p>No financial statements have been made up</p> <p>Not applicable. The Company has commenced operations and historical financial information is included within this document.</p>
B.45	<p>Portfolio</p> <p>A substantial majority of the Company's portfolio comprises UK quoted equities with the balance invested in listed fixed interest stocks. As at 24 May 2017 (being the latest practicable date prior to the publication of this document), the Company's portfolio comprised, by value, 89.7 per cent. listed equities and 10.3 per cent. listed fixed interest stocks.</p>
B.46	<p>Net Asset Value</p> <p>The unaudited HHIT NAV per Share (with debt at par value) as at 24 May 2017 (being the latest practicable date prior to the publication of this document) was 196.6 pence.</p>

Section C – Securities

Element	Disclosure
C.1	<p>Type and class of securities</p> <p>The Ordinary Shares have a nominal value of 5 pence each. The ISIN for the Ordinary Shares is GB0009580571.</p>

C.2	<p>Currency</p> <p>The Ordinary Shares are, and the New Shares will be, denominated in Sterling.</p>
C.3	<p>Number of securities in issue</p> <p>As at 24 May 2017 (being the latest practicable date prior to the publication of this document) the issued share capital of the Company comprised 111,942,365 fully paid Ordinary Shares.</p>
C.4	<p>Description of the rights attaching to the securities</p> <p><i>Voting rights</i></p> <p>Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the 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 him.</p> <p>No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid.</p> <p>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 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.</p> <p><i>Dividend rights</i></p> <p>The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of 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 and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.</p> <p><i>Return of capital</i></p> <p>On a winding up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided amongst Shareholders <i>pro rata</i>, according to the rights attached to the shares, unless otherwise provided for under a scheme of reconstruction and winding up of the Company.</p> <p><i>New Shares</i></p> <p>The New Shares will rank <i>pari passu</i> in all respects with the existing issued Ordinary Shares, save that the New Shares issued pursuant to the Scheme and the Initial Placing and Offer will not qualify for any dividends announced prior to the Scheme or Admission of the New Shares to be issued pursuant to the Initial Placing and Offer becoming effective, in particular the second interim dividend which was announced by the Company on 9 May 2017.</p>
C.5	<p>Restrictions on the rights attaching to the securities</p> <p>Not applicable. There are no restrictions on the free transferability of Ordinary Shares.</p>
C.6	<p>Admission</p> <p>Applications will be made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's Main Market. It is</p>

	<p>expected that Admissions in relation to the Scheme and the Initial Placing and Offer will become effective, and dealings in the relevant New Shares will commence, on 29 June 2017. Further Admissions in relation to the Share Issuance Programme will become effective, and dealings in such New Shares will commence, during the period from 29 June 2017 to 29 May 2018.</p>
C.7	<p>Dividend policy</p> <p>It is the Board's objective to increase the Company's dividend gradually, subject to investment conditions at the time and whether the Board determines such an increase to be sustainable in the years ahead.</p> <p>In order to assess this, the Board will continually monitor the level of income received by the Company, its investments' ability to grow dividends and the level of the Company's own revenue reserves.</p>

Section D – Risks

Element	Disclosure
D.1	<p>Key information on the key risks specific to the issuer</p> <ul style="list-style-type: none"> • Changes in economic conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects. • The past performance of the Company, and of investments managed by the AIFM and Manager, is not necessarily indicative of future performance. • There is no guarantee that the Company's investment objective will be achieved or provide the returns sought by the Company. • The Company attempts to conduct its business so as to continue to satisfy the conditions to retain approval as an investment trust under section 1158 of the Tax Act. In respect of each accounting period for which approval is retained, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to retain approval as an investment trust company could lead to the Company being subject to tax on capital gains. • The fair value of equity and other financial securities held in the Company's portfolio fluctuates with market prices.
D.3	<p>Key information on the key risks specific to the securities</p> <ul style="list-style-type: none"> • The market value of, and any income derived from, the Ordinary Shares can fluctuate and the market value may not always reflect the net asset value per Share. • Although the New Shares will be listed on the premium segment of the Official List and admitted to trading on the Main Market, there may not be a liquid market in the New Shares and Shareholders may have difficulty selling them. • The Company may only pay dividends on the Ordinary Shares to the extent that it has profits available for that purpose (in particular, revenue reserves which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt).

Section E – Offer

Element	Disclosure
E.1	<p>Net proceeds and costs of the Issues Scheme</p> <p>The New Shares to be issued pursuant to the Scheme, are only being so issued to qualifying UKT Shareholders who elect (or are deemed to elect) for the Rollover Option.</p>

Under the terms of the Scheme, the Company will acquire that part of the assets and undertaking of UKT which represents the interests of UKT Shareholders who elect (or are deemed to elect) for the Rollover Option. The assets to be transferred to the Company are expected to comprise cash, cash equivalents and certain listed securities.

The number of New Shares to be issued pursuant to the Scheme will be calculated on the Calculation Date. The Company will announce, through a Regulatory Information Service, the number of New Shares to be issued, the FAV per HHIT Share and the FAV per UKT Share as soon as practicable after the Calculation Date.

The AIFM has agreed to make a contribution to the costs of the Company participating in the Scheme, equating to a sum that is equivalent to 18 months base management fee of the total assets that rollover from UKT into the Company. The financial value of this amount will first be credited against the proportion of the costs incurred by the Company in respect of the Proposals represented by the New Shares issued to UKT Shareholders and the balance (if any) will be paid to UKT. The AIFM has further agreed to underwrite all such costs to the extent not covered by the 18 months base management fee equivalent contribution described above. These costs will not include the costs of investing the proceeds such as any stamp duty.

Therefore, the costs and expenses of the Scheme Issue (save for the costs of investing the proceeds, such as any stamp duty) payable by the Company, net of the contribution from the Henderson, will be nil.

If the Scheme is not implemented, the aggregated costs and expenses incurred by the Company to be borne by Existing Shareholders will be nil after taking into account the cost contribution from the AIFM.

Initial Placing and Offer

The AIFM has agreed to make a contribution to the Company in relation to all of the Company's costs associated with the Initial Placing and Offer, to the extent that these costs are not covered by the one per cent. premium to the HHIT FAV charged on the New Shares issued pursuant to the Initial Placing and Offer. These costs will not include the costs of investing the proceeds such as any stamp duty.

Share Issuance Programme

The costs associated with each further Share Issuance Programme Issue will depend on the number of New Shares to be issued in relation to such Issue and will include associated commission and expenses. Assuming that no New Shares are issued pursuant to the Initial Placing and Offer and that the maximum number of New Shares available for issue under the Share Issuance Programme is issued by way of a single Share Issuance Programme Issue at a Share Issuance Programme Price of 197.0 pence (being the market price of an Ordinary Share as at close of business on 24 May 2017 (the latest practicable date prior to publication of this document)) and assuming there is no further cost contribution from the AIFM, the total costs and expenses of and incidental to the Share Issuance Programme to be borne by the Company would be approximately £75,000.

On the basis of these assumptions, £98.5 million would be raised and the net proceeds available for investment by the Company would be approximately £98.4 million (assuming there was no further contribution from the AIFM).

The net proceeds of the Share Issuance Programme Issues will be invested in accordance with the Company's investment policy. There are no direct costs of the Share Issuance Programme Issues charged to the investor.

E.2 A	<p>Reason for offer and use of proceeds</p> <p>The Issues have been proposed in line with the Board’s continued aim of seeing the Company grow and are expected to provide the following benefits.</p> <ul style="list-style-type: none"> • The size of the Company’s asset base will be increased, spreading the Company’s fixed costs over a larger capital base thereby potentially reducing the ongoing charges ratio. • The liquidity of the Shares on the secondary market should potentially improve to the benefit of all Shareholders. • Existing Shareholders and new investors will get an opportunity to invest in the Company in a cost effective manner due to the economies of scale resulting from the issue of New Shares under the Scheme and the costs contribution from Henderson. <p>The Directors will apply the net proceeds of the Issues in accordance with the Company’s investment policy.</p>
E.3	<p>Terms and conditions of the offer</p> <p><i>The Scheme</i></p> <p>The Scheme Issue is conditional upon, <i>inter alia</i>: (i) the passing of the resolutions to approve the Scheme at the UKT EGM and the Scheme becoming unconditional (including the Transfer Agreement becoming unconditional in all respects); (ii) the passing of Resolution 1 at the HHIT General Meeting; (iii) the Scheme Admission Condition being satisfied; and (iv) the UKT Board and the HHIT Board resolving to proceed with the Scheme and the Scheme Issue respectively.</p> <p><i>Initial Placing and Offer</i></p> <p>The Initial Placing and Offer, which are not underwritten, are conditional upon the Issue Admission Condition being satisfied.</p> <p><i>Share Issuance Programme</i></p> <p>Each Issue under the Share Issuance Programme is conditional, <i>inter alia</i>, on the following:</p> <ul style="list-style-type: none"> (a) Resolutions 2 and 3 being passed at the General Meeting; (b) Admission of the New Shares issued pursuant to such Issue; and (c) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.
E.4	<p>Material interests</p> <p>Not applicable. No interest is material to the Issues.</p>
E.5	<p>Name of person selling securities</p> <p>Not applicable. No person or entity is offering to sell the securities as part of the Issues.</p>
E.6	<p>Dilution</p> <p>The number of New Shares to be issued pursuant to the Scheme Issue will not be known until the Calculation Date. The maximum number of New Shares to be issued under the Share Issuance Programme is 50 million. Existing Shareholders in the Company (who do not hold UKT Shares) are not able to participate in the Scheme Issue and Existing Shareholders are not obliged to participate in the Share Issuance Programme. Therefore, to the extent that Existing Shareholders do not hold UKT shares and do not participate in the Share Issuance Programme, they will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued under the Issues. Therefore, assuming UKT Shareholders elect for the</p>

	Rollover Option in full (and based on the current UKT NAV and HHI NAV) and assuming the maximum number of New Shares is issued under the Share Issuance Programme, Existing Shareholders would suffer a dilution of approximately 40 per cent. to their existing percentage holdings (to the extent that they do not hold UKT shares or participate in the Share Issuance Programme).
E.7	<i>Expenses charged to the investor</i> Not applicable. There are no direct costs charged to the investor.

RISK FACTORS

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material or which are not presently known to the Directors. **Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser.**

Potential investors should carefully consider all the information in (and incorporated by reference into) this document, including the following material risk factors in relation to the Company and the Ordinary Shares, before deciding to invest in the Company.

General risk factors relating to Company and its Shares

Changes in economic conditions (including, for example, interest rates), the rate of inflation, currency values, industry conditions or competition law, political and diplomatic trends or tax laws can substantially and potentially adversely affect the value of investments and therefore the Company's performance and prospects.

There can be no guarantee that any appreciation in the value of the Company's portfolio of investments will occur and investors may not get back the full value of their initial investment. The value of an investment in the Company and the income derived from it, if any, may go down as well as up. There can be no guarantee that the investment objectives of the Company will be met or provide the returns sought by the Company. Meeting its objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met in relation to the Company's portfolio in general or in relation to any part of it.

Past performance of the Company, and of investments managed by the AIFM and Manager, is not a guide to future performance.

As with all investment trust shares, the market price of the Ordinary Shares may not reflect their underlying net asset value per share and the discount (or premium) to the net asset value at which Ordinary Shares trade may fluctuate from day-to-day, depending on factors such as supply and demand, market conditions and general sentiment. The net asset value and/or price of the Ordinary Shares and the dividend payable on the Ordinary Shares may go down as well as up.

Ordinary Shares in the Company are designed to be held over the long term and may not be suitable as short term investments. An investment in the Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their initial investment. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

Although the New Shares will be listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities, it is possible that there may not be a liquid market in Ordinary Shares, and Shareholders may have difficulty selling their shares.

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Any change in the tax treatment of dividends or interest received by the Company may reduce the returns to Shareholders. Any change in accounting standards or UK law may adversely affect the value of the Company's assets in its books of account or restrict the ability of the Company to pay dividends.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the

value of the Company and the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

Specific risk factors relating to the Company

Investment objective and policy and portfolio

There is a risk of long term underperformance of the Company against the benchmark and/or peer group. This could result in the shares of the Company trading at a discount and reduced liquidity in the Shares.

In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the net asset value of the Company or a reduction in the profits available for distribution by way of dividends. These financial risks include market risk (comprising market price risk, currency risk and interest rate risk), credit risk, liquidity risk, risks associated with derivatives, risks associated with investments in small-cap companies and gearing.

There is no guarantee that the Company's investment objective will be achieved.

Market risk

There is a risk that market conditions lead to a fall in the value of the portfolio (magnified by any gearing) and/or a reduction of income. This could result in loss of capital value for Shareholders and/or a cut in the dividend payment. The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises currency risk, interest rate risk and other price risk, in particular the risk of fluctuations in prices of securities. The Board reviews and agrees policies for managing these risks and agrees investment guidelines and restrictions for managing the portfolio. The Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. This risk may be mitigated through diversification of investments in the portfolio.

Currency risk

The majority of the Company's investments are in UK companies, however a proportion of the Company's assets and income is denominated in currencies other than Sterling (the currency in which the Company reports its results). As a result, movements in exchange rates may affect the Sterling value of these items. This may be partially offset by borrowing in foreign currencies.

Interest rate risk

Interest rate movements may affect the fair value of investments on fixed interest securities, the level of income receivable from interest-bearing securities and cash at bank and on deposit, and the interest payable on the Company's variable rate borrowings. Interest rate movements could adversely affect the value of the Company's investments and therefore the performance of the Company itself, potentially exposing investors to a higher risk of loss. Derivative contracts may sometimes be used to hedge against the exposure to interest rate risk.

The Company is primarily exposed to interest rate risk through its loan facility with Scotiabank and its fixed interest investment portfolio. The senior unsecured note is at a fixed rate of interest so as far as the Company is concerned will not be impacted by any changes in LIBOR or short term interest rates.

Other price risk

Other price risks (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of quoted and unquoted investments. When appropriate, the Company may buy/sell put or call options or futures on indices and on equity investments in its portfolio to manage its exposure to price risk or to generate income. As at the latest practicable date prior to publication of this document, the Company had no open positions.

The majority of the Company's investments are in UK companies. Accordingly, there is a concentration of exposure to the UK, and particularly the financial sector including banks, insurance companies, financial services, real estate investment trusts and equity investment instruments. It is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country but also that the focus of the portfolio on specific regions or sectors may present more risks than if the portfolio were broadly diversified over numerous regions or sectors.

Liquidity risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable.

Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. A wide range of factors could adversely affect the ability of counterparties to make interest or other payments on fixed income assets which could adversely affect the value of the Company's investments and therefore the performance of the Company itself.

The Company's principal financial assets are investments, bank balances, cash and other receivables, which represent the Company's exposure to credit risk in relation to financial assets. The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid and to pay for securities which the Company has delivered. Risks relating to unsettled transactions are considered by the Company to be small as a result of the relatively short settlement period involved and the credit quality of the brokers used. Substantially all of the assets of the Company other than cash deposits are held by the Custodian. Bankruptcy or insolvency of, or cyber attacks on, the Depository or the Custodian might cause the Company's rights in respect of the securities held by those parties to be delayed or limited. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings or with ratings that are reviewed by the Manager. Bankruptcy or insolvency of, or cyber attacks on, any such financial institution may limit or delay the Company's ability to access cash placed on deposit.

In the event of any default on the Company's investments by a counterparty, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and ability to pay dividends to Shareholders. In the case of secured loans, foreclosure can be an expensive and lengthy process which could have a material negative effect on the Company's anticipated return on the foreclosed loan and consequently could adversely affect the performance of the Company.

Derivatives

The use of derivatives may expose the Company to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Company trades, the risk of settlement default and lack of liquidity of the derivative. Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure) and futures contracts on indices appropriate to sections of the portfolio (one purpose for which may be to provide protection against falls in the capital values of the holdings). The Company does not use derivative financial instruments for speculative purposes.

As at 24 May 2017 (the latest practicable date prior to publication of this document), the Company did not hold any derivatives.

Risks associated with investments in small-cap companies

The Company also invests in medium and smaller capitalised companies. These medium and smaller capitalised companies do not necessarily have the financial strength, diversity and resources of large-cap companies and, as a result, they may find it more difficult to operate in periods of economic slowdown, recession or turmoil. In addition, the capitalisation of such companies could make the market in their shares less liquid and, as a consequence, the Company may be unable to liquidate all or a portion of its positions in such securities. In addition, the market prices can be more volatile and the Company may not be able to realise what it perceives to be their fair value in the event of a sale.

Gearing

The Company uses borrowings to seek to enhance investment returns and it has entered into a revolving credit facility with Scotiabank and issued a fixed rate senior unsecured note to do so. While the use of borrowings should be expected to enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it should be expected to have the opposite effect where the return on the Company's underlying assets is rising at a lower rate

than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the net asset value per Ordinary Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its net asset value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

As regards the Company's facility with Scotiabank, interest is charged on the revolving credit facility at an applicable margin over LIBOR (or in certain circumstances, EURIBOR). As such, the Company will be exposed to fluctuations in the prevailing market rates.

In order for the Company to maintain the same level of gearing following the expected increase in its total assets after the Scheme Issue and the Initial Placing and Offer, the Company has agreed in principle with Scotiabank (subject to finalisation of the requisite legal documentation) to increase proportionately the Company's loan facility when Admission and dealings in New Shares issued pursuant to the Initial Placing and Offer commence.

There is no guarantee that the borrowings of the Company will be refinanced on their maturity date in June 2018, either on terms that are acceptable to the Company, or at all. In such circumstances the Company may have to sell investments to repay borrowings.

The Company has in issue a £20 million fixed rate 19 year senior unsecured note. The inverse relationship between price and yield means that in a falling yield environment, the fair value of a such an instrument generally increases. Therefore, in a falling yield environment, there could be an adverse effect on the net asset value per Ordinary Share where the debt is valued at fair value. As the Company values the debt on both a par value and a fair value basis, this can lead to significant differences in the net asset value (debt at par value) and the net asset value (debt at fair value) which are published by the Company.

Operational Risk

The Company may suffer losses through inadequate or failed internal processes, systems, human error or external events. This includes the risk of loss arising from failing to manage key outsourced service providers, and the risk arising from major disruptions to their businesses and their markets.

Repurchase of Shares

While the Directors of the Company retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the HHIT Board to so act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares on the market. There can be no guarantee that a liquid market in the Ordinary Shares will exist or that the Ordinary Shares will trade at prices close to their underlying net asset value. Accordingly, Shareholders may be unable to realise their investment in the Company at such net asset value or at all.

Reliance on the AIFM and the Manager

The past performance of the Company and other funds with similar investment strategies and objectives managed by the AIFM and the Manager is not indicative of the future performance and prospects of the Company. The departure of key skilled professionals from the AIFM or the Manager could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on third party service providers

The Company is reliant upon the provision of services by third party service providers in order to carry on its business and a failure by one or more service providers could materially disrupt the business of the Company or impact detrimentally on its investment performance.

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is, therefore, reliant upon third party service providers for the performance of certain functions, in particular, the AIFM, the Manager, Depositary, Custodian and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to meet its investment objectives. Similarly, the AIFM is reliant on third party service providers and a failure by any of these service providers to fulfil their obligations could materially affect the AIFM's ability to meet its obligations to the Company, which would in turn affect the ability of the Company to meet its investment objective and potentially have an adverse impact on the value of the Shares and the net asset value.

In the event that it is necessary for the Company or the AIFM to replace any third party service provider it may be that the transition process takes time, increases costs and adversely impacts the AIFM's operations and/or the Company's investments and performance.

The AIFM, the Manager, the Registrar, the Depositary and the Custodian, any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on its own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company. These parties will not in any such circumstances be liable to the Company to account for any profit earned from any such services.

Risks related to status as an investment trust

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to, and will be required to comply with, certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company must comply with the Listing Rules for premium listed equity securities, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation ("**MAR**") and so far as the Company is aware, as at the date of this document, the Company complies with the Listing Rules, the Disclosure Guidance and Transparency Rules and MAR. Any failure of the Company in future to comply with any future changes to the Listing Rules may result in the Ordinary Shares being suspended from listing.

Loss of investment trust status

The Company will attempt to continue to conduct its business so as to satisfy the conditions for approval as an investment trust under Chapter 4, Part 24 of the Corporation Tax Act 2010. In respect of each accounting period for which approval is retained, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on its capital gains. In this regard, it should be noted that under its loan facility with Scotiabank, there is provision whereby the Company is restricted from declaring, or allowing to be declared, any dividend, distribution or similar payment (including a purchase or repurchase of the company's Shares) in respect of its Shares if, immediately before or after giving effect thereto, an Event of Default shall or would exist.

Risks associated with the Scheme

Valuation of entitlements

For the purposes of the Proposals, and in order to enable UKT's assets to be transferred to HHIT, the net assets of UKT and HHIT are expected to be valued as at 26 June 2017 (which will be the Calculation Date for the purposes of the Scheme) and assets will be transferred to HHIT as soon as practicable following the Effective Date, which is expected to be 28 June 2017. Movements in the value of those assets during the intervening period may have a positive or negative effect on the value of entitlements of UKT Shareholders.

Illustrative figures

The UKT FAV per Share, the HHIT FAV per Share and the UKT Shareholders' entitlements under the Scheme may be lower or higher than the illustrative figures used in this document.

Dilution

On the Scheme Issue becoming effective, each Shareholder's proportion of the total voting rights in the capital of the Company will be diluted (to the extent that they do not hold UKT Shares or do hold UKT Shares but do not elect for the Rollover Option).

Consequences of the Scheme not becoming effective

Implementation of the Scheme is conditional, *inter alia*, on the relevant resolutions being passed at the UKT EGM and on Resolution 1 being passed at the General Meeting. The Scheme is also conditional on satisfaction of the Scheme Admission Condition, which can only occur after UKT is placed into voluntary winding up. Therefore, if Admission were not to become effective for any reason after UKT has been placed into voluntary winding up, the Scheme would not be implemented. In the event that any condition of the Scheme is not met, the Scheme will not be implemented. In the event that any of the relevant resolutions are not passed by UKT Shareholders or Resolution 1 is not passed by HHIT Shareholders or any other condition of the Scheme and Scheme Issue are not met, the Scheme Issue will not be implemented.

Risks relating to the UK's proposed exit from the European Union

The Company could face potential uncertainty as a result of the UK Government triggering Article 50 of the Treaty on the European Union on 29 March 2017. The exit, anticipation of the exit or the terms of the exit, could create UK (and potentially global) uncertainty, which may have a material effect on the total shareholder returns, the net asset value and the price of Ordinary Shares favourably or unfavourably.

IMPORTANT INFORMATION

General

This document should be read in its entirety. New investors should rely only on the information contained in (or incorporated by reference into) this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the AIFM or the Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, MAR and the Disclosure Guidance and Transparency Rules neither the delivery of this document nor any subscription made following receipt of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of the document or any subsequent communications from the Company, the AIFM or the Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Sponsor by FSMA or the regulatory regime established thereunder, the Sponsor makes no representations, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by any of them or on its or their behalf in connection with the Company, the New Shares, the Scheme Issue or the Share Issuance Programme Issues. The Sponsor accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

Data protection

The information that a prospective investor provides in relation to the issue of New Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about other products and services provided by the Manager and/or the AIFM, or its affiliates, which may be of interest to the Shareholder;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that, where appropriate, it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to them; and

- transfer personal data outside of the EEA States to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of an Ordinary Share, and the income from such Ordinary Shares (if any), can go down as well as up. An investment in Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

Presentation of information

Performance data

Without limitation, results can be positively or negatively affected by market conditions beyond the control of the AIFM or the Manager, which market conditions may be different in many respects from those that prevail at present or in the future, including (without limitation) with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

No representation is being made by the inclusion of the historic investment performance returns, illustrative portfolio information or the description of the investment opportunity presented herein that the Company will achieve performance similar to that set out in the document or avoid loss. There can be no assurance that the approach of the AIFM and/or the Manager to managing the Company's portfolio described herein will meet the objectives generally, or avoid losses. Past performance, in particular the past performance of the AIFM or the Manager, is no guarantee of future results. An investment in the Company involves a significant degree of risk.

Market, economic and industry data

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published

from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Forward looking statements

To the extent that this document includes “forward looking statements” concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 8 of Part 5 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, Listing Rules and Disclosure Guidance and Transparency Rules, as appropriate.

Latest practicable date

In this document, where the context requires, references to 24 May 2017 should be treated as being references to the latest practicable date prior to the publication of this document.

Documents incorporated by reference

The published annual financial report of the Company for the three financial years ended 31 December 2016 on the pages specified in the table below are incorporated by reference into this document. The non-incorporated parts of the annual financial reports of the Company are either not relevant to investors or are covered elsewhere in this document.

<i>Nature of information</i>	<i>Statutory Accounts for year ended</i>		
	<i>31 December 2014 Page No.</i>	<i>31 December 2015 Page No.</i>	<i>31 December 2016 Page No.</i>
Performance Highlights	2-3	2-3	2-3
Chairman’s Statement	5-6	5-6	5-6
Investment Portfolio	8-10	8-10	8-10
Fund Manager’s Report	11-12	11-12	11-13
Independent Auditor’s Report	32-33	35-38	36-41
Income Statement	34	39	42
Statement of Changes in Equity	35	40	43
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The documents incorporated by reference can be obtained from the Company’s website.

EXPECTED TIMETABLE

2017

General Meeting of the Company

Latest time and date for receipt of Voting Instruction Forms	2.00 p.m. on 9 June
Latest time and date for receipt of Forms of Proxy from Shareholders	2.00 p.m. on 16 June
General Meeting	2.00 p.m. on 20 June

Issue of New Shares to UKT Shareholders

Calculation Date for the Scheme	close of business on 26 June
Results of Scheme announced	28 June
Effective Date for implementation of the Scheme and commencement of the voluntary winding up of UKT	28 June
Admission to listing and dealings commence in the Scheme New Shares	8.00 a.m. on 29 June

Issue of New Shares under the Share Issuance Programme

Share Issuance Programme, including the Initial Placing and Offer, opens	30 May
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Initial Placing and Offer

Latest time and date for receipt of Application Forms under the Offer	3.00 p.m. on 26 June
Latest time and date for receipt of commitments under the Initial Placing	3.00 p.m. on 26 June
Results of Initial Placing and Offer announced	28 June
Initial Placing and Offer Price announced	28 June
Admission and dealings commence in the New Shares issued pursuant to the Initial Placing and Offer	8.00 a.m. on 29 June
New Shares issued pursuant to the Initial Placing and Offer issued in uncertificated form credited to CREST accounts	29 June
Share certificates in respect of the New Shares issued pursuant to the Initial Placing and Offer despatched (if applicable)	week commencing 10 July

Further issues under the Share Issuance Programme

Admission and dealings in New Shares issued pursuant to Share Issuance Programme Issues commence	29 June 2017 to 29 May 2018
Publication of Share Issuance Programme Price in respect of each Share Issuance Programme Issue	as soon as practicable following each Share Issuance Programme Issue
Admission and crediting of CREST accounts in respect of New Shares issued pursuant to each Share Issuance Programme Issue	8.00 a.m. on each Business Day New Shares are issued pursuant to each Share Issuance Programme Issue
Share certificates in respect of New Shares issued pursuant to each Share Issuance Programme Issue despatched (if applicable)	approximately one week following the Admission of any New Shares issued pursuant to each Share Issuance Programme Issue
Share Issuance Programme closes	29 May 2018

Notes:

- (1) The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.
- (2) All references to times in this document are to London times.

ISSUE STATISTICS

The Scheme

Maximum number of New Shares to be issued	30 million*
Price of New Shares to be issued to UKT Shareholders pursuant to the Scheme	the HHIT FAV per Share calculated as at the Calculation Date (being 26 June 2017)

* The actual number of New Shares to be issued under the Scheme will be announced on 28 June 2017 via a Regulatory Information Service following calculation of the HHIT FAV and UKT FAV.

Initial Placing and Offer

Maximum number of New Shares to be issued	50 million*
Initial Placing and Offer Price	one per cent. premium to the HHIT FAV per Share calculated as at the Calculation Date (being 26 June 2017)

* The actual aggregate number of New Shares to be issued under the Initial Placing and Offer will be announced on 28 June 2017 via a Regulatory Information Service following calculation of the Initial Placing and Offer Price.

Share Issuance Programme

Maximum number of New Shares to be issued	50 million, which figure includes the number of New Shares issued under the Initial Placing and Offer
Share Issuance Programme Price	not less than the NAV per Share at the time of the Issue plus a premium to at least cover the expenses of such Issue as determined by the Board, at the time of each Issue.

DEALING CODES

ISIN	GB0009580571
SEDOL	0958057
Ticker code	HHI
Legal Entity Identifier (LEI)	213800OEXAGFSF7Y6G11

DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

Admission	in respect of New Shares, the admission of such New Shares to the premium segment of the Official List and to trading on the Main Market
AIC	the Association of Investment Companies
AIC Code	the Association of Investment Companies Code of Corporate Governance
AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council
AIFM or HIFL	Henderson Investment Funds Limited, a company incorporated in England and Wales with registered number 02678531 whose registered office is at 201 Bishopsgate, London EC2M 3AE
Applicants	applicants under the Offer
Application Form	the application form for use in connection with the Offer
Articles	the articles of association of the Company, as amended from time to time
Auditors	PricewaterhouseCoopers LLP, a limited liability partnership incorporated in England (number OC303525), whose registered office is at 1 Embankment Place, London WC2N 6RH
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Board or HHIT Board	the board of directors of the Company or any duly constituted committee thereof
Broker	J.P. Morgan Cazenove Limited, a company incorporated in England and Wales with registered number 04153386 whose registered office is at 25 Bank Street, Canary Wharf, London E14 5JP
Business Day	a day (excluding Saturday or Sundays or public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal business
Calculation Date	close of business on 26 June 2017, being the date and time at which the Company's assets will be determined for the purposes of the calculation of the HHIT FAV per Share and the UKT FAV per Share for the purposes of the Scheme
Calculation Time	in respect of each Issue under the Share Issuance Programme, the time at which the Board resolves to effect such Issue
Canada	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof

Cash Option	the option for the UKT Shareholders to receive cash in respect of their holdings of UKT Shares under the Scheme
certificated form	not in uncertificated form
COB Rules	the FCA Business Standards Conduct of Business Rules applicable to firms with investment business customers
Companies Act or Act	the Companies Act 2006, as amended from time to time
Company or HHIT	Henderson High Income Trust plc, a company incorporated in England and Wales (registered number 02422514), whose registered office is at 201 Bishopsgate, London EC2M 3AE
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended
Depository or Custodian	HSBC Bank PLC, a company incorporated in England and Wales (registered number 00014259), whose registered office is at 8 Canada Square, London E14 5HQ
Depository Agreement	the depository agreement between the Company and the Depository, further details of which are set out in paragraph 7.2 of Part 7 of this document
Directors	the directors of the Company from time to time
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA, as amended from time to time
EEA States	the member states of the European Economic Area
Effective Date	the date on which the Scheme becomes effective, which is expected to be 28 June 2017
Election	an election (including, except where the context requires otherwise, a deemed election) for New Shares or cash or a combination of them, as the case may be, in respect of UKT Shares pursuant to the Scheme, and any reference to “elect” shall, except where the context requires otherwise, mean “elect or is deemed to elect”
Euroclear	Euroclear UK & Ireland Limited, a company incorporated in England and Wales (registered number 02878738), whose registered office is at 33 Cannon Street, London EC4M 5SB
Existing Shareholders	a holder of Ordinary Shares as at the date of this document
fair value	the amount for which an asset or liability could be exchanged in an arm’s length transaction between unrelated, willing parties
FCA	the Financial Conduct Authority
FRS	Financial Reporting Standard

FSMA	the Financial Services and Markets Act 2000 as amended from time to time
General Meeting	the general meeting of the Company convened for 2.00 p.m. on 20 June 2017 and any adjournment thereof
Henderson Group	the group of companies of which Henderson Group plc is the ultimate holding company
HHIT Circular	the circular published by the Company in connection with the Proposals dated 30 May 2017
HHIT FAV	the formula asset value of the Company, calculated as at the Calculation Date, being the HHIT NAV on the Calculation Date adjusted to exclude any dividends announced but that will not have been paid prior to the Effective Date and to exclude any costs incurred in connection with the Proposals
HHIT FAV per Share	the HHIT FAV divided by the number of HHIT Shares in issue
HHIT NAV or Net Asset Value	the net asset value of the Company being the value of its assets less any liabilities it has, calculated in accordance with its normal accounting policies, on a cum income basis, with debt calculated at par value
HHIT NAV per Share	the HHIT NAV divided by the number of Ordinary Shares in issue
Initial Placing	the placing of New Shares at the Initial Placing and Offer Price by the Company
Initial Placing and Offer Price	the price at which New Shares will be issued under the Initial Placing and Offer which will be calculated as described in Part 4 of this document and which will be at a premium of one per cent. to the HHIT FAV per Share
ISA	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Issue	an issue of Ordinary Shares under the Scheme, Initial Placing and Offer or the Share Issuance Programme, as described in this document
Issue Admission Condition	(i) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the New Shares arising under Issues pursuant to the Initial Placing and Offer 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 (the "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; (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that such New Shares will be admitted to trading; and (iii) Admission occurring on or

before 8.00 a.m. on 29 June 2017 or such time and/or date as the Company may agree being not later than 31 July 2017

Japan	Japan, its cities, prefectures, territories and possessions
Liquidation Fund	the fund to be retained by the Liquidators in connection with the Scheme to meet all known and unknown liabilities of UKT and other contingencies, including an amount equal to the proportion of the aggregate UKT FAV which is attributable to those UKT Shareholders who have elected for the Cash Option
Liquidators	the liquidators of UKT, being initially the persons appointed at the UKT EGM
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
London Stock Exchange	London Stock Exchange plc
Main Market	the London Stock Exchange's main market for listed securities
Management Agreement	the investment management agreement dated 17 July 2014, as amended, between the Company and the AIFM, further details of which are set out in paragraph 7.1 of Part 7 of this document
Manager	Henderson Global Investors Limited, a company incorporated in England and Wales (registered number 00906355) whose registered office is at 201 Bishopsgate, London EC2M 3AE
Market Abuse Regulation or MAR	the Market Abuse Regulation (Regulation (EU) 596/2014), all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such regulation
New Shares	the new Ordinary Shares to be issued pursuant to any Issue
Note Purchase Agreement	the note purchase agreement between the Company and various purchasers dated 8 July 2015
Offer	the offer for subscription of New Shares as described in this document
Official List	the official list of the UK Listing Authority
Ordinary Shares or Shares	ordinary shares of 5 pence each in the capital of the Company
Overseas Investor	a person who is not resident in, or who is outside of, or who has a registered address outside, the United Kingdom
PRA	the Prudential Regulation Authority
Proposals	the recommended proposals to (i) issue New Shares to the UKT Shareholders who validly elect (or are deemed to elect) for the Rollover Option under the Scheme; and (ii) implement the Share Issuance Programme

Prospectus Rules	the prospectus rules made by the FCA under Part VI of FSMA, as amended from time to time
Registrar or Receiving Agent or Computershare	Computershare Investor Services PLC, a company incorporated in England and Wales (registered number 03498808), whose registered office is at The Pavilions, Bridgwater Road, Bristol BS13 8AE
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 General Meeting to approve the allotment of New Shares under the Scheme
Resolution 2	the ordinary resolution to be proposed at the General Meeting to approve the allotment of New Shares pursuant to the Share Issuance Programme
Resolution 3	the special resolution to be proposed at the General Meeting to approve the disapplication of pre-emption rights in respect of the allotment of New Shares pursuant to the Share Issuance Programme
Resolutions	Resolution 1, Resolution 2 and Resolution 3
Restricted UKT Shareholder	a UKT Shareholder who is not resident in, or who is outside of, or who has a registered address outside, the United Kingdom
Rollover Fund	the pool of UKT's assets that will be transferred to the Company pursuant to the Scheme
Rollover Option	the option for UKT Shareholders to receive New Shares in respect of their holdings of UKT Shares under the Scheme
Scheme	the proposed scheme of reconstruction and voluntary winding up of UKT under the laws of the island of Guernsey
Scheme Admission Condition	(i) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the New Shares arising under the Scheme 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 (the "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; (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that such New Shares will be admitted to trading; and (iii) Admission occurring on or before 8.00 a.m. on 29 June 2017 or such time and/or date as the Company may agree being not later than 31 July 2017
Scheme Issue	the issue of New Shares to UKT Shareholders pursuant to the Scheme
Scheme New Shares	the new Ordinary Shares to be issued pursuant to the Scheme

Scotiabank	Scotiabank (Ireland) Designated Activity Company, a private company incorporated in Ireland (registered number 30350), whose registered office is at IFSC House, Custom House Quay, Dublin 1, Ireland
Securities Act or US Securities Act	the United States Securities Act of 1933, as amended
Share Issuance Programme	the proposed programme of ongoing issuances of New Shares as described in Part 4, including the Initial Placing and Offer
Share Issuance Programme Issue	an issue of Ordinary Shares under the Share Issuance Programme
Share Issuance Programme Price	the price at which new Ordinary Shares will be issued under the Share Issuance Programme, as determined by the Board at the time of each Share Issuance Programme Issue, as described in Part 4 of this document
Shareholder(s) or HHIT Shareholder(s)	holder(s) of Shares in the Company
SIPP	a self-invested personal pension plan
Sponsor	Dickson Minto W.S.
SSAS	a small self-administered pension scheme
Sterling	the lawful currency of the United Kingdom
Takeover Code	the City Code on Takeovers and Mergers
Tax Act	the Corporation Tax Act 2010, as amended from time to time
Terms and Conditions of Application	the terms and conditions that apply to any application made under the Offer
Transfer Agreement	the agreement for the transfer of the assets from UKT to the Company
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Code	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
UK Listing Authority or UKLA	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UKT	Threadneedle UK Select Trust Limited, an authorised closed-ended collective investment scheme incorporated as a non-cellular company limited by shares under the laws of the island of Guernsey with registered number 475
UKT Board	the board of directors of UKT or any duly constituted committee thereof
UKT EGM	the extraordinary general meeting of UKT to be held on 28 June 2017 at 11.00 a.m., or any adjournment thereof
UKT FAV	the formula asset value of UKT, calculated as at the Calculation Date, being the UKT NAV on the Calculation Date adjusted to exclude (i) a liquidator's retention of £50,000 and (ii) the costs of the Scheme (adjusted to take

	account of any contribution from the AIFM as set out in Part 1 of this document)
UKT FAV per Share	the UKT FAV divided by the number of UKT Shares in issue
UKT NAV	the net asset value of UKT being the value of its assets less any liabilities it has, calculated in accordance with its normal accounting policies, on a cum income basis
UKT Shareholders	holders of UKT Shares
UKT Shares	ordinary shares of 10 pence each in the capital of UKT
United States or US or USA	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

DIRECTORS, AIFM, MANAGER AND OTHER ADVISERS

Directors	Margaret Littlejohns (<i>Chairman</i>) Andrew Bell Zoe King Anthony Newhouse Janet Walker all non-executive and of 201 Bishopsgate London EC2M 3AE
Registered Office	201 Bishopsgate London EC2M 3AE
AIFM	Henderson Investment Funds Limited 201 Bishopsgate London EC2M 3AE
Manager	Henderson Global Investors Limited 201 Bishopsgate London EC2M 3AE
Corporate Secretary	Henderson Secretarial Services Limited 201 Bishopsgate London EC2M 3AE
Solicitor and Sponsor	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Receiving Agent and Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
Depository and Custodian	HSBC Bank plc 8 Canada Square London E14 5HQ

PART 1

HENDERSON HIGH INCOME TRUST PLC

Introduction

Henderson High Income Trust plc is a closed-ended investment company incorporated in England and Wales on 13 September 1989. The Company's 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 executive responsibilities for investment management of the Company's assets have been delegated to Henderson Investment Funds Limited (the "**AIFM**") who has further delegated portfolio management services to Henderson Global Investors Limited (the "**Manager**"). As explained further in Part 2 of this document, certain key matters have been expressly reserved to the Board.

The Proposals

Background

In line with the Board's continued aim to see the Company grow, the Company announced on 17 March 2017 the following proposals (the "**Proposals**") in respect of the Company.

- Firstly, that the Board had agreed heads of terms with the Board of Threadneedle UK Select Trust Limited ("**UKT**") and the AIFM to issue New Shares to UKT Shareholders who elect (or are deemed to elect) to rollover their investment in UKT into the Company, to be effected by way of a scheme of reconstruction and voluntary winding up of UKT under the laws of Guernsey (the "**Scheme**").
- Secondly, in addition to the issue of New Shares in connection with the Scheme, to put in place a prospectus for a 12 month share issuance programme (the "**Share Issuance Programme**"), which would enable the Company to issue further New Shares commencing with an initial placing and offer for subscription (the "**Initial Placing and Offer**") to complete at the same time as the Scheme. The New Shares to be issued pursuant to the Initial Placing and Offer will be issued at a one per cent. premium to the HHIT FAV. Further issues of New Shares under the Share Issuance Programme will only be carried out where the Board considers such issues are in the best interests of Shareholders and at a price determined by the Board at the time of such issue.

Benefits of the Proposals

The Directors consider that the Proposals have the following benefits.

- The size of the Company's asset base will be increased, spreading its fixed costs over a larger capital base thereby potentially reducing the ongoing charges ratio.
- The liquidity of the Ordinary Shares on the secondary market should potentially improve to the benefit of all Shareholders.
- Existing Shareholders and new investors will get an opportunity to invest in the Company in a cost effective manner due to the economies of scale resulting from the issue of New Shares under the Scheme and the costs contribution from the AIFM (as set out below).

The Scheme

Under the Scheme, UKT will be wound up voluntarily pursuant to a solvent scheme of reconstruction under the laws of Guernsey. The Scheme provides for a proportion of the assets and undertaking of UKT to be transferred to the Company in consideration for the issue of New Shares to UKT Shareholders who have elected (or are deemed to have elected) to roll over their investment in UKT into the Company (the "**Rollover Option**").

New Shares will be issued to UKT Shareholders who have elected, or are deemed to have elected, for the Rollover Option based on the ratio of the HHIT NAV per Share to the UKT NAV per Share, taking into account certain adjustments in order to calculate the HHIT FAV per Share and the UKT FAV per Share. The relevant net asset values for the purposes of the Scheme will be calculated in accordance with the

respective company's normal accounting policies. The New Shares issued pursuant to the Scheme will rank *pari passu* in all respects with the existing Ordinary Shares in the Company, save that UKT Shareholders will not qualify for any HHIT dividends announced prior to the Scheme becoming effective, in particular the second interim dividend that was announced by the Company on 9 May 2017.

The assets and undertaking to be transferred to the Company under the Scheme will consist of cash, cash equivalents and UK quoted securities which fall within the Company's investment policy and have been approved in advance by the Manager.

The Scheme is subject to, amongst other conditions, approval by UKT Shareholders. The issue of New Shares pursuant to the Scheme is subject to, amongst other conditions, approval by HHIT Shareholders.

The Share Issuance Programme, including the Initial Placing and Offer

The Board is proposing a 12 month share issuance programme in order that New Shares may be issued by the Company to satisfy any increased investor demand throughout the 12 month period. New Shares will be issued under the Share Issuance Programme only (i) at a premium to the prevailing NAV per Share; and (ii) when the Directors believe that it is in the best interests of the Company and its Shareholders to do so. The Board is proposing that the first issuance under the Share Issuance Programme will be by way of an Initial Placing and Offer for Subscription, which is available to all Existing Shareholders. It is expected that the Initial Placing and Offer will complete at the same time as the Scheme.

As a result of the economies of scale of issuing New Shares under the Scheme and the costs contribution from the AIFM referred to below, the Initial Placing and Offer Price for the New Shares will be calculated on the basis of a one per cent. premium to the HHIT FAV per Share. Over the last 12 months, 675,000 Ordinary Shares have been issued at an average premium of 3.3 per cent. to the NAV. The comparatively high premium to NAV on such issues reflects that these were issues on a significantly smaller scale and therefore the costs of such issues were spread across significantly fewer Ordinary Shares.

The premium applicable to the Initial Placing and Offer should not be taken as a guide as to the future issue prices that may apply to further New Shares issued under the Share Issuance Programme.

Under the Share Issuance Programme, the Company is proposing to issue up to 50 million New Shares in aggregate (including those issued under the Initial Placing and Offer). The Directors will apply the net proceeds of the Share Issuance Programme Issues in accordance with the Company's investment policy.

Further details of the Share Issuance Programme Issues, including those pursuant to the Initial Placing and Offer, are set out in Part 4.

Costs and expenses of the Proposals

The AIFM has agreed to make a contribution to the costs of the Company participating in the Scheme, equating to a sum that is equivalent to 18 months base management fee of the total assets that rollover from UKT into the Company. The financial value of this amount will first be credited against the proportion of the costs incurred by the Company in respect of the Proposals represented by the New Shares issued to UKT Shareholders and the balance (if any) will be paid to UKT. The AIFM, has further agreed to underwrite all such costs to the extent not covered by the 18 months' base management fee equivalent contribution described above.

In addition, the AIFM has agreed to make a contribution to the Company in relation to all of the Company's costs associated with the Initial Placing and Offer, to the extent that these costs are not covered by the one per cent. premium to the HHIT FAV per Share charged on the New Shares issued pursuant to the Initial Placing and Offer.

The Company's costs associated with the Proposals do not include the costs of investing the proceeds such as any stamp duty.

Therefore the AIFM will be underwriting all of the Company's costs in relation to the Scheme, Initial Placing and Offer. Accordingly, the Company will not bear any costs in putting in place the Prospectus, participating in the Scheme and issuing shares under the Initial Placing and Offer. It is expected that any costs incurred in connection with further issues under the Share Issuance Programme in the future will be at least covered by the premium at which New Shares are issued.

Conditions

The Scheme Issue

The Scheme Issue is conditional upon, *inter alia*, the passing of the resolutions to approve the Scheme at the UKT EGM, the passing of Resolution 1 at the General Meeting, the Scheme Admission Condition being satisfied and the UKT Board and the HHIT Board resolving to proceed with the Scheme and the Scheme Issue respectively.

Initial Placing and Offer

The Initial Placing and Offer, which are not underwritten, are conditional upon, *inter alia*, the passing of Resolutions 2 and 3 and the Issue Admission Condition being satisfied on or before 8.00 a.m. on 29 June 2017 or such time and/or date as the Company and Sponsor may agree, being not later than 31 July 2017.

Investment opportunity

A substantial majority of the Company's assets is currently invested in ordinary shares of listed companies with the balance in listed fixed interest stocks. The Company invests predominantly in companies listed in the UK and does not expect to invest more than 20 per cent. of total assets in non-UK listed companies. The selection process seeks to identify companies with strong balance sheets that are capable of paying dividends. There is a focus on well-managed companies whose qualities may have been temporarily overlooked and which offer potential for capital appreciation over the medium term. The Company has an active policy of using appropriate levels of gearing.

Market outlook

Economic growth has been improving around the world. Unemployment continues to fall in most major economies while Governments and Central Banks in general remain focused on stimulating growth, which should be supportive of equity markets. Against this, the political landscape remains uncertain after an extraordinary 2016 and, in these circumstances, having a well diversified portfolio remains important. Markets could be volatile as sentiment fluctuates, but the Manager expects to use any weakness as an opportunity to continue to find good quality companies that it believes can grow their dividends into the longer term.

Investment objective and policy

Investment objective

The Company invests 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.

Investment policy

The Company will not invest more than 15 per cent. of its total assets in any single investment, nor will it invest more than 15 per cent. of its total assets in other investment trusts or investment companies. The Company has an active policy of using appropriate levels of gearing, both in the form of bank and longer term borrowings, principally to enhance income returns but also to achieve capital growth over time. A degree of gearing is usually employed with respect to the fixed interest portion of the Company's portfolio in order to generate additional income. The drawdown of floating rate borrowings is principally in Sterling but may be in other currencies, provided that these borrowings do not exceed the assets held in that particular currency at time of acquisition. The gross level of borrowings at drawdown will not be greater than 40 per cent. of the total value of the Company's investments.

The portfolio is diverse, containing a sufficient range of investments to ensure that no single investment puts undue risk on the sustainability of the income generated by the portfolio or indeed the capital value. Regard is also given to having a broad mix of companies in the portfolio, as well as a spread of risk across a range of economic sectors.

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

Performance

Over the past three and five years to 30 April 2017, HHIT has generated a NAV total return of 27.9 per cent. and 92.1 per cent. respectively, outperforming both its composite benchmark and the AIC Equity & Bond Income sector average. As at 24 May 2017 (being the latest practicable date prior to the publication of this document), HHIT had a dividend yield of 4.6 per cent. Over the past three years to 24 May 2017 (being the latest practicable date prior to the publication of this document), the HHIT Shares traded at an average premium to NAV of 1.8 per cent. and over the past twelve months, traded at an average premium of one per cent. HHIT recently won the UK Equity & Bond Income category at the 2016 Investment Company of the Year Awards.

Capital structure

The Company's share capital comprises only Ordinary Shares, all of which are listed on the premium segment of the Official List and admitted to trading on the Main Market. Shareholders are therefore entitled to such dividends (if any) as are declared by the Company and are entitled, on a return of capital on a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities.

At the annual general meeting of the Company held on 9 May 2017, the Directors were granted authority to allot up to 11,194,236 Ordinary Shares. The provisions of the Act which would confer pre-emption rights in respect of such allotments were also disapplied in respect of the allotment or issue out of treasury of up to 11,194,236 Ordinary Shares for the period up until the conclusion of the next annual general meeting of the Company. As at the date of this document, no such Shares have been issued and accordingly the Directors' remaining authority to issue new Ordinary Shares on a non-pre-emptive basis for cash extends to 11,194,236 Ordinary Shares. The Company has convened the General Meeting to seek additional authority to allot the New Shares pursuant to the Scheme and to issue the New Shares pursuant to the Share Issuance Programme on a non-pre-emptive basis.

The Company currently has a committed loan facility with Scotiabank for up to £30 million, which allows it to borrow as and when appropriate. In order for the Company to maintain the same level of gearing following the expected increase in its total assets after the Scheme Issue and the Initial Placing and Offer, the Company has agreed in principle with Scotiabank (subject to finalisation of the requisite legal documentation) to increase proportionately the Company's loan facility with Scotiabank when Admission and dealings in New Shares issued pursuant to the Initial Placing and Offer commence.

As at 24 May 2017 (being the latest practicable date prior to publication of this document) the Company had borrowings of, in aggregate, approximately £28.2 million out of a total facility of £30 million.

The Company has also entered into the Note Purchase Agreement dated 8 July 2015 in respect of the issue and sale by the Company of £20,000,000 senior unsecured notes (the "Notes"). Interest on the Notes at a rate of 3.67 per cent. is payable semi-annually with the principal amount due to be repaid on 8 July 2034. The Notes shall automatically become due and payable in the event of certain events of default.

Dividend policy

It is the Board's objective to increase the Company's dividend gradually, subject to investment conditions at the time and whether the Board determines such an increase to be sustainable in the years ahead. In order to assess this, the Board will continually monitor the level of income received by the Company, its investments' ability to grow dividends and the level of the Company's own revenue reserves.

Discount and premium control

At each Annual General Meeting the Company seeks the power to issue Ordinary Shares when demand exceeds supply and buyback Ordinary Shares when supply exceeds demand, and the Directors consider it appropriate.

The Directors have been given authority, in accordance with the Act, by Shareholders to allot new Ordinary Shares for cash on a non-pre-emptive basis. Further details of this authority are set out in paragraph 3.1 of Part 7 of this document. The Directors will seek additional authority at the General Meeting, annually and at other times should this prove necessary.

At the Company's most recent annual general meeting on 9 May 2017, the Company was granted the authority to buyback up to 14.99 per cent. of the Company's issued ordinary share capital as at 9 May 2017. As at the date of this document, the Company has not purchased any Ordinary Shares pursuant to this authority. The Directors will seek renewal of this authority from Shareholders annually and at other times should this prove necessary. Any buyback of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Board and the making and timing of any buybacks will be at the absolute discretion of the Board. The Directors are authorised to cancel any Ordinary Shares purchased under this authority or to hold them in treasury. Purchases of Ordinary Shares will be made only through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last published). Such purchases will also be made only in accordance with the rules of the UK Listing Authority, which provide that the maximum price to be paid must not be more than the higher of: 5 per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; and the higher of the price of the last independent trade in the Ordinary Shares and the highest current independent bid for such Ordinary Shares. The minimum price which may be paid for such purchases is the nominal value of an Ordinary Share.

It is the intention of the Directors that the share buyback authority will only be exercised if the Directors are of the opinion that the NAV per Share will be enhanced for the continuing Shareholders and it is considered to be in the best interests of Shareholders generally or if the Directors consider that the overall financial position of the Company would benefit from such purchases. However, this will not require the Directors to take any steps that would require the Company to make a tender offer for its Ordinary Shares.

PART 2

DIRECTORS, AIFM, MANAGER AND ADMINISTRATION OF THE COMPANY

The Company

The Company is a closed-ended, United Kingdom investment company, founded in 1989. The share capital of the Company, consisting solely of Ordinary Shares with a nominal value of 5 pence each, is listed on the Official List and traded on the Main Market of the London Stock Exchange.

Directors

The Board comprises five Directors, each of whom is non-executive and independent of the Manager. Although the management of the Company has been delegated to the AIFM and the Manager, the Directors retain overall responsibility for the determination of the Company's investment policy and the overall supervision of the Company.

The Directors of the Company are as follows:

Margaret Littlejohns (Chairman): In 2004 Margaret co-founded The Space Place, a self-storage business in the Midlands, and worked as its Finance Director until 2016 when she sold the company to a regional operator. Prior to this she held a variety of positions within Citigroup from 1982 to 2000, accumulating experience in both commercial and investment banking and developing expertise in derivatives and in credit and market risk management. She has also worked as an independent consultant in the commercial, charitable and academic sectors. She is currently a non-executive director of JPMorgan Mid Cap Investment Trust plc and a trustee of the Lymphoma Research Trust, a charity that funds research into the effective treatment of lymphatic cancers.

Andrew Bell: Andrew has worked in the City since 1987, initially specialising in European equities as a strategist at Barclays de Zoete Wedd (BZW), following which he was Co-Head of the Investment Trusts team at Credit Suisse First Boston. From 2000 until 2010 he worked for Rensburg Sheppards as Head of Research, leaving in February 2010 to become a director and Chief Executive Officer of Witan Investment Trust plc. He was the Chairman of the Association of Investment Companies from January 2013 until January 2015. Since February 2015 he has been Chairman of Gabelli Value Plus+ Trust plc. Prior to the City, he worked for Shell in Oman, leaving to take a Sloan Fellowship at the London Business School.

Zoe King: Zoe has been a director of Smith & Williamson Investment Management Limited for over ten years, specialising in the management of private client portfolios. She also acts as an independent adviser to a number of charities. She was formerly a Vice President at Merrill Lynch Mercury Asset Management and a Fund Manager at Foreign & Colonial Investment Management, having graduated from Oxford University in 1994.

Anthony Newhouse: Anthony is a solicitor who was a partner in Slaughter and May until 2008. He began his career in the City in banking and joined Slaughter and May in 1976, where he became a partner in 1984. He had a wide-based domestic and international corporate finance practice, advising many UK listed and other corporate entities. He has subsequently been a member of the PwC advisory board, a visiting professor at the London Metropolitan University Business School and is currently an honorary treasurer of the Royal Philharmonic Society.

Janet Walker: Since the beginning of 2011 Janet has been the Bursar of Eton College. She was formerly the Commercial & Finance Director of Ascot Racecourse and a non-executive director of the Design Council, Royal Holloway College and the British Academy of Film and Television Arts (BAFTA). From 1980 until 2003 Janet was employed in broadcasting, including roles as Director of Finance and Business Affairs at Channel Four Television from 1998 to 2003, Director of Finance at Granada Media Group from 1996 to 1998, Financial Controller, Regional Broadcasting for the BBC from 1994 to 1996 and Deputy Director of Finance and Corporation Secretary at Channel Four Television from 1988 to 1994.

The AIFM and the Manager

The Company has appointed Henderson Investment Funds Limited as the AIFM and investment manager of the Company, pursuant to the Management Agreement. Pursuant to the Sub-Investment Management Agreement, the AIFM has delegated portfolio management to the Manager. The AIFM is registered as a limited liability company in England and Wales (registered number 02678531) and is authorised and regulated by the FCA (registration number 121859). The principal place of business of the AIFM is 201 Bishopsgate, London EC2M 3AE, United Kingdom. The AIFM's telephone number is +44 (0) 20 7818 1818. The Manager is registered as a limited liability company in England and Wales (registered number 00906355) and is authorised and regulated by the FCA (registration number 121857). The principal place of business of the Manager is 201 Bishopsgate, London EC2M 3AE, United Kingdom. The Manager's telephone number is +44 (0) 020 7818 1818.

Established in 1934, Henderson is a leading independent global asset management firm. The company provides its institutional, retail and high net worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private capital. With the principal place of business being London, Henderson is one of Europe's largest investment management groups, with £103.1 billion of assets under management (as at 31 March 2017), and employs over 1,000 people worldwide. Henderson Global Investors maintains a strong commitment to the investment trust sector with a broad range of managed companies with 11 investment trusts and 1 investment company plus the portfolio management of The Law Debenture Corporation plc. This represents £7.0 billion of investment trusts gross assets under management as at 31 March 2017. This commitment is illustrated by the segregated approach Henderson takes to its closed-end business allocation dedicated sales, marketing, public relations, investor relations and company secretarial resource to the business ensuring a dedicated service to the investment trust clients without conflict of interest with other parts of the Henderson business.

On 3 October 2016, Henderson Group announced its intention to merge with Janus Capital Group. The merger was approved by shareholders at an extraordinary general meeting, held in April 2017, and will complete with effect from 30 May 2017. The combined group, Janus Henderson Investors, will be a leading global asset manager with assets under management of more than US\$320 billion and a combined market capitalisation of approximately US\$6 billion. Headquartered in London, Janus Henderson will be an independent, active asset manager that is dual-listed on the New York Stock Exchange and the Australian Securities Exchange. The complementary nature of the two firms will create a combined business with an expanded client-facing team, a broader suite of investment strategies and greater financial strength and scale.

The Company's portfolio is managed by David Smith, who has managed the portfolio since 30 July 2015 after co-managing the portfolio with Alex Crooke (who is now the deputy fund manager) since January 2014.

David Smith – Fund Manager

David joined Henderson in 2002, after graduating from Bristol University with a degree in Chemistry. After initially working in Operations, David moved to the role of trainee fund manager on the UK Equities team with sector responsibilities for media, travel & leisure and housebuilders. On becoming a CFA charterholder in 2008 he was promoted to the role of fund manager. He is currently the fund manager of the Company and a number of UK equity institutional funds as part of the Global Equity Income team.

Managerial, administration and depositary arrangements

Investment management arrangements

The Directors have overall responsibility for the Company's activities and are responsible for the determination of the Company's investment policy. Under the terms of the Management Agreement, HIFL has been appointed as the Company's alternative investment fund manager with responsibility for the day-to-day management of the Company's assets subject to the overall supervision of the Directors and to provide certain administrative and secretarial services to the Company. The AIFM manages the Company's investments in accordance with the policies laid down by the Directors and in accordance with the investment policy referred to in the Management Agreement and this Prospectus. The AIFM delegates certain portfolio management services to Henderson Global Investors Limited, as Manager pursuant to the Sub-Investment Management Agreement.

The Management Agreement may be terminated by either party giving not less than six months' written notice.

Further details of the Management Agreement are set out in paragraph 7.1 of Part 7 of this document.

Administration and company secretarial arrangements

Pursuant to the Management Agreement, the AIFM has also 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 administration functions, such as the calculation and publication of the net asset value and maintenance of the Company's accounting records, accounting and administration services. The AIFM 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 Act.

Depositary arrangements

HSBC Bank plc has been appointed as the Company's depositary. Subject to the FCA Rules and AIFM Directive, the Depositary performs an oversight function and is entrusted with the safekeeping of the assets of the Company and monitoring its cash flows. The annual fee payable to the Depositary is 0.01 per cent. per annum of net assets. The Depositary will receive fees for the provision of such services at such rates as may be agreed from time to time (plus applicable VAT).

Further details of the Depositary Agreement are set out in paragraph 7.2 of Part 7 of this document.

Registrar

The Company utilises the services of Computershare as registrar in relation to the transfer and settlement of the Shares held in certificated and uncertificated form. The Registrar maintains the Company's register of members and ensures that it is available for inspection in accordance with the applicable law and regulations.

Fees and expenses

On-going annual expenses include the following:

AIFM

Under the Management Agreement, the Company will pay to the AIFM both a base fee and, if certain conditions are met, a performance fee. The base management fee is 0.5 per cent. of the average value of gross assets less current liabilities, but excluding any debt used for investment purposes recorded within current liabilities and excluding any Henderson managed funds or Henderson Group plc shares within the portfolio ('adjusted gross assets'). This average value is calculated by using the values on the last day of each of the two calendar years preceding the reporting year. The base management fee is payable quarterly in arrears. The base management fee is reduced by the amount of any fees or expenses which are payable by the Company to the Depositary for custody services in respect of the relevant quarter.

In addition, a supplemental base management fee is paid on any new funds in relation to share issues in the year they were raised, at the pro-rata annual rate. For the following year any funds raised are added to prior year assets for the purposes of calculating the fee.

The AIFM is also entitled to a performance fee. Performance is measured by calculating the difference between the annual percentage change in Net Asset Value per Ordinary Share and the benchmark equivalent. The benchmark is a composite of 80 per cent. of the FTSE All-Share Index (total return) and 20 per cent. of the Merrill Lynch Sterling Non-Gilts Index (total return). A one per cent. hurdle is deducted from any relative outperformance before any performance fee can be paid. A performance fee of 15 per cent. is awarded on this relative excess performance less the one per cent. hurdle and applied to the current year's average adjusted gross assets.

Fees are subject to a cap. In any one financial year total fees (the combined base management and performance fees) cannot exceed one per cent. of the average adjusted gross assets for the current

year. Any unrewarded outperformance above this cap is carried forward for a maximum of three years but may only be used to offset any underperformance and cannot in itself earn a performance fee.

Any underperformance relative to the benchmark will be carried forward and no performance fee will be payable until positive performance exceeds any past negative performance.

The fees have been structured in this way so that Shareholders will only pay a relatively low base management fee in any years of individual or cumulative underperformance.

Registrar

Computershare has been appointed as registrar to the Company. The Registrar is entitled to an annual fee payable monthly in arrears.

Depositary and Custodian

HSBC Bank plc has been appointed as the Company's depositary. Subject to the FCA Rules and AIFM Directive, the Depositary performs an oversight function and is entrusted with the safekeeping of the assets of the Company and monitoring its cash flows. The annual fee payable to the Depositary is 0.01 per cent. per annum of net assets (plus applicable VAT). The Depositary will receive fees for the provision of such services at such rates as may be agreed from time to time (plus applicable VAT).

Directors

The current annual fees payable to the Directors are £34,500 for the Chairman, £27,600 for the Audit Committee Chairman and £23,000 for the other Directors. The total remuneration receivable by the Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 31 December 2016 was £139,411.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Other operational expenses

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company borne by the Company include travel, accommodation, printing, audit, finance costs (including interest), due diligence and legal fees. All reasonable out of pocket expenses of the AIFM, the Manager, the Registrar, the Depositary and the Directors relating to the Company are borne by the Company.

Corporate governance

The Board meets at least six times a year to direct and supervise the Company's affairs. This includes reviewing the investment strategy, risk profile and performance of the Company and the performance of the Company's service providers, including monitoring the manner in which the responsibilities of those service providers are fulfilled. The Directors recognise the importance of the UK Code and the AIC Code (which establishes a framework of best practice specifically for boards of investment companies) and take measures considered appropriate for an investment company to ensure proper corporate governance and to enable the Company to comply with the recommendations of the UK Code and the AIC Code, except as disclosed below from time to time.

The Company will comply with the UK Code as amended by the AIC Code. For the purposes of assessing compliance with the UK Code, the Board considers that all of the Directors are independent of the AIFM and the Manager and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

In accordance with the UK Code, the Board has established an audit committee and a nomination committee in each case with formally delegated duties and responsibilities with written terms of reference.

The audit committee is chaired by Janet Walker, and each of the other Directors are members. Members of the committee have no links with the Company's external auditors and are independent of the AIFM and the Manager. The audit committee meets not less than twice a year and will meet the external

auditors regularly, including once at the planning stage before the audit and at least once a year, without representatives of the Manager being present, to discuss the auditors' remit and any issues arising from the audit.

The audit committee is responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The committee will consider the nature, scope and results of the auditors' work and reviews, and develops and implements policy on the supply of any non-audit services that are to be provided by the external auditors. It will receive and review reports from the AIFM, the Manager and the Company's external auditors relating to the Company's annual report and accounts. The committee will focus particularly on compliance with legal requirements, accounting standards and the Listing Rules and ensures that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

The nominations committee is chaired by Margaret Littlejohns, and each of the other Directors are members. The members of the committee are independent of the AIFM and the Manager. The committee meets not less than once a year, has responsibility for considering the size, structure and composition of the Board, and retirements and appointments of additional and replacement Directors and makes appropriate recommendations to the Board.

The management engagement committee is also chaired by Margaret Littlejohns, and each of the other Directors are members. The committee meets annually to review the Management Agreement, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and the Shareholders. The committee is also responsible for reviewing the performance and cost effectiveness of the Company's other service providers.

The chairmen of the committees referred to will be reviewed on an annual basis. The membership of these committees and their terms of reference will also be reviewed. The performance of the Chairman is assessed by the other Directors.

The Company also has put in place procedures to comply with the internal control aspects of the UK Code.

The Directors do not consider it necessary for the Company to establish a separate remuneration committee. All of the matters recommended by the UK Code to be delegated to such committee are considered by the Board as a whole.

In accordance with the Listing Rules, the Company is to include in each annual report a statement as to whether, in the opinion of the Directors, the continuing appointment of the AIFM on the terms agreed continues to be in the interests of Shareholders, together with a statement of the reasons for this view.

The Company is a member of the AIC and provides monthly information for publication by the AIC.

Shareholder information

The Company's year end is 31 December and the annual report and accounts are sent to Shareholders in the following March or April. The Company publishes half year accounts for the period to 30 June each year in the following July or August.

The net asset value of a Share will be calculated by the Manager in accordance with the Company's accounting policies and will be published daily through a Regulatory Information Service. All of the Company's investments will be valued at fair value, however it should be noted that in 2016, the Board took the decision to report two different net asset values per Share, one with the Company's fixed rate debt valued at par (at its original price less amortised issuance costs) and the other with this fixed rate debt at fair value (its current estimated market price). With bond yields now lower than at issuance, the fair value of the debt is higher as there is an inverse relationship between price and yield. For the time being, this results in a 1.1 per cent. reduction in the net asset value per Share. Listed investments will be measured initially at cost and recognised at trade date. Subsequent to initial recognition, all listed investments will be measured at their quoted bid prices without deduction for the estimated future selling costs. Where fair value cannot be reliably measured, the investments will be carried at the previous

reporting date value unless there is evidence that the investment has since impaired. In such cases, the value is reduced to reflect the estimated extent of the impairment.

Valuations may be suspended if the Company is unable to procure accurate and up-to-date prices or valuations for a substantial proportion of the assets. In the event of any suspension in valuations, such suspension shall be notified through a Regulatory Information Service.

Accounting policies

The audited accounts of the Company will be prepared in pounds Sterling under FRS 102 and in accordance with guidelines set out in the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts issued by the AIC.

Conflicts of interest

The AIFM, the Manager and their affiliates serve as the investment manager to other clients in addition to the Company. As a result, the AIFM, the Manager (and their affiliates) may have conflicts of interest in allocating investments among the Company and their other clients and in effecting transactions between the Company and other clients, including ones in which the AIFM, the Manager (and their affiliates) may have a greater financial interest. Where appropriate, the AIFM, the Manager and their affiliates may give advice or take action with respect to such other clients that differs from the advice given with respect to the Company.

The AIFM, the Manager and their affiliates may be involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, they may provide investment management, investment advice or other services in relation to a number of funds which may have similar investment policies to that of the Company or funds in which the Company invests.

The AIFM has regard to its obligations under the Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the AIFM will ensure that it is resolved fairly and in accordance with the COB Rules. The COB Rules require the AIFM to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate. In particular, the AIFM uses its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the AIFM which fall within the Company's investment objective and policy, on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COB Rules.

PART 3

DETAILS OF THE SCHEME AND THE SCHEME ISSUE

Introduction

The Board and the UKT Board have resolved to recommend the Scheme to Shareholders and UKT Shareholders respectively. The Scheme involves UKT being voluntarily wound up under the laws of the island of Guernsey and the UKT Shareholders being offered the opportunity to elect for New Shares and/or elect to receive cash as further described below. The Company will issue the Scheme New Shares in exchange for the transfer to it of the proportion of the assets and undertaking of UKT that represents the interest of UKT Shareholders who elect (or are deemed to elect) for the Rollover Option.

The Scheme Issue relates solely to the Scheme and pursuant to the Scheme, the Scheme New Shares are only available to UKT Shareholders on the UKT register as at 26 June 2017.

Details of the Scheme

Pursuant to the terms of the Scheme, UKT will be wound up by means of a voluntary winding up under the laws of the island of Guernsey. Under the Scheme, each UKT Shareholder (other than any Restricted UKT Shareholder) may elect to receive:

- New Shares to be issued by the Company for nil premium to the HHIT FAV (the “**Rollover Option**”); and/or
- cash equivalent to the UKT FAV on the Calculation Date (being 26 June 2017) (the “**Cash Option**”). There will be no restriction on UKT Shareholders’ ability to elect for the Cash Option.

UKT Shareholders can make different Elections in respect of different parts of their holdings.

UKT Shareholders who do not make an Election under the Scheme will be deemed to have elected for the Rollover Option. Valid Elections under the Scheme must be received by 1.00 p.m. on 26 June 2017.

If the Scheme is implemented, in accordance with the terms of the Transfer Agreement that will be entered into between the Company, UKT and the Liquidators, assets of UKT in the Rollover Fund will be transferred to the Company. The consideration for such transfer will be satisfied by the issue of New Shares by the Company to UKT Shareholders who elect (or are deemed to elect) for the Rollover Option. Further details of the Transfer Agreement are set out in Part 7 of this document.

The Scheme is subject to the approval of UKT Shareholders at the UKT EGM and HHIT Shareholders approving the issue of the Scheme New Shares in connection with the Scheme at the General Meeting.

Details of the Scheme Issue

The Scheme will be effected on a formula asset value to formula asset value basis with each company bearing its own costs (subject to any sums received pursuant to the AIFM’s cost contribution as set out in Part 1 of this document). The Company’s formula asset value will be calculated on the basis of the HHIT NAV (debt at par value) on the Calculation Date (being 26 June 2017) adjusted to exclude any dividends announced but that will not have been paid prior to the Effective Date and to exclude any costs incurred in connection with the Proposals. The resultant value of the assets will then be divided by the total Ordinary Shares in issue on the Calculation Date to provide the HHIT FAV per Share.

The UKT formula asset value will be calculated on the basis of the UKT NAV on the Calculation Date adjusted to exclude (i) a liquidator’s retention of £50,000 and (ii) the costs of the Scheme (adjusted to take account of any contribution from the AIFM as noted in Part 1). The resultant value of the assets will then be divided by the total number of UKT Shares in issue on the Calculation Date to provide the UKT FAV per Share.

Scheme New Shares shall be issued to UKT Shareholders who elect (or are deemed to elect) in whole or in part for the Rollover Option on the basis that the UKT FAV per Share will be divided by the HHIT FAV per Share and this ratio will be applied to the shareholdings of each such UKT Shareholder. No fraction of a New Share issued pursuant to the Scheme shall be issued to such UKT Shareholder, and

assets in the Rollover Fund representing fractional entitlements will be retained for the benefit of the Company and will represent an accretion to the assets of the Rollover Fund.

Subject, *inter alia*, to the approval of UKT Shareholders, UKT will be placed into voluntary winding up and the Scheme will take effect from Admission. However, before any assets are transferred to the Rollover Fund, the Liquidators will set aside cash and other assets in a Liquidation Fund in an amount which they consider sufficient to provide for all liabilities (including tax and contingent liabilities) of UKT, including the entitlements of UKT Shareholders who have elected for the Cash Option.

After provision has been made for the Liquidation Fund, the remainder of UKT's undertaking and assets will be appropriated to the Rollover Fund. In consideration for the transfer of the undertaking and assets comprised in the Rollover Fund to the Company, new Ordinary Shares will be issued to UKT Shareholders reflecting the Elections made (or deemed to have been made) by them under the Scheme.

The Rollover Fund will consist of cash, cash equivalents and UK quoted securities which fall within the Company's investment policy and have been approved in advance by the Manager.

As at 24 May 2017 (being the latest practicable date prior to the publication of this document), UKT's portfolio comprised, by value, 98.3 per cent. listed equities and 1.7 per cent. cash and cash equivalents. Under the Scheme, the Company is expected to acquire cash, cash equivalents and certain of these listed equities but the precise constitution of the Rollover Fund will not be known until the Effective Date and will be dependent on the Elections made by UKT Shareholders.

The Scheme New Shares are denominated in Sterling. The Scheme Issue is not being underwritten.

Conditions of the Scheme Issue

The Scheme Issue is conditional upon, *inter alia*:

1. the passing of the resolutions to approve the Scheme at the UKT EGM and the Scheme becoming unconditional (including the Transfer Agreement becoming unconditional in all respects);
2. the passing of Resolution 1 at the General Meeting;
3. the Scheme Admission Condition being satisfied; and
4. the UKT Board and the HHIT Board resolving to proceed with the Scheme and the Scheme Issue respectively.

Entitlements to New Shares under the Scheme

The number of New Shares to be issued pursuant to the Scheme, the UKT FAV per Share and the HHIT FAV per Share will be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

The new Ordinary Shares issued pursuant to the Scheme will rank *pari passu* in all respects with the existing Ordinary Shares in the Company, save that UKT Shareholders will not qualify for any HHIT dividends announced prior to the Scheme becoming effective, in particular the second interim dividend announced by the Company on 9 May 2017.

Illustrative example

As at 24 May 2017 (being the latest practicable date prior to publication of this document) UKT had unaudited net assets of approximately £50.8 million and the Company had unaudited net assets of approximately £220.1 million.

Had the Calculation Date been 24 May 2017 (being the latest practicable date prior to publication of this document) the Scheme would have resulted in:

The UKT FAV per Share being 223.6 pence

The HHIT FAV per Share being 194.3 pence

Number of Scheme New Shares to be issued and consideration for the Scheme Issue

The above UKT FAV per Share and HHIT FAV per Share would have resulted in a ratio of 1.15 New Shares to be issued for each UKT Share in respect of which an Election is made (or is deemed to have been made) for the Rollover Option. Based on the above, and assuming all UKT Shareholders elected (or were deemed to have elected) for the Rollover Option, the number of New Shares to be issued pursuant to the Scheme would be approximately 26 million and total consideration in connection with the Scheme Issue would be approximately £50.4 million.

Dilution

The number of new Ordinary Shares to be issued pursuant to the Scheme Issue will not be known until the Calculation Date. Existing Shareholders in the Company (who do not hold UKT Shares) are not able to participate in the Scheme Issue. Therefore, Existing Shareholders will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of new Ordinary Shares issued under the Scheme Issue. Therefore, on the assumption all UKT Shareholders elect for the Rollover Option and no New Shares are issued pursuant to the Share Issuance Programme, Existing Shareholders would suffer a dilution of approximately 18.8 per cent. to their existing percentage holdings (to the extent that they do not hold UKT Shares).

The above figures are for illustrative purposes only and do not represent forecasts. The UKT FAV per Share, the HHIT FAV per Share and the UKT Shareholders' entitlements under the Scheme may change materially up to the Effective Date as a result of, *inter alia*, changes in the values of the Company's and UKT's investments.

Costs and expenses of the Scheme

The AIFM has agreed to make a contribution to the costs of the Company participating in the Scheme, equating to a sum that is equivalent to 18 months base management fee of the total assets that rollover from UKT into the Company. The financial value of this amount will first be credited against the proportion of the costs incurred by the Company in respect of the Proposals represented by the New Shares issued to UKT Shareholders and the balance (if any) will be paid to UKT. The AIFM has further agreed to underwrite all such costs to the extent not covered by the 18 months base management fee equivalent contribution described above. These costs will not include the costs of investing the proceeds such as any stamp duty.

If the Proposals do not become effective for any reason, the Scheme New Shares will not be issued and the Company (and therefore Existing Shareholders) would in principle bear some costs and expenses. However, such costs and expenses will be nil after taking into account the contribution from the AIFM as noted above and in Part 1.

Admission and dealings

Application will be made to the UK Listing Authority for the Scheme New Shares to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for the Scheme New Shares to be admitted to trading on the Main Market. If the Scheme becomes effective, it is expected that the New Shares to be issued pursuant to the Scheme, will be admitted to the Official List on 29 June 2017, and the first day of dealings in such New Shares on the Main Market will be 29 June 2017.

The Scheme New Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB0009580571. UKT Shareholders who hold their UKT Shares in uncertificated form and who elect to receive Scheme New Shares will receive Scheme New Shares in uncertificated form on 29 June 2017. Certificates in respect of Scheme New Shares to be issued to UKT Shareholders who hold their UKT Shares in certificated form and who elect to receive Scheme New Shares will be despatched in the week commencing 10 July 2017.

Dealings in the Scheme New Shares in advance of the crediting of the relevant CREST accounts or the issue of certificates will be at the risk of the persons concerned.

Fractional entitlements to Scheme New Shares pursuant to the Scheme will not be issued under the Scheme and entitlements will be rounded down to the nearest whole number. No cash payments shall be made or returned in respect of any fractional entitlements which will be retained for the benefit of the Company.

Restricted UKT Shareholders

The terms of the Scheme, as they relate to Restricted UKT Shareholders, may be affected by the laws of the relevant jurisdiction. Restricted UKT Shareholders should inform themselves about, and observe, any applicable legal requirements.

It is the responsibility of Restricted UKT Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental or other consents which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any Scheme New Shares allotted to the Liquidators and which would otherwise be issued to a Restricted UKT Shareholder pursuant to the Scheme will instead be issued to the Liquidators as nominees on behalf of such Restricted UKT Shareholder who will arrange for such shares to be sold promptly into the market within 30 Business Days, in circumstances in which the Liquidators and/or the Board, acting reasonably, consider that any such issue of Scheme New Shares to those Restricted UKT Shareholders would or may involve a breach of the securities laws or regulations of any jurisdiction, or if the Liquidators and/or the Board reasonably believe that the same may violate any applicable legal or regulatory requirements or may require the Company to become subject to additional regulatory requirements (to which it would not be subject but for such issue) and the Liquidators and/or the Board, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Restricted UKT Shareholders are permitted to acquire Scheme New Shares under any relevant securities laws or regulations of such overseas jurisdictions (or that the Company would not be subject to any additional regulatory requirements to which it would not be subject but for such issue).

The proceeds of such sales will be paid to the relevant Restricted UKT Shareholders entitled to them within 10 Business Days of the date of sale, save that entitlements of less than £5.00 per Restricted UKT Shareholder will be retained by the Company for its own account.

Restricted UKT Shareholders who are subject to taxation outside of the United Kingdom should consult their tax adviser as to the tax effect of the Scheme on them.

PART 4

DETAILS OF THE SHARE ISSUANCE PROGRAMME, INCLUDING THE INITIAL PLACING AND OFFER

General

In line with the Board's continued aim of seeing the Company grow, the Directors intend to implement the Share Issuance Programme. The Share Issuance Programme is being implemented to allow the Directors to take advantage of the opportunity to increase the size of the Company as demand arises in a manner that enhances the net asset value per Ordinary Share for Shareholders.

The Board is proposing that the first issuance under the Share Issuance Programme will be by way of an Initial Placing and Offer, which is available to all Existing Shareholders and which will complete at the same time as the Scheme.

The Board believes that the Share Issuance Programme, by increasing the size of the Company, will potentially reduce ongoing charges per Share by spreading the Company's fixed costs over a larger capital base and increase liquidity in the Company's Shares. In addition, Existing Shareholders and new investors will get an opportunity to invest in the Company in a cost effective manner due to the economies of scale resulting from the issue of new Ordinary Shares under the Scheme and the costs contribution from the AIFM as set out in Part 1.

New Shares will be issued pursuant to the Share Issuance Programme only during the period commencing at 8.00 a.m. on 29 June 2017 and ending at 5.00 p.m. on 29 May 2018.

The Company will issue a maximum of 50 million New Shares, in aggregate under the Share Issuance Programme, which figure, for the avoidance of doubt, will include the number of New Shares issued under the Initial Placing and Offer.

Share Issuance Programme Issues

At the General Meeting, the Directors are seeking authority to allot up to 50 million New Shares pursuant to the Share Issuance Programme although the number of New Shares actually issued will depend on investor demand. The actual number of New Shares to be issued pursuant to the Initial Placing and Offer are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Admission.

The New Shares issued pursuant to the Initial Placing and Offer will rank *pari passu* in all respects with the existing Ordinary Shares, save that investors in receipt of such New Shares will not qualify for the second interim dividend announced by the Company on 9 May 2017.

The New Shares issued pursuant to the Share Issuance Programme are denominated in Sterling. The Share Issuance Programme is not being underwritten.

Applications must be made on the Application Form attached at the end of the Prospectus or otherwise published by the Company. All applications in the Offer must be for Ordinary Shares with a minimum aggregate subscription price of £1,000 and, if an investor's application is for Ordinary Shares with an aggregate subscription price of more than £1,000, it must be for a sum which is a multiple of £1,000. Investors may make more than one application for Ordinary Shares under the Offer.

Conditions

Each Share Issuance Programme Issue is conditional, *inter alia*, on the following:

- (a) Resolution 2 and Resolution 3 being passed at the General Meeting;
- (b) the Issue Admission Condition being satisfied; and
- (c) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

Initial Placing and Offer Price and Share Issuance Programme Price

The Initial Placing and Offer Price will be calculated by applying a premium of one per cent. to the HHIT FAV per Share and will be announced through a Regulatory Information Service on 28 June 2017.

The Share Issuance Programme Price in respect of any further issues of New Shares under the Share Issuance Programme will be determined by the Board at the time of each issue. It is expected that the Share Issuance Programme Price will be at or around the market price of an Ordinary Share as at the relevant Calculation Time and will be at a level of premium to the NAV per Share (at least sufficient to cover commissions and expenses associated with such issue) such that no Share Issuance Programme Issue is expected to be dilutive to the prevailing NAV per Share. The Share Issuance Programme Price of any further Share Issuance Programme Issues will be announced through a Regulatory Information Service as soon as practicable following each Share Issuance Programme Issue.

The NAV per Share for the purposes of calculating the price of any issue will be calculated in accordance with the Company's normal accounting policies.

Admission and dealings

Applications will be made to the UK Listing Authority for the New Shares issued pursuant to the Share Issuance Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares issued pursuant to the Share Issuance Programme to be admitted to trading on the Main Market. It is expected that Admissions in relation to the Share Issuance Programme will become effective, and dealings in the relevant New Shares will commence, during the period from 29 June 2017 to 29 May 2018. The Share Issuance Programme Issues cannot be revoked after dealings in the relevant Issue New Shares have commenced.

The New Shares issued pursuant to the Share Issuance Programme will be issued in registered form and may be held in uncertificated form. The New Shares allocated will be issued to investors under the Share Issuance Programme through the CREST system unless otherwise stated. The New Shares will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the investors concerned or their nominees with their respective entitlements to the relevant New Shares. The names of investors or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Scaling back

In the event that the number of New Shares applied for under the Initial Placing and Offer would result in the Company issuing in excess of 50 million New Shares (excluding the New Shares to be issued pursuant to the Scheme) then it would be necessary to scale back applications under the Initial Placing and Offer. The Company reserves the right, at its sole discretion, to scale back applications in such amounts and in such manner as it considers appropriate. The Company reserves the right to decline, in whole or in part, an application for New Shares pursuant to the Initial Placing and Offer. Accordingly, Applicants for New Shares may, in certain circumstances, not be allotted the number of New Shares for which they applied.

The result of the Initial Placing and Offer (and any scaling back) will be announced immediately prior to Admission through a Regulatory Information Service. The balance of subscription monies in the event of scaling back (or unsuccessful applications) will be posted to Applicants by cheque, without interest, at the Applicant's own risk.

Fractions

Fractions of Ordinary Shares will not be issued. To the extent that (other than on a scaling back) the fixed sum specified in relation to any applications for New Shares under the Initial Placing and Offer exceeds the aggregate value, at the Initial Placing and Offer Price, of the New Shares issued pursuant to such application, the balance of such sum (which will never exceed the Initial Placing and Offer Price per New Share) will be retained for the benefit of the Company.

Dilution

Existing Shareholders are not obliged to participate in the Share Issuance Programme. However, those Shareholders who do not participate in the Share Issuance Programme will suffer a dilution of the

percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued pursuant to the Share Issuance Programme.

Assuming 50 million New Shares are issued in aggregate under the Share Issuance Programme and all UKT Shareholders elect for the Rollover Option, Shareholders will suffer a dilution of 40 per cent. to their existing percentage holdings in the Company (assuming that they do not participate in the Share Issuance Programme and do not hold UKT Shares).

Assuming 50 million New Shares are issued in aggregate under the Share Issuance Programme and no UKT Shareholders elect (or are deemed to elect) for the Rollover Option, Shareholders will suffer a dilution of approximately 31 per cent. to their existing percentage holdings in the Company (assuming that they do not participate in the Share Issuance Programme).

Costs of the Initial Placing and Offer

In addition to its contribution in relation to costs associated with the Scheme and the Scheme Issue, the AIFM has also agreed to make a contribution to the Company in relation to all of the Company's costs associated with the Initial Placing and Offer, to the extent that these costs are not covered by the one per cent. premium to the HHIT FAV per Share charged on the New Shares issued pursuant to the Initial Placing and Offer. These costs will not include the costs of investing the proceeds such as any stamp duty.

Therefore on the basis that the Company will not incur any costs in relation to the Initial Placing and Offer, if the maximum number of New Shares available for issue under the Share Issuance Programme are issued pursuant to the Initial Placing and Offer, the net proceeds available for investment by the Company pursuant to the Initial Placing and Offer will be approximately £98.4 million.

Costs of the Share Issuance Programme

The costs associated with each Share Issuance Programme Issue will depend on the number of New Shares to be issued in relation to each Share Issuance Programme Issue and will include commission and expenses associated with each Share Issuance Programme Issue. Assuming that no New Shares are issued pursuant to the Initial Placing and Offer and that the maximum number of New Shares available for issue under the Share Issuance Programme is issued by way of a single Issue at a Share Issuance Programme Price of 197.0 pence (being the market price of an Ordinary Share as at close of business on 24 May 2017 (the latest practicable date prior to publication of this document)) and assuming there is no further cost contribution from the AIFM, the total costs and expenses of and incidental to the Share Issuance Programme to be borne by the Company would be approximately £75,000.

On the basis of these assumptions, £98.5 million would be raised and the net proceeds available for investment by the Company would be approximately £98.4 million.

Overseas Investors

The Ordinary Shares have not been, nor will be, registered under the US Securities Act or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia, the Republic of South Africa or Japan and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the US, Canada, Australia, the Republic of South Africa or Japan or to, or for the account or benefit of, a US Person (as defined in the US Securities Act) or any national, citizen or resident of the US, Canada, Australia, the Republic of South Africa or Japan. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas Investors participating in the Share Issuance Programme may be affected by the laws or regulatory requirements of relevant jurisdictions. Overseas Investors who wish to subscribe for New Shares under the Offer are referred to paragraphs 22 and 23 of the Terms and Conditions of Application under the Offer set out at the end of this document. Potential investors who are in any doubt as to their position in this respect are strongly recommended to consult their own professional advisers as soon as possible.

PART 5

FINANCIAL INFORMATION OF THE COMPANY (INCLUDING PORTFOLIO INFORMATION)

1. Introduction

The statutory accounts of the Company for the financial years ended 31 December 2016 and 31 December 2015 were prepared in accordance with FRS 102 and for the financial year ended 31 December 2014, were prepared in accordance with UK GAAP. In respect of the statutory accounts of the Company for the financial year ended 31 December 2016, the Company's current auditors, PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT, made an unqualified report under the Act and in respect of the statutory accounts of the Company for the financial years ended 31 December 2015 and 31 December 2014, the company's previous auditors, Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YY, made an unqualified report under the Act. The statutory accounts of the Company for the three financial years ended 31 December 2016 are incorporated into this document by reference and are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company for one year from the date of this document.

The non-incorporated parts of these annual reports and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the audited annual report and audited accounts of the Company, prepared in accordance with FRS 102 or UK GAAP (as applicable), for the three financial years ended 31 December 2016 as set out in the table below and is expressly incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

<i>Nature of information</i>	<i>Statutory Accounts for year ended</i>		
	<i>31 December 2014 Page No.</i>	<i>31 December 2015 Page No.</i>	<i>31 December 2016 Page No.</i>
Performance Highlights	2-3	2-3	2-3
Chairman's Statement	5-6	5-6	5-6
Investment Portfolio	8-10	8-10	8-10
Fund Managers' Report	11-12	11-12	11-13
Independent Auditor's Report	32-33	35-38	36-41
Income Statement	34	39	42
Statement of Changes in Equity	35	40	43
Statement of Financial Position	36	41	44
Cash Flow Statement	37	42	45
Notes to the Financial Statements	38-49	43-55	46-58

3. Selected financial information

The information in this paragraph 3 is information regarding the Company which has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 5. Selected audited historical financial information relating to the Company which has been prepared in accordance with FRS 102 or UK GAAP (as applicable) and has been extracted without material adjustment from the audited annual report and accounts of the Company for each of the three financial years up to 31 December 2016 is set out in the table below:

	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>	<i>Year ended 31 December 2016</i>
Net asset value			
Net assets (£'000)	188,987	197,111	207,723
Net asset value per Ordinary Share (borrowings at par) (£)	173.57	177.47	185.56
Ordinary Share price (p)	177.88	180.50	183.63
Income			
Revenue return after expenses and taxation (£'000)	9,817	10,937	11,066
Revenue return per Ordinary Share (£)	9.24	9.96	9.93
Dividend per Ordinary Share in respect of the financial year (£)	8.60	8.90	9.15
Ongoing charges			
As a percentage of average total Shareholders' funds	0.72	0.79	0.81
NAV/share price total returns			
One year net asset value total return (%)	7.5	7.6	8.9
One year Ordinary Share price total return (%)	8.1	6.6	7.1

4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Fund Managers' Report", and "Investment Portfolio" in the published statutory accounts of the Company as follows:

	<i>Statutory Accounts for year ended</i>		
	<i>31 December 2014</i>	<i>31 December 2015</i>	<i>31 December 2016</i>
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's Statement	5-6	5-6	5-6
Investment Portfolio	8-10	8-10	8-10
Fund Managers' Report	11-12	11-12	11-13

5. Significant change

There has been no significant change in the trading or financial position of the Company since 31 December 2016 (being the end of the last financial period of the Company for which financial information has been published).

6. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2016 (the last date in respect of which financial information on the Company has been published) and as at 24 May 2017 (being the latest practicable date prior to publication of this document):

	31 December 2016 £'000	24 May 2017 £'000
Total current debt		
– Guaranteed	—	—
– Secured	—	—
– Unguaranteed/unsecured	27,781	28,202
Total Non-current debt		
– Guaranteed	—	—
– Secured	—	—
– Unguaranteed/unsecured	19,806	19,807
Shareholders' equity⁽¹⁾		
– Share Capital	5,597	5,597
– Share Premium	95,595	95,595
– Capital Redemption Reserve	26,302	26,302
Total equity	<u>175,081</u>	<u>175,503</u>

Notes:

(1) In accordance with the ESMA update of the CESR recommendations, retained earnings (comprising retained revenue reserves and other capital reserves) have been excluded from Shareholders' equity.

The information in the table above is audited financial information on the Company as at 31 December 2016 and unaudited financial information on the Company as at 24 May 2017 (being the latest practicable date prior to publication of this document).

There has been no material change in the capitalisation of the Company since 31 December 2016 (being the last date in respect of which financial information for the Company has been published).

The following table shows the Company's net indebtedness as at 24 May 2017 (being the latest practicable date prior to publication of this document).

	£'000
A. Cash	928
B. Cash equivalent	—
C. Trading securities	—
D. Liquidity (A+B+C)	928
E. Current financial receivable	1,924
F. Current bank debt	(28,202)
G. Current portion of non-current debt	—
H. Trading securities receivable	—
I. Trading securities payable	—
J. Other current financial debt	(554)
K. Current financial debt (F+G+H+I+J)	(28,756)
L. Net current financial indebtedness (D+E+K)	(25,904)
M. Non-current bank loans	—
N. Debenture issued	—
O. Non-current loans	(19,807)
P. Non-current financial indebtedness (M+N+O)	(19,807)
Q. Net financial indebtedness (L+P)	(45,711)

At 24 May 2017, the Company had drawn down £28.2 million (31 December 2016: £27.8 million) of its £30 million loan facility (31 December 2016: £30 million). There were no contingent liabilities as at 24 May 2017 (31 December 2016: £nil).

7. Capital resources

As at 24 May 2017 (being the latest practicable date prior to publication of this document) the Company had 111,942,365 Ordinary Shares in issue and held no Ordinary Shares in treasury. As at 24 May 2017 (being the latest practicable date prior to publication of this document) the Company had cash available of £0.9 million. The Company's source of funds is its returns from the investments in its portfolio. The Company's principal expenditure is the fees payable to the AIFM, the Directors and the Depositary. Its total expenditure for the period to 31 December 2016 was £1.6 million.

8. Working capital

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).

9. Net asset value

As at 24 May 2017 (being the latest practicable date prior to publication of this document) the unaudited HHIT NAV per Share was 196.6 pence.

10. Analysis of the Company's Portfolio

As at the date of this document (based on valuations as at 24 May 2017, being the latest practicable date prior to publication of this document), the Company's current asset allocation was as follows:

	<i>Valuation (£'000)</i>	<i>Percentage of portfolio (%)</i>
Sector		
Preference shares	4,697	1.7
Other Fixed interest	22,555	8.5
Total Fixed interest	27,252	10.2
Financials	62,684	23.6
Consumer Goods	45,489	17.1
Consumer Services	33,886	12.7
Telecommunications	18,784	7.1
Oil & Gas	15,584	5.9
Health Care	16,103	6.1
Utilities	16,439	6.2
Industrials	16,819	6.3
Basic Materials	10,136	3.8
Technology	2,611	1.0
Total Equities	238,535	89.8
Total	265,787	100.0

The portfolio is comprised of 97 investments. The aggregate unaudited value, calculated in accordance with the Company's accounting policies, of the portfolio was £265.8 million as at 24 May 2017, (being the latest practicable date prior to the publication of this document).

As at the date of this document (based on valuations as at 24 May 2017, being the latest practicable date prior to the publication of this document), the portfolio comprised the following investments:

	<i>Market Value £'000</i>
<i>Security</i>	
Investments Fixed Interest	
Preference Shares	
GENERAL ACCIDENT 8.875%	1,276
MIDDLEFIELD CANADIAN INC 7%	762
NATIONWIDE BUILDING SOCIETY 10.25%	1,929
NATIONAL WESTMINSTER BANK 9%	730
TOTAL Preference Shares	4,697
Other Fixed Interest	
AVIVA 6.125% PERPETUAL	1,124
BARCLAYS BANK 6.278% PERPETUAL	926
BUPA FINANCE 5% 2026	397
BUPA FINANCE 6.125% 2049	1,283
CO-OP 5.625% 2020	1,260
CPUK FINANCE 7% 2020	1,428
HBOS 7.881% PERPETUAL	1,066
HSBC BANK 5.844% 2049	587
IRON MOUNTAIN 6.125% 2022	1,689
NGG 5.625% 2073	1,008
ORANGE 5.75% PERPETUAL	734
RAC 4.565% 2023	328
RAC 4.87% 2026	1,345
RBS CAPITAL TRUST II 6.425% PERPETUAL	528
RSA INSURANCE GRP 5.125% 2045	1,132
STANDARD LIFE 6.75% PERPETUAL	1,762
TIME WARNER CABLE 5.25% 2042	1,825
TESCO 5.2% 05/03/57 2057	728
TESCO 5.5% 13/01/33 2033	1,205
VIRGIN MEDIA 6.25% 2029	2,200
TOTAL Other Fixed Interest	22,555
TOTAL FIXED INTEREST	27,252
Oil & Gas	
Oil & Gas Producers	
BP	7,021
ROYAL DUTCH SHELL	8,563
TOTAL Oil & Gas	15,584
Basic Materials	
Chemicals	
JOHNSON MATTHEY	2,878
VICTREX	2,906
Mining	
RIO TINTO	4,352
TOTAL Basic Materials	10,136

	<i>Market Value £'000</i>
<i>Security</i>	
Industrials	
Construction & Materials	
BALFOUR BEATTY	771
MARSHALLS	2,002
Aerospace & Defense	
BAE SYSTEMS	2,897
SENIOR	1,121
Industrial Transportation	
GOLDENPORT	0
General Industrials	
SMITH (DS)	2,615
SMITHS GROUP	2,841
Support Services	
CONNECT GROUP	606
DE LA RUE	1,485
ESSENTRA	2,481
TOTAL Industrials	16,819
Consumer Goods	
Beverages	
BRITVIC	2,451
DIAGEO	8,354
Food Producers	
CRANSWICK	3,020
DAIRY CREST	1,514
HILTON FOOD	3,730
TATE & LYLE	1,471
Household Goods & Home Construction	
GALLIFORD TRY	3,578
PERSIMMON	3,158
Tobacco	
BRITISH AMERICAN TOBACCO	11,758
IMPERIAL BRANDS	6,455
TOTAL Consumer Goods	45,489
Health Care	
Pharmaceuticals & Biotechnology	
ASTRAZENECA	8,437
GLAXOSMITHKLINE	5,237
ROCHE (SWITZERLAND)	2,429
TOTAL Health Care	16,103

	<i>Market Value £'000</i>
<i>Security</i>	
Consumer Services	
General Retailers	
MARKS & SPENCER	2,336
NEXT	2,035
PETS AT HOME	2,224
Media	
INFORMA	4,098
ITV	3,433
RELX (NETHERLANDS)	5,802
PEARSON	2,781
Travel & Leisure	
COMPASS	3,041
GO-AHEAD	2,748
GREENE KING	2,389
SPECIALIST INVESTMENT PROPERTY	6
WHITBREAD	2,993
TOTAL Consumer Services	33,886
Telecommunications	
Fixed Line Telecommunications	
BT	5,051
KCOM	1,492
MANX TELECOM	1,440
VERIZON COMMUNICATIONS (UNITED STATES)	1,750
Mobile Telecommunications	
INMARSAT	2,472
VODAFONE	6,579
TOTAL Telecommunications	18,784
Utilities	
Electricity	
SCOTTISH & SOUTHERN ENERGY	2,859
Gas Water & Multiutilities	
CENTRICA	1,963
NATIONAL GRID	4,524
SEVERN TRENT	3,948
UNITED UTILITIES	3,145
TOTAL Utilities	16,439

	<i>Market Value £'000</i>
<i>Security</i>	
Financials	
Banks	
BARCLAYS	3,179
HSBC	6,426
ING (NETHERLANDS)	2,590
LLOYDS BANKING GROUP	5,954
Nonlife Insurance	
JARDINE LLOYD THOMPSON	2,566
MUNICH RE	1,553
Life Insurance	
CHESNARA	3,136
LEGAL & GENERAL	2,352
PHOENIX	4,048
STANDARD LIFE	4,583
Real Estate Investment Trusts	
BIG YELLOW	2,371
HAMMERSON	2,256
LAND SECURITIES	1,335
Financial Services	
BREWIN DOLPHIN	2,473
INTERMEDIATE CAPITAL	3,447
JUPITER FUND MANAGEMENT	2,864
SCHRODER	2,273
Equity Investment Instruments	
BLACKSTONE / GSO LOAN FUNDING (JERSEY)	1,652
CARADOR INCOME FUND (IRELAND)	2,841
GREENCOAT UK WIND	1,651
JOHN LAING INFRASTRUCTURE FUND	3,134
TOTAL Financials	62,684
Technology	
Software & Computer Services	
SAGE	2,611
TOTAL Technology	2,611
TOTAL EQUITIES	238,535

The information in this paragraph 10 is unaudited information of the Company, which has been extracted from internal managing accounting records held by the Company and has not been reported on by an accountant.

PART 6

TAXATION

Introduction

The following comments do not constitute tax advice and are intended only as a general guide to certain aspects of current UK law and HMRC published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders and (except insofar as express reference is made to the treatment of non-UK residents) are intended to apply only to Shareholders who for UK tax purposes are resident in and, in the case of individuals, domiciled in, the UK and to whom “split year” treatment does not apply. The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and the dividends payable on them and who hold their Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

The comments below may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Ordinary Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of any office or employment. Such persons may be subject to special rules.

Prospective investors who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK are strongly advised to consult their own professional advisers.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust. However, none of the AIFM, the Manager nor the Directors can guarantee that this approval will be maintained. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most dividends it receives.

Shareholders

Taxation of dividends

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £5,000 (tax year 2017/2018). Dividends received in excess of this threshold will be taxed, for the fiscal year 2017/18 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

The UK government had announced that the dividend allowance would be reduced to £2,000 from the tax year 2018/2019. Due to the announcement of a UK General Election, these proposals were not included in the truncated Finance Bill which was considered by Parliament on 25 April 2017. However, subject to the result of the UK General Election on 8 June 2017, the proposals to reduce the dividend allowance to £2,000 may be enacted later in 2017 and may take effect from the tax year 2018/2019.

Shareholders within the charge to UK corporation tax should generally be exempt from corporation tax on dividends paid by the Company in respect of their Ordinary Shares provided the dividends fall within an exempt class under the distribution exemption regime and certain conditions are met.

The Company will not be required to withhold tax at source when paying a dividend.

Taxation of capital gains

Individual Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax, on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. From 6 April 2017, a disposal by an individual Shareholder, resident in the UK for taxation purposes, will be subject to capital gains tax at a rate of tax of 20 per cent. where the individual pays income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the annual exemption in respect of the first £11,300 of capital gains received in the fiscal year 2017/18). Shareholders which are corporations resident in the UK will benefit from an indexation allowance which, in general terms, increases the tax base cost of an asset in accordance with changes in the Retail Prices Index. Indexation allowance may not create or increase an allowable loss.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to capital gains tax in the UK arising from the sale or other disposal of their Ordinary Shares unless (in the case of a corporate Shareholder) those Ordinary Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

Stamp duty and stamp duty reserve tax

Issue of New Shares pursuant to the Scheme Issue and Share Issuance Programme Issues

The issue of New Shares pursuant to the Scheme Issue and Share Issuance Programme Issues should not give rise to any stamp duty or stamp duty reserve tax.

Subsequent transfers

An agreement to transfer Ordinary Shares will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration given. However, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, stamp duty reserve tax at the rate of 1.5 per cent. may be applicable on the value of the consideration given. If an instrument of transfer of the Ordinary Shares is subsequently executed (for example, if the Ordinary Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given. Where the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, stamp duty at the rate of 1.5 per cent. may apply to the value of the consideration given. In either case, the stamp duty payable must be rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

Paperless transfers of Ordinary Shares (such as those occurring within CREST) are generally liable to stamp duty reserve tax, rather than stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given. When Ordinary Shares are transferred into the CREST system, there should generally be no stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration given).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

Certain persons (e.g. brokers or custodians) may have stamp duty reserve tax liabilities and compliance obligations in respect of certain transactions and agreements involving Ordinary Shares. Such persons should seek their own professional advice in respect of these liabilities and obligations.

Special rules may apply to transfers, or agreements to transfer, treasury shares. Specific advice should be sought in respect of such transactions.

ISAs

New Shares will qualify for the purposes of an ISA, provided that they are acquired by an ISA manager pursuant to the Offer for Subscription.

For the 2017/18 tax year ISAs have an overall subscription limit of £20,000, all of which can be invested in stocks and shares, for which New Shares will qualify.

SIPPs and SSASs

Ordinary Shares will be permitted investments for SIPPs and SSASs.

Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

PART 7

GENERAL INFORMATION

1. Incorporation and general

- 1.1. The Company was incorporated and registered in England and Wales on 13 September 1989 as a public company limited by shares. The Company is registered as an investment company under section 833 of the Act with registered number 02422514. The Company is domiciled in England and Wales. The Company operates under the Companies Act and regulations made thereunder. Its registered office and principal place of business is 201 Bishopsgate, London EC2M 3AE (telephone number: 0207 818 1818). Save for its compliance with the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules, the Market Abuse Regulation, the UK Code and the rules of the London Stock Exchange, the Company is not a regulated entity.
- 1.2. The objects of the Company are unrestricted.
- 1.3. As at the date of this document, the Company has no subsidiary or parent undertakings, associated companies or employees and neither owns nor leases any premises.
- 1.4. The Ordinary Shares are admitted to the premium segment of the Official List and are traded on the Main Market.
- 1.5. The AIFM is a private limited company and was incorporated in England and Wales under the Companies Act 1985 with the registered number 02678531 on 17 January 1992. The AIFM operates under the Companies Act. Its registered office is 201 Bishopsgate, London EC2M 3AE (telephone number: 0207 818 1818). The AIFM is authorised and regulated by the FCA.
- 1.6. The AIFM delegates certain portfolio management services to the Manager. The Manager is a private limited company and was incorporated in England and Wales with the registered number 00906355 on 17 May 1967. Its registered office is 201 Bishopsgate, London EC2M 3AE (telephone number: 0207 818 1818). The Manager is authorised and regulated by the FCA.
- 1.7. The Depositary is a public limited company and was incorporated in England and Wales with the registered number 00014259 on 1 July 1880. The Depositary is authorised by the Prudential Regulation Authority and regulated by the FCA and the PRA with firm reference number 114216 and is a member of the London Stock Exchange. Its registered office is 8 Canada Square, London, E14 5HQ (telephone number: 0207 260 5790).

2. Share capital

- 2.1. The Company's share capital comprises Ordinary Shares of 5 pence nominal value. As at the date of this document, the Company's issued and fully paid up share capital is 111,942,365 Ordinary Shares. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any Share in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital, redemption or otherwise, as the Board may determine.
- 2.2. The issued share capital of the Company (all of which issued shares will be fully paid up) as at the date of this document and immediately following the Scheme Issue and close of the Share Issuance Programme (assuming the maximum number of New Shares are issued pursuant to the Scheme (based on the illustrative figures contained on pages 44 and 45 of this document) and the Share Issuance Programme) will be as follows:

	<i>No. of Ordinary Shares</i>
As at the date of this document	
Ordinary Shares	111,942,365
Immediately following the Scheme and the Share Issuance Programme*	
Ordinary Shares	187,891,940

* Assuming that all available Ordinary Shares are issued under the Scheme (based on the illustrative figures contained on pages 44 and 45 of this document) and the Share Issuance Programme.

- 2.3. As at 24 May 2017 (being the latest practicable date prior to the date of this document), it is not possible to know the actual number of Ordinary Shares to be issued pursuant to the Scheme as this will be calculated on 26 June 2017 following expiry of the deadline for receipt of the UKT Shareholders' Forms of Election in respect of the Scheme. The actual number of Ordinary Shares to be issued pursuant to the Scheme will be announced via a Regulatory Information Service.
- 2.4. As at 24 May 2017 (being the latest practicable date prior to the date of this document), it is not possible to know the actual aggregate number of Ordinary Shares to be issued pursuant to the Share Issuance Programme as this will be determined throughout the period from 30 May 2017 to 29 May 2018. The actual number of Ordinary Shares to be issued pursuant to the Share Issuance Programme will be announced via a Regulatory Information Service at the time of each Share Issuance Programme Issue.
- 2.5. As at 24 May 2017 (being the latest practicable date prior to the date of this document) the Company did not hold any Ordinary Shares in treasury.
- 2.6. The Company had the following changes in share capital during the period from 1 January 2014 to 31 December 2016:
 - 2.6.1. during the period from 1 January 2014 to 31 December 2014, 5,568,469 new Ordinary Shares were issued for total net proceeds of £9,722,000;
 - 2.6.2. during the period from 1 January 2015 to 31 December 2015, 2,185,078 new Ordinary Shares were issued to the Broker for total proceeds (net of commissions) of £3,949,000; and
 - 2.6.3. during the period from 1 January 2016 to 31 December 2016, 875,000 new Ordinary Shares were issued to the Broker for total proceeds (net of commissions) of £1,601,000.
- 2.7. No share or loan capital of the Company has been issued or (other than pursuant to the Scheme and Share Issuance Programme) has agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital.
- 2.8. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.9. The Company does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.10. No Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.11. No person has voting rights that differ from those of other Shareholders in respect of the Ordinary Shares.

3. Share capital authorities

- 3.1. By an ordinary resolution and special resolutions, respectively, passed on 9 May 2017 at the 2017 AGM:
 - 3.1.1. the Directors were generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £559,711 (or such amount being equivalent to 10 per cent. of the Company's issued ordinary share capital at the date of the passing of the resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of the resolution and at the conclusion of the annual general meeting of the Company in 2018, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after

expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred by the resolution had not expired.

3.1.2. the Directors were empowered, pursuant to section 570 and 573 of the Act to allot equity securities or make offers or agreements to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by the resolution described in paragraph 3.1.1, or issue shares from treasury, as if section 561 of the Act did not apply to the allotment and to sell relevant shares (within the meaning of section 560 of the Act) held by the Company immediately before the sale of treasury shares (as defined in section 724 of the Act) for cash as if section 561 of the Act did not apply. This power is limited:

- (a) to the allotment or sale of equity securities whether by way of a rights issue, open offer or otherwise to ordinary Shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary Shareholders and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;
- (b) to the allotment or sale (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum aggregate nominal value of £559,711; and
- (c) to the allotment or sale of equity securities at a price not less than the net asset value per Share;

and shall expire on the earlier of the date falling 15 months after the passing of the relevant resolution and at the conclusion of the AGM of the Company in 2018, save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired; and

3.1.3. the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Shares on such terms and in such manner as the Directors may from time to time determine, provided that the maximum number of Shares authorised to be purchased is 14.99 per cent. of the Shares in issue as at the date of the 2017 annual general meeting (equivalent to 16,780,160 Shares as at 28 March 2017). The minimum price (exclusive of expenses) which may be paid for a Share is 5 pence, being the nominal value per Share. The maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of (i) 5 per cent. above the average of the mid-market value of the Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent bid and the highest current independent bid for Shares. Such authority will expire on the earlier of the date falling 15 months after the passing of the relevant resolution and at the conclusion of the annual general meeting of the Company to be held in 2018, unless such authority is renewed before that expiry and save that the Company may contract to purchase shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract. Any Shares purchased pursuant to this authority will either be cancelled immediately upon completion of the purchase or held, sold, transferred, or otherwise dealt with as treasury shares in accordance with the provisions of the Act.

3.2. In order to authorise the Company to issue the new Ordinary Shares pursuant to the Scheme Issue and the Share Issuance Programme Issues (including, for the avoidance of doubt, the new Ordinary Shares to be issued pursuant to the Initial Placing and Offer) Ordinary Shareholders are being asked to pass the following resolutions at the General Meeting:

3.2.1. that, subject to and conditional upon the scheme of reconstruction and winding up of UKT as described in the HHIT Circular becoming unconditional in all respects, the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Act, in addition to any previously granted authority which has not yet expired, to exercise all powers of the Company to allot up to 30,000,000 ordinary shares of 5 pence each in the capital of the Company having an aggregate nominal value of £1,500,000 in connection with the scheme of reconstruction of UKT, provided that this authority shall (unless previously revoked) expire on 31 July 2017;

3.2.2. that, in addition to any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Board of Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £2,500,000, provided that this authority shall be limited to the allotment or sale of Shares at a price not less than the net asset value per Share at the time of pricing, and that this authority shall expire on the date falling 12 months from the date of the passing of this resolution unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of such authority make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after the expiry of such authority and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and

3.2.3. that, subject to the passing of the resolution outlined in paragraph 3.2.2 above, and in addition to all existing authority, the Directors of the Company be and are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred by the resolution outlined in paragraph 3.2.2 above and to sell shares held by the Company in treasury, wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £2,500,000; and shall expire on the date falling 12 months from the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

4. Articles of Association

The Shares have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 4. The Articles contain provisions, *inter alia*, to the following effect:

4.1. Voting rights

4.1.1. Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the 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 him.

- 4.1.2. No member shall, unless the Board otherwise decides, be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid.
- 4.1.3. 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 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.

4.2. *Variation of class rights*

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Companies Acts, be varied either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class duly convened and held as provided in the Articles. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith.

4.3. *Alteration of share capital*

- 4.3.1. Subject to the provisions of the Articles and to any resolution passed by the Company and without prejudice to any rights attached to existing shares, the Board may offer, allot, grant options over or otherwise deal with or dispose of shares in the Company to such persons, at such times and for such consideration and upon such terms as the Board may decide.
- 4.3.2. Subject to the provisions of the Statutes, the Company may by special resolution consolidate all or any of its shares (whether issued or not) into fewer shares and divide all or any of its shares (whether issued or not) into more shares.
- 4.3.3. Subject to the provisions of the Statutes, the Company may by special resolution reduce its capital accounts (being its stated capital accounts and any capital redemption reserves) in any way.
- 4.3.4. Subject to the provisions of the Statutes and subject to any provisions contained in the Articles from time to time, all unissued shares of the Company are at the disposal of the Directors.
- 4.3.5. Subject to the provisions of the Statutes, any shares may be issued on terms that they are redeemed or liable to be redeemed at the option of the Company or the holder on the terms and in the manner provided for by the Articles.
- 4.3.6. Subject to the provisions of the Statutes, the Company may purchase its own shares (including any redeemable shares).

4.4. *Transfer of shares*

- 4.4.1. Subject to paragraph 4.4.2 below, the instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by an instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid (whether certificated or uncertificated)

provided that where such shares are admitted to the Official List, such discretion may not be exercised in a way which the FCA or the London Stock Exchange regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share (whether certificated or uncertificated) in favour of more than four persons jointly. In relation to certificated shares, the Directors may decline to recognise any instrument of transfer unless it is left at the registered office of the Company or such other place as the Directors may determine, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and unless the instrument is in respect of only one class of share. The registration of transfers may be suspended by the Directors for any period (not exceeding 30 days in any year) except that, in respect of uncertificated shares, the consent of the operator of the relevant system for those shares will first be required.

4.4.2. Notwithstanding any other provision of the Articles to the contrary, unless otherwise determined by the Directors, any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system (in each case as defined in the Regulations) such as CREST.

4.5. *Revenue reserve*

The Board may, before recommending any dividend, transfer to revenue reserve out of the profits of the Company such sums as it thinks fit. All sums standing to revenue reserve may be applied from time to time, at the discretion of the Board, for any purpose to which profits of the Company may properly be applied and, pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board thinks fit.

4.6. *Capitalisation of reserves*

The Board may with the authority of an ordinary resolution of the Company:

- (i) capitalise all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the members or any class of members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts unpaid at the relevant time on any shares in the company held by those members respectively or in paying up in full shares, debentures or other obligations of the company to be allotted and distributed credited as fully paid up among those members, or partly in one way and partly in the other, but so that, for the purposes of this article: (i) a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full shares of the company that are to be allotted and distributed as fully paid up; and (ii) where the amount capitalised is applied in paying up in full shares that are to be allotted and distributed as fully paid up, the company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly.

4.7. *General meetings*

4.7.1. The Company shall hold an annual general meeting each calendar year in accordance with the Companies Act. The Board will decide when and where the meeting is to be held. The notice calling the meeting must say that the meeting is the annual general meeting. The Board can call a general meeting at any time.

4.7.2. An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Subject to the Statutes, all other general meetings shall be convened by not less than fourteen clear days' notice in writing. The notice shall specify the place, the

day and time of meeting and, in the case of any special business, the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such.

- 4.7.3. The accidental omission to give notice of a meeting, or to issue an invitation to appoint a proxy with a notice where required by the Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or of an invitation to appoint a proxy by any such person, shall not invalidate the proceedings at that meeting.
- 4.7.4. All Shareholders present in person or by duly appointed corporate representative, and their duly appointed proxy or proxies shall be entitled to attend all general meetings of the Company. The Directors or the chairman of the meeting or any person authorised by the Directors may direct that Shareholders, proxies or corporate representatives wishing to attend any general meeting or anyone else permitted by the chairman of the meeting to attend should submit to such searches or other security arrangements or restrictions (including, without limitation, restrictions on items of personal property which may be taken into the meeting) as the Directors or the chairman of the meeting or such person authorised by the Directors shall consider appropriate in the circumstances. Such persons shall be entitled in their absolute discretion to refuse entry to, or to eject from, such general meeting any such person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

4.8. *Directors*

- 4.8.1. Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall be not less than two and shall not be more than ten. A Director shall not be required to hold any shares in the capital of the Company. A Director who is not a member shall nevertheless be entitled to receive notice of and attend and speak at all general meetings of the Company and all separate general meetings of the holders of any class of shares in the capital of the Company.
- 4.8.2. No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other office or place of profit or acting in a professional capacity for the Company or as a seller, buyer or otherwise. Subject to the provisions of the Statutes and save as therein provided, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit or other benefit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Statutes.
- 4.8.3. A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
 - (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the company or any of its subsidiary undertakings;
 - (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) the giving to him of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;

- (iv) the funding by the company of his expenditure on defending proceedings or the doing by the company of anything to enable him to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements;
- (v) where the company or any of its subsidiary undertakings is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (vi) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the company or by reason of any other interest in or through the company;
- (vii) any contract concerning any other company (not being a company in which the director has a Relevant Interest) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (viii) any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to directors and employees of the company or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (ix) any contract for the benefit of employees of the company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (x) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.

4.8.4. If any question shall arise at any meeting as to the materiality of an interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

4.8.5. Save as provided in the Articles, a Director shall not vote or be counted in the quorum present on any motion in respect of any contract, arrangement, transaction or any other proposal in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company.

4.8.6. Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Directors, but the aggregate of all such fees so paid to the Directors shall not exceed £250,000 per annum or such larger amount as may from time to time be decided by an ordinary resolution of the Company. Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, shall be entitled to receive such remuneration (whether by way of salary, percentage of profits or otherwise) as the Directors may determine. Each Director may be paid his reasonable travelling, hotel and other expenses incurred in attending and returning from meetings of the Directors, or any committee of the Directors or of the Company or of the holders of any class of shares or debentures of the Company or otherwise in connection with the business of the Company. The Articles do not permit a Director to vote on, or be counted in the quorum in relation to, any resolution of the Board concerning his own appointment.

- 4.8.7. Each Director shall have the power at any time to appoint as an alternate Director either (i) another director or (ii) any other person approved for that purpose by a resolution of the Directors, and, at any time, to terminate such appointment.
- 4.8.8. Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he or she was last elected. A retiring Director shall be eligible for re-election.
- 4.8.9. The Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowances or benefits to, *inter alia*, any Directors or ex directors of the Company or of any subsidiary undertaking or parent undertaking of the Company or to the wives, widows, children, other relations and dependants of any such person.
- 4.9. *Borrowing powers*
- The Directors may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money, to guarantee and/or to indemnify any debt, liability or obligation of any third party, and to mortgage or charge its undertaking, property, assets and uncalled capital (present and future), or any part thereof, and, subject to the provisions of the Statutes, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 4.10. *Disclosure of interests in Shares*
- 4.10.1. The Directors may serve notice on any member or on any person appearing to the Directors to be interested in any shares requiring that person to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within 14 days.
- 4.10.2. If any person is in default in supplying to the Company the information required by the Company within the prescribed period set out in 4.10.1 above, the Directors in their discretion may, subject to the Statutes, by notice to the relevant member, suspend voting and/or dividend rights. Any dividends declared and paid in such period on the relevant shares will be retained by the Company (without interest), until the default is rectified.
- 4.11. *Dividends and distributions on liquidation*
- 4.11.1. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the Statutes and any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
- 4.11.2. Subject to the provisions of the Statutes, the Directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the Company quarterly or otherwise on fixed dates.
- 4.11.3. The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, offer the holders of shares the right to elect to receive new shares credited as fully paid instead of cash in respect of the whole or part of any dividend, or interests in any other body corporate or other specific assets.
- 4.11.4. Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.
- 4.11.5. If the Directors act in good faith, they shall not be liable to holders of shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

4.12. *Redemption*

The Shares do not carry a right to redemption by Shareholders.

4.13. *Winding up*

The Company may be voluntarily wound up at any time by special resolution. 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.

4.14. *Untraced Shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable for the benefit of the Company the shares of a Shareholder or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

4.14.1. for a period of 12 years no cheque, warrant or order sent by the Company through the post in a pre-paid letter addressed to the Shareholder or to the person so entitled to the share at his address in the register of members of the Company or otherwise to such address as the Directors shall determine or to such address in respect of the person entitled by transmission to which cheques, warrants or orders are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled provided that in any such period of 12 years the Company has paid at least three dividends whether interim or final and no such dividend during that period has been claimed;

4.14.2. the Company has at the expiration of the said period of 12 years by advertisement in both a national newspaper in the United Kingdom and a newspaper circulating in the area in which the last known address of the Shareholder at which service of notice may be effected under the Articles above is located, given notice of its intention to sell such shares (such advertisement need not refer to the names of the holder(s) of the shares or identify the shares in question);

4.14.3. the Company has not during the period of three months after the date of such advertisements and prior to the exercise of the power of sale, received any communication from the Shareholder or person so entitled; and

4.14.4. if any part of the share capital of the Company is admitted to the Official List or dealt in on the London Stock Exchange, the Company has given notice via a Regulatory Information Service of its intention to sell such shares.

5. Directors and their interests

5.1. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to Directors by the Company in respect of the financial period of the Company to 31 December 2017 will not exceed £131,100.

5.2. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors were appointed as non-executive directors by letters which state that their appointment and any subsequent termination or retirement shall be subject to the Articles but not to any set notice periods. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director (including the appointment of the Chairman) shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from Board meetings for six months or more at Board discretion; (c) written request of the other Directors; and (d) an ordinary resolution of the Company. Each Director is entitled to an annual fee of £23,000 (£34,500 for the Chairman) and £27,600 for the Chairman of the Audit Committee. Copies of the Directors' letters of appointment are available for inspection at the address specified in paragraph 15 of this Part 7.

5.3. No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which was effected by the Company since its date of incorporation.

- 5.4. No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 5.5. The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 5.6. The Company has entered into deeds of indemnity in favour of each of the Directors to the extent permitted by law.
- 5.7. The Directors do not have any options over Shares.
- 5.8. As at 24 May 2017 (being the latest practicable date prior to publication of this document) the Directors held the following interests in the share capital of the Company.

<i>Name</i>	<i>Number of Ordinary Shares currently held</i>	<i>Percentage of issued Ordinary Share capital</i>	<i>Percentage of issued Ordinary Share capital following implementation of the Proposals*</i>
Margaret Littlejohns	20,000	0.02	0.011
Andrew Bell	30,000	0.03	0.016
Zoe King	9,000	0.008	0.005
Anthony Newhouse	20,000	0.02	0.011
Janet Walker	6,000	0.005	0.003

* Assuming, as at 24 May 2017 (being the latest practicable date prior to publication of this document) that UKT Shareholders elect for the Rollover Option in full and that the maximum number of New Shares is issued under the Share Issuance Programme.

- 5.9. Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time during the five years immediately preceding the date of this document are as follows:

	<i>Current Directorships</i>	<i>Previous Directorships</i>
Margaret Littlejohns	JPMorgan Mid Cap Investment Trust plc	The Space Place Self Storage (Chiswick) Limited The Space Place Self Storage (Telford) Limited
	<i>Current Directorships</i>	<i>Previous Directorships</i>
Andrew Bell	Witan Investment Trust plc Witan Investment Services Limited Gabelli Value Plus + Trust plc	The Association of Investment Companies AIC Information Services Limited
	<i>Current Directorships</i>	<i>Previous Directorships</i>
Zoe King	None	None
	<i>Current Directorships</i>	<i>Previous Directorships</i>
Anthony Newhouse	Royal Philharmonic Society (The)	Mahogany Opera Group
	<i>Current Directorships</i>	<i>Previous Directorships</i>
Janet Walker	Dorney Lake Trust Company The Second 58 Eton Avenue Limited Rowns Moss Limited Eton College Services Limited Eton College Trustees Limited EtonX Limited Eton Online Ventures Limited Eton Riverside Management Limited	Dorney Lake Services Limited British Academy of Film and Television Arts (The) Holyport College

- 5.10. Further details of each Director's relevant experience can be found in Part 2 of this document.
- 5.11. As at the date of this document none of the Directors:
- 5.11.1. has any convictions in relation to fraudulent offences for at least the previous five years;
 - 5.11.2. has been, in at least the previous five years, the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body of the companies and/or in the capacity of a partner of the partnerships referred to in paragraph 5.9 above; or
 - 5.11.3. has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.
- 5.12. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. There are no arrangements or undertakings with any major Shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or a member of any committee of the Board. All of the Directors are independent of the AIFM and the Manager and any other company in the same group of companies as the AIFM and the Manager.

6. Substantial Share Interests

- 6.1. As at 24 May 2017 (being the latest practicable date prior to the publication of this document), in so far as is known to the Company, no person is, directly or indirectly, interested in three per cent. or more of the Company's capital.
- 6.2. There are no different voting rights for any Shareholder, save those which derive from the Articles.
- 6.3. The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or, immediately following the Issues, could exercise control over the Company.

7. 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.

7.1. Management Agreement

The Management Agreement dated 17 July 2014 as amended, between the Company and the AIFM whereby the AIFM 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 Management Agreement, subject to the overall supervision of the Directors, the AIFM has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company.

The base management fee is 0.5 per cent. of the average value of gross assets less current liabilities, but excluding any debt used for investment purposes recorded within current liabilities and excluding any Henderson managed funds or Henderson Group plc shares within the portfolio ('adjusted gross assets'). This average value is calculated by using the values on the last day of each of the two calendar years preceding the reporting year. The base management fee is payable quarterly in arrears. Payment of the base fee shall be due within 30 days of the date of the invoice presented by the AIFM. The base management fee is reduced by the amount of any fees or expenses which are payable by the Company to the Depositary for custody services in respect of the relevant quarter.

In addition, a supplemental base management fee is paid on any new funds in relation to share issues in the year they were raised, at the pro-rata annual rate. For the following year any funds raised are added to prior year assets for the purposes of calculating the fee. Payment of the supplemental base fee shall be due within 30 days of the date of the invoice presented by the AIFM.

In addition, the AIFM is entitled to a performance fee in certain circumstances. Performance is measured by calculating the difference between the annual percentage change in net asset value per Ordinary Share and the benchmark equivalent. The benchmark is a composite of 80 per cent. of the FTSE All-Share Index (total return) and 20 per cent. of the Merrill Lynch Sterling Non-Gilts Index (total return). A one per cent. hurdle is deducted from any relative outperformance before any performance fee can be paid. A performance fee of 15 per cent. is awarded on this relative excess performance less the one per cent. hurdle and applied to the current year's average adjusted gross assets.

Fees are subject to a cap. In any one financial year total fees (the combined base management and performance fees) cannot exceed one per cent. of average adjusted gross assets for the current year. Any unrewarded outperformance above this cap is carried forward for a maximum of three years but may only be used to offset any underperformance and cannot in itself earn a performance fee.

Any underperformance relative to the benchmark will be carried forward and no performance fee will be payable until positive performance exceeds any past negative performance.

The AIFM is also entitled to reimbursement of reasonable expenses incurred by it in connection with its duties.

The AIFM 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 AIFM from all liabilities and indemnifies the AIFM against all liabilities suffered by the AIFM in carrying out its duties except where due to the negligence, wilful default or fraud of the AIFM and permits the AIFM and its associates to deal with parties other than the Company. The Management Agreement between the Company and the AIFM is terminable by either party giving the other party 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. The Management Agreement may also be terminated on less than six months' notice by the Company on payment of an early termination fee. 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 AIFM and any reasonable expenses of the AIFM 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.

Pursuant to the Sub-Investment Management Agreement, the AIFM has delegated portfolio management to the Manager.

7.2. *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 custodian of the Company's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Depositary or any of its sub-custodians. The Depositary Agreement may be terminated by any of the Company, the AIFM or the Depositary giving to the others not less than 180 calendar days' written notice, or earlier in the event of *inter alia*, breach of the Depositary Agreement. The Depositary is entitled to receive a fee comprising a depositary fee of one basis point per annum of the net asset value of the Company, plus variable custody charges and transaction charges. 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, wilful default or fraud of the Depositary or any of its branches or subsidiaries or of any sub-custodian.

7.3. *Facility Agreement*

The senior secured multi-currency revolving facility agreement dated 30 March 2012 as extended and amended by the following: (i) first amendment agreement dated 28 March 2013; (ii) second amendment agreement dated 23 June 2014; (iii) third amendment agreement dated 18 July 2014; (iv) fourth amendment agreement dated 10 March 2015; and (v) fifth amendment agreement dated 30 June 2015, all between the Company as borrower and Scotiabank as lender, for an amount up to £30,000,000 (the “**Facility Agreement**”). The rate of interest on each advance will be the aggregate of (i) the applicable margin, plus; (ii) LIBOR or, in relation to any utilisation in Euro, EURIBOR, plus any mandatory cost. 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 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 have material adverse effect on the business, assets or condition of the Company; and (v) insolvency and insolvency-related events relating to the Company.

7.4. *Note Purchase Agreement*

The Note Purchase Agreement dated 8 July 2015 between the Company and purchasers in respect of the issue and sale by the Company of £20,000,000 senior unsecured notes (the “**Notes**”). Interest on the Notes at a rate of 3.67 per cent. is payable semi-annually with the principal amount due to be repaid on 8 July 2034. The Notes shall automatically become due and payable in the event of certain events of default.

The Note Purchase Agreement is governed by English law.

7.5. *Transfer Agreement*

If Resolution 1 to be proposed at the General Meeting is passed, the Company will enter into the Transfer Agreement following the General Meeting, pursuant to which part of the undertaking and assets of UKT will be transferred to the Company in consideration for the allotment by the Company of new Ordinary Shares. The parties to the Transfer Agreement have entered into irrevocable undertakings, to enter into the Transfer Agreement if Resolution 1 to be proposed at the General Meeting is passed.

8. **Related party transactions**

Save as described below, the Company has not entered into any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) since incorporation with the exception of:

- (i) the Management Agreement (described in paragraph 7.1 of this Part 7); and
- (ii) the deeds of indemnity entered into by the Company with the Directors (referred to in paragraph 5.6 of this Part 7).

9. **Typical Investor**

The Directors believe that the typical investors for whom an investment in the Company is appropriate are professionally advised private investors, institutional investors or those individuals who are prepared to tolerate a degree of risk or potential for loss, investing with the aim of receiving a high dividend income stream and maintaining the prospect of capital growth.

10. General

- 10.1. 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. 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.
- 10.2. The Company does not have any employees nor does it own any premises.
- 10.3. The Company does not have any parent undertakings, subsidiaries or associated companies.
- 10.4. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which they are included.
- 10.5. 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.

11. Mandatory bids, squeeze-out and sell-out rules

11.1. *Mandatory bids*

As a company incorporated in England and Wales with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code. The Takeover Code is issued and administered by the Panel on Takeovers and Mergers. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Takeovers Directive. Following the implementation of the Takeovers Directive, the rules set out in the Takeover Code which are derived from the Takeovers Directive now have a statutory basis in the United Kingdom.

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when he/she had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buy back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

11.2. *Squeeze-out rules*

Other than as provided by the Companies Act there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

11.3. *Sell-out rules*

11.3.1. The Companies Act gives minority shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 11.1 of this Part 7. If, at any time before the end of the period within which the general offer can be accepted, the Offeror holds or has agreed to acquire not less than 90 per cent. of

the shares in the Company, any holder of the shares to which the general offer relates who has not accepted the general offer can, by a written communication to the Offeror, require it to acquire that holder's shares.

- 11.3.2. The Offeror is required to give each shareholder notice of his right to be bought out within one month of that right arising. The Offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his rights, the Offeror is entitled and bound to acquire those.

12. Investment restrictions

- 12.1. In accordance with the requirements of the UK Listing Authority, the Company:

12.1.1. will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed in the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);

12.1.2. will not conduct any trading activity which is significant in the context of the Company as a whole; and

12.1.3. will, at all times, invest and manage its assets:

- (a) in a way which is consistent with its object of spreading investment risk; and
- (b) in accordance with its published investment policy.

- 12.2. As an investment trust, the Company will aim to comply with section 1158 of the Tax Act, which imposes on the Company an obligation to spread investment risk.

- 12.3. In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

- 12.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service approved by the UK Listing Authority.

13. Disclosure requirements and notification of interest in shares

- 13.1. Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holdings of certain types of financial instruments (or a combination of such holdings):

- (i) reaches, exceeds or falls below three per cent. or each one per cent. threshold thereafter; or
- (ii) reaches, exceeds or falls below an applicable threshold in paragraph 13.1(i) of this Part 7 as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

- 13.2. The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Guidance and Transparency Rules.

- 13.3. A notification must be made using the prescribed form TR1 available from the FCA's website at <http://www.fca.gov.uk>. Under the Disclosure Guidance and Transparency Rules, the Company

must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

14. Restrictions on transfer

14.1. General

The distribution of this document and offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in paragraph 14.2 of this Part 7. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

14.2. European Economic Area

14.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a “relevant member state”), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”) no Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43 million; and (c) an annual net turnover of more than €50 million as shown in its annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state.

14.2.2. For the purpose of the expression an “offer of any Shares to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue of any Shares, so as to enable a potential investor to decide to purchase or subscribe for the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

15. 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, 201 Bishopsgate, London EC2M 3AE until 29 May 2018.

- (i) the annual reports and accounts of the Company for the three financial years up to and including 31 December 2016;
- (ii) the consent letter referred to in paragraph 10.4 above; and
- (iii) this document.

16. Availability of Prospectus

The Prospectus is available for inspection at www.morningstar.co.uk/uk/NSM and, until 29 May 2018, copies are available for collection, free of charge, from the registered office of the Company, 201 Bishopsgate, London EC2M 3AE.

30 May 2017

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER

Introduction

These Terms and Conditions of Application apply to any application made under the Offer. If you apply for Ordinary Shares in the Offer, you will by completion of the Application Form, be thereby agreeing, warranting, confirming and acknowledging with the Company, the AIFM, the Manager, the Sponsor and the Receiving Agent (together, the "Company and its agents") as follows.

Offer to acquire Ordinary Shares

1. Applications must be made on the Application Form attached at the end of the Prospectus or otherwise published by the Company. All applications in the Offer must be for Ordinary Shares with a minimum aggregate subscription price of £1,000 and, if your application is for Ordinary Shares with an aggregate subscription price of more than £1,000, it must be for a sum which is a multiple of £1,000. Investors may make more than one application for Ordinary Shares under the Offer.
2. By completing and delivering an Application Form, you, as the Applicant, or, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1. offer to subscribe for Ordinary Shares at the Initial Placing and Offer Price on the terms, and subject to the conditions, set out in the Prospectus, including these Terms and Conditions of Application, the guidance notes accompanying your Application Form, and the Company's memorandum of association and the Articles, and agree to be bound by and adhere to the Company's memorandum of association and the Articles as if you were directly a party to the same;
 - 2.2. agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any Ordinary Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked until after 26 June 2017 (or such later date as the Company and its agents may agree). You agree that this paragraph constitutes an irrevocable collateral contract between you and the Company and its agents, which will become binding when your Application Form is posted or delivered by hand to the Receiving Agent, provided that you shall be entitled to revoke your application in the two working days following any publication by the Company of a supplementary prospectus relating to the Offer in accordance with section 87Q(4) of the Financial Services and Markets Act 2000;
 - 2.3. undertake to pay (by cheque or banker's draft or such other method of payment as may be agreed with the Company) the fixed sum specified on your Application Form or such lesser amount (payable in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for or to enjoy or receive any rights or distributions in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate the agreement to allocate Ordinary Shares to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds or remittance which accompanied your Application Form and which is received by the Receiving Agent in cleared funds, without interest);
 - 2.4. agree that any share certificate to which you may become entitled and moneys returnable may be retained, without interest, by the Receiving Agent:
 - 2.4.1. pending clearance of your remittance;

- 2.4.2. pending investigation of any suspected breach of the warranties contained in paragraph 10 below or any other suspected breach of these Terms and Conditions of Application; or
- 2.4.3. pending any verification of identity (to the satisfaction of the Company and its agents, including as may concern the manner in which its identification documents are to be certified) which is, or which the Company and its agents consider may be, required for the purposes of compliance with the prevailing anti-money laundering, anti-terrorism and contributing to the financing of criminal activities legislation, regulations and procedures in force from time to time in the United Kingdom (the "CDD Rules");
- 2.5. agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for Ordinary Shares, or as a result of termination of any agreement to allocate Ordinary Shares pursuant to paragraphs 2.3 or 2.7 of these Terms and Conditions of Application may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of Ordinary Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company, and/or the power to re-allocate or sell Ordinary Shares contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these Terms and Conditions of Application;
- 2.6. agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer and may be disclosed as contemplated by the CDD Rules;
- 2.7. agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefore, any agreement with you to allocate Ordinary Shares may be terminated and, in such case, the Ordinary Shares which would otherwise have been allocated to you may be re-allocated and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
- 2.8. warrant and confirm that:
 - 2.8.1. you are not a person engaged in money laundering;
 - 2.8.2. none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities; and
 - 2.8.3. you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
- 2.9. undertake to ensure that, in the case of your Application Form being signed by someone other than the Applicant, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form;
- 2.10. undertake to pay interest at the rate prescribed in paragraph 6 below if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.11. authorise the Receiving Agent on behalf of the Company to send definitive certificates in respect of the number of Ordinary Shares for which your application is accepted, and/or a

crossed cheque for any monies returnable, by post to your address as set out in your Application Form;

- 2.12. confirm that you have read and complied with paragraphs 22 and 23; and
 - 2.13. agree that your Application Form is addressed to the Company and its agents.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

Acceptance of your offer

4. You agree that acceptance of your application, if it is validly received (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these Terms and Conditions of Application, shall be constituted at the election of the Company, after consultation with the Sponsor, either:
 - 4.1. by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
 - 4.2. by notifying acceptance to the Receiving Agent.
5. The Company and its agents reserve the right to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these Terms and Conditions of Application, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these Terms and Conditions of Application.
6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful Applicants' cheques. The Company may require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus 2 per cent. per annum.

Conditions

7. The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon the Admission of the Ordinary Shares, issued and to be issued, to the Official List of the UK Listing Authority and to trading on the Main Market for listed securities and such admissions becoming effective by 8.00 a.m. on 29 June 2017 (or such later date, not being later than 31 July 2017, as the Company and the Sponsor may agree). The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer.
8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

Return of application monies

9. If any application is not accepted, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest in Sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, save where such amount is less than £3.00. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

Warranties

10. By completion of an Application Form, you:
 - 10.1. warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;
 - 10.2. acknowledge that, if you are not resident in the United Kingdom, no action has been taken to permit a public offer in your jurisdiction and that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer or your application;
 - 10.3. confirm that in making an application you are not relying on any information or representations in relation to the Company and the Ordinary Shares other than that contained in the Prospectus (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representations;
 - 10.4. acknowledge that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;
 - 10.5. warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Application Form and to apply for Ordinary Shares or an individual who is not under the age of 18 on the date of your application;
 - 10.6. agree that all documents and monies sent by post to you, by or on behalf of the Company or any of its agents will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address as set out in your Application Form;
 - 10.7. confirm that you have reviewed the restrictions contained in the section entitled "Overseas Investors" in paragraphs 22 and 23 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
 - 10.8. warrant that you are not in the United States, or subscribing for the Ordinary Shares for the account of any person in the United States, and are not a Canadian person, or an individual, corporation or other entity resident in Japan, the Republic of South Africa or Australia; and
 - 10.9. warrant that the details relating to you as set out in your Application Form are correct.

Allocations

11. The basis of allocation will be determined at the sole discretion of the Company. The right is reserved notwithstanding such basis to reject in whole or in part and/or scale down any application.

Miscellaneous

12. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
14. You agree that Dickson Minto W.S. is acting for the Company in connection with the Offer and for no-one else and Dickson Minto W.S. will not treat you as its client by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or otherwise in relation to the Offer for Subscription.
15. You authorise the Receiving Agent or any person authorised by it or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed for by you in your name and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.
16. You agree that it is a condition of application that any information supplied by an Applicant or on his behalf or derived from the processing thereof may be used by the Receiving Agent or the Company and/or disclosed to the Company, its agents or advisers in connection with and for the purposes of the Issue and, for the purposes of the UK Data Protection Act 1998 (or any statutory modification or substitutions), you provide your consent to the use and disclosure of this information.
17. You agree that a failure to receive, process or accept your application for Ordinary Shares does not give rise to any right of action by any person against the Company, the Sponsor, the Receiving Agent or any other person. You agree that the non-receipt by any person of the Prospectus or any other related document shall not invalidate the Issue in whole or in part or give rise to any right of action by any person against the Company, the Sponsor, the Receiving Agent or any other person.
18. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that, for the benefit of the Company, the Sponsor and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, the Sponsor, the Receiving Agent or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
19. Completed Application Forms, together with payment, must be returned so as to be received by post to Computershare, Corporate Action Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH no later than 3.00 p.m. on 26 June 2017. An Application Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent.

Money Laundering

20. You agree that, in order to ensure compliance with the CDD Rules, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Without prejudice to the generality of the foregoing such evidence may be required if you either:
 - 20.1. tender payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
 - 20.2. appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identify of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence of identity (in a manner satisfactory to the Company and its agents, including in respect of the manner of its certification) may result in application(s) being rejected or delays in the authorisation of documents.

21. Without prejudice to the generality of paragraph 20 above, verification of the identity of Applicants may be required if the total subscription price of the Ordinary Shares applied for, whether in one or more applications, exceeds £13,000 (approximately equivalent to €15,000). If in such circumstances, you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the Applicant's risk).

Overseas Investors

22. If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for Ordinary Shares under the Offer, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.
23. Without limiting the above, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan or Australia, the Republic of South Africa or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the US Securities Act or other relevant legislation. If you subscribe for Ordinary Shares in the Offer you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in the United States. No application will be accepted if it bears an address in the United States or otherwise where there is cause to believe you are in the United States.

Definitions used in these Terms and Conditions of Application

24. In these Terms and Conditions of Application and the Application Form the following terms have the meanings set out below:

"Application Form" means the application form for use in connection with the Offer attached at the end of the Prospectus or any application form for use in connection with the Offer otherwise published by or on behalf of the Company; and

"Prospectus" means the document comprising a prospectus of the Company dated 30 May 2017.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used in the Prospectus.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 3.00 p.m. on 26 June 2017. All Applicants should read notes 1-5 and 7-9. Note 6 should be read by Joint Applicants.

1. Application

Fill in (in figures) the aggregate subscription price for which your application is made. Your application must be for a minimum subscription price of £1,000 or, if more than £1,000, in multiples of £1,000.

2. Personal Details

Fill in (in block capitals) the full name, address and daytime telephone number of the Applicant. If this application is being made jointly with other persons, please read note 6 before completing Box 2 of the Application Form.

3. Signature

The Applicant named in Box 2 must date and sign Box 3.

The Application form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. Payment details

Payments by cheque or banker's draft

Attach a cheque or banker's draft for the exact amount shown in Box 1 of the Application Form to your completed Application form. Your cheque or banker's draft must be made payable to "CIS PLC RE: HHI OFS ACCEPTANCE" and crossed "a/c Payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in pounds Sterling drawn on a branch in the United Kingdom, the Channel Islands or the Isle of Man of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "CIS PLC RE: HHI OFS ACCEPTANCE". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or banker's draft to such effect.

The account name should be the same as that shown on the application.

Payments by electronic transfer

If you wish to pay by electronic transfer, payments must be made by CHAPS or SWIFT in Sterling. Payments must be made for value by 3.00 p.m. on 26 June 2017. Please contact Computershare Investor Services PLC by email at OFSPAYMENTQUERIES@COMPUTERSHARE.CO.UK for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

CREST settlement

The Company will apply for the Shares issued pursuant to the Issues in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "Settlement Date"). Accordingly, settlement of transactions in the Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's registrars, Computershare Investor Services PLC ("Computershare"), will require from you in order to settle your commitment within

CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Computershare in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Computershare, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Shares to your CREST account against payment of the Initial Placing and Offer Price through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Shares to be made prior to 8.00 a.m. on 29 June 2017 against payment of the Initial Placing and Offer Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus 2 per cent. per annum.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade date:	28 June 2017
Settlement date:	29 June 2017
Company:	Henderson High Income Trust plc
Security description:	Ordinary Shares of 5 pence each
SEDOL:	0958057
ISIN:	GB0009580571

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA27 by no later than 1.00 p.m. on 28 June 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Computershare, reserves the right to deliver Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer have been satisfied.

General

Applications with a value of €15,000 or greater (or its Sterling equivalent, being approximately £13,000), which are to be settled by way of a third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the Applicant, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2007. In order to ensure compliance with the Money Laundering Regulations the Company (or any of its agents) may require at its absolute discretion such evidence in respect of any application which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status.

Where an electronic transfer is being made over the €15,000 (or its Sterling equivalent, being approximately £13,000) threshold by CHAPS the investor should also supply their bank statement to show where the sources of funds have been sent from. If the investment is £50,000 or more in Sterling, the investor must also provide a certified copy of their passport and a recent bank statement. No receipt in respect of electronic payments or acknowledgement of Applications will be issued.

For UK Applicants, this may involve verification of names and addresses (only) through a reputable agency. For non-UK Applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the Applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer is extended) by 3.00 p.m. on 26 June 2017, your application may not be accepted.

Certificates, cheques and other correspondence will be sent to the address in Box 2.

5. Shares in Uncertificated Form (CREST)

If you wish your Ordinary Shares to be issued in uncertificated form you should complete the Application Form as above and must also complete Box 5. If you do not complete Box 5, you will receive your Ordinary Shares in certificated form.

6. Joint Applicants

If you make a joint application, you will not be able to transfer your Ordinary Shares into an ISA. If you are interested in transferring your New Ordinary Shares into an ISA, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Boxes 2 and 3 of the Application Form must be completed by one Applicant. All other persons who wish to join in the application must complete and sign Box 6.

Another person may sign on behalf of any Joint Applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and other correspondence will be sent to the address in Box 2.

7. Verification of Identity

Box 7 of the Application Form applies if the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000) or the Company (or any of its agents), at its absolute discretion deems it necessary to apply in order to ensure compliance with the CDD Rules. If Box 7 applies to your application, you must ensure that Boxes 7.1, 7.2 or 7.3 (as appropriate) is completed.

7.1. Professional Advisor or Intermediary

You should complete Box 7.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial advisor acting on behalf of a client.

7.2. Reliable Introducer

If you are not a professional advisor or intermediary and the value of your application(s) exceed(s) €15,000 (or its equivalent, being approximately £13,000) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you will be required to provide the verification of identity documents listed in Box 7.3 of the Application Form unless you can have the declaration set out in Box 7.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Box 7.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all Applicants who are not professional advisors or intermediaries and to whose applications Box 7 of the Application Form applies are strongly advised to have the declaration set out in Box 7.2 of the Application Form completed and signed by a suitable firm where possible.

7.3. Applicant Identity Information

Box 7.3 of the Application Form need only be completed where the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £13,000) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules and neither Boxes 7.1 nor 7.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in Box 7.2 of the Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in Box 7.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional advisor in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in Box 7.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

8. CRS Form

If you are a new investor in the Company, in addition to completing and returning the Application Form to Computershare, you will also need to complete and return a Tax Residency Self Certification Form (CRS Form). The “individual tax residency self-certification – sole holding” form will be sent together with your new share certificate during the week commencing 10 July 2017. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Computershare on 0370 707 1039.

It is a condition of the Application that (where applicable) a completed version of the relevant CRS form is provided with the Application Form before any Application can be accepted.

9. Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH so as to be received by no later than 3.00 p.m. on 26 June 2017, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

APPLICATION FORM

Please send the completed form by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH so as to be received no later than 3.00 p.m. on 26 June 2017.

Important – Before completing this form, you should read the accompanying notes.

ALL APPLICANTS MUST COMPLETE BOXES 1 TO 3 (SEE NOTES 1-6 OF THE NOTES ON HOW TO COMPLETE THIS APPLICATION FORM).

If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0370 707 1039. Calls from outside the UK are chargeable at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays). The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

To: **Henderson High Income Trust plc**

Box 1. Application

I/We offer to subscribe for:

£ of new Ordinary Shares (minimum £1,000 and thereafter in multiples of £1,000) fully paid on the terms, and subject to the conditions set out in the Prospectus dated 30 May 2017 (including the Terms and Conditions of Application contained therein), the guidance notes accompanying this Application Form, and the memorandum of association and the Articles respectively.

Box 2. Personal Details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Daytime telephone no.:

Box 3. Signature

I/We hereby confirm that I/we have read the Prospectus and make this application on and subject to the Terms and Conditions of Application set out in the Prospectus.

Execution by an individual:

Signature:	Dated: 2017
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Execution by a company:

Executed by (name of company):	Date:
Name of Director:	Signature:
Name of Director/Secretary:	Signature:
If you are affixing a company seal, please mark this box with a cross: <input style="width: 20px; height: 20px; margin-left: 10px;" type="checkbox"/>	Affix Company Seal here:

Box 4. Settlement**Please tick the relevant box confirming your method of payment.**

(a) Cheque/Banker's Draft Details

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 (being the Initial Issue Price of £1.00 per Ordinary Share multiplied by the number of Ordinary Shares you wish to subscribe for) made payable to "CIS PLC RE: HHI OFS Acceptance". Cheques and bankers' payments must be in Sterling and drawn on an account at a branch of a clearing bank in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner.

(b) Electronic Bank Transfer

For Applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 3.00 p.m. on 26 June 2017. Please contact Computershare by email at ofspaymentqueries@computershare.co.uk for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with the bank details, together with a unique reference number which must be used when sending payment. Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 3.00 p.m. on 26 June 2017 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account name:
Account number:	Contact name at branch and telephone number:

(c) CREST Settlement

If you so choose to settle your commitment within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Shares to be made against payment of the Initial Placing and Offer Price, following the CREST matching criteria set out below:

Trade date: 28 June 2017
 Settlement date: 29 June 2017
 Company: Henderson High Income Trust plc
 Security description: Ordinary Shares of 5 pence each
 SEDOL: 0958057
 ISIN: GB0009580571

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA27 by no later than 1.00 p.m. on 28 June 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Box 5. Shares in Uncertificated Form (CREST)

Complete this section only if you require your new Ordinary Shares to be credited to your CREST account.

CREST Participant ID: (no more than five characters)						CREST Member Account ID: (no more than eight characters)								
CREST Participant's Name:														

Box 6. Joint Applicants (PLEASE USE BLOCK CAPITALS)

BOX 6 MUST ONLY BE COMPLETED BY JOINT APPLICANTS (SEE NOTE 6)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname/Company Name	Signature

Box 7. Verification of Identity

(If the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £13,000) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you must ensure that Boxes 7.1, 7.2 or 7.3 (as appropriate) is completed).

Box 7.1 Professional Advisers and Intermediaries

(This Box 7.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial advisor).

<i>(Name of professional adviser or intermediary, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>

Declaration by the professional advisor or intermediary

To: Henderson High Income Trust plc, Computershare Investor Services PLC and Dickson Minto W.S.

We are a financial advisor authorised under the Financial Services and Markets Act 2000 applying for Ordinary Shares on behalf of one or more clients ("relevant clients"). As such, we hereby undertake to:

- i. complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- ii. to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- iii. to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

<i>(Full name and country of operation of regulatory or professional body)</i>	
<i>(Reference or other official number)</i>	

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this Box 7.1.

<i>(Date)</i>	2017	<i>(Official stamp, if any)</i>
<i>(Signature)</i>		
<i>(Full name)</i>		
<i>(Title/position)</i>		

Box 7.2 Reliable Introducer

(If you are not a professional advisor or intermediary to whom Box 7.1 applies, completion and signing of declaration in this Box 7.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in Box 7.3 of this form).

(The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)

Declaration by the firm

To: Henderson High Income Trust plc, Computershare Investor Services PLC and Dickson Minto W.S.

With reference to the Applicant(s) detailed in Box(es) 2 and, in the case of Joint Applicants, 6 above, all persons signing Boxes 3 and 6 above and the payor identified in Box 4 above if not also an Applicant holder (collectively the "relevant persons"), we hereby declare that:

- i. we operate in one of the above mentioned countries and our firm is subject to anti-money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
- ii. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- iii. each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- iv. we confirm the accuracy of the names and residential/business address(es) of the Applicant(s) named in Box(es) 2 and, in the case of Joint Applicants, 6 above and, if details of a CREST account are included in Box 5 above, that the owner thereof is the Applicant named in Box 2 above;
- v. having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
- vi. where the payor and Applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the Applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

<i>(Date)</i>	<i>2017</i>	<i>(Official stamp, if any)</i>
<i>(Signature)</i>		
<i>(Full name)</i>		
<i>(Title/position)</i>		

have authority to bind the firm, the details of which are set out below:

<i>(Name of firm, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>

<i>(Full name of firm's regulatory authority)</i>	
<i>(Website address or telephone number of regulatory authority)</i>	<i>(Firm's registered, licence or other official number)</i>



Box 7.3 Applicant Identity information

(Only complete this Box 7.3 if your application has a value greater than €15,000 (or its equivalent, being approximately £13,000) and neither of Boxes 7.1 and 7.2 can be completed) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules.

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Receiving Agent and the Company reserve the right to ask for additional documents and information).

	Tick here for documents provided				
	Applicant				Payor
	1	2	3	4	
A. For each Applicant who is an individual enclose:					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in Box 2 and, in the case of Joint Applicants, Box 6 is the Applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
B. For each holder being a company (a "holder company") enclose:					
(i) a certified copy of the certificate of incorporation of the holder company; and					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii) a statement as to the nature of the holder company's business, signed by a director; and					
(iv) a list of the names and residential addresses of each director of the holder company; and					
(v) for each director provide documents and information similar to that mentioned in A above; and					
(vi) a copy of the authorised signatory list for the holder company; and					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 3 per cent. of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)					
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 3 per cent. of the issued share capital of that beneficiary company.					
E If the payor is not an Applicant and is not a bank providing its own cheque or banker's draft on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:					
(i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii) if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii) an explanation of the relationship between the payor and the Applicant(s).					

