

Henderson Global Property Companies Limited

Report and Financial Statements for the year ended 31 August 2010



History

Henderson Global Property Companies Limited is a Guernsey domiciled closed-end investment company which was incorporated in 2006 and is listed on the London Stock Exchange. The company has a conventional structure with only ordinary shares in issue and pays quarterly dividends. Investments are held through a wholly owned Luxembourg subsidiary company. The board is wholly independent of the management company.

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Investment Objective

To provide investors with a total return (both income and capital growth) principally through investing in listed property securities and property-related securities globally.

The company measures its performance against the FTSE EPRA/NAREIT Developed Net Total Return Index.

Highlights

	31 August 2010	31 August 2009	% change
Net asset value per share	62.54p	54.29p	15.2*
Share mid-market price	53.50p	48.25p	10.9*
Discount	14.5%	11.1%	–
Revenue earnings per share	4.52p	5.17p	-12.6
Dividends paid and payable per share	3.20p	4.75p	-32.6

*Return does not include dividends. For total return see the performance figures below.

Performance

	1 year %	Since inception (cumulative) %
Net asset value total return ⁽¹⁾	22.83	-19.75
Share price total return ⁽¹⁾	19.21	-27.33
FTSE EPRA/NAREIT Developed Net Total Return Index (sterling adjusted) ^{(2)*}	22.07	3.20

Sources: (1) Fundamental Data (net income reinvested) (2) Datastream (gross income reinvested).

*The index was previously known as FTSE EPRA/NAREIT Global Property Total Return Index (sterling adjusted).

Directors

Christopher Jonas (chairman), is a past president of the Royal Institution of Chartered Surveyors. He has over 45 years' experience in the property sector, principally with Jones Lang Wootton and Drivers Jonas. He has held a number of directorships, including Canary Wharf Group plc, British Railways Board, BR Property Board, Bank of Scotland (England), Port of London Authority and Chelsfield Partners LLP. He has provided strategic property advice to a number of institutions, including BAA plc, Brixton plc, Morgan Stanley, Newton Investment Management Ltd and Royal Bank of Scotland. He is chairman of Goldsmiths, University of London and a trustee of the Westminster Abbey Staff Pension Fund.

Peregrine Banbury was a Managing Partner at Coutts & Co responsible for the teams looking after the bank's traditional clients until his retirement in 2009. Previously he was Head of Coutts Asset Management, a director of Coutts Investment Management Ltd and a director of the Securities Institute. He has also been a director of a number of investment trusts and a trustee of a number of charities.

Richard Battey (chairman of the Audit Committee) is a resident of Guernsey and a qualified chartered accountant. He is a non-executive director of Acencia Debt Strategies Limited, Better Capital Limited, Falcon Investment Property SPC, Juridica Investments Limited, Northwood Capital European Fund Limited, Northwood Capital Enhanced European Fund Limited, Princess Private Equity Holding Limited and Prospect Japan Fund Limited. Mr Battey was previously a non-executive director of China Growth Opportunities Limited and Origo Resource Partners Limited.

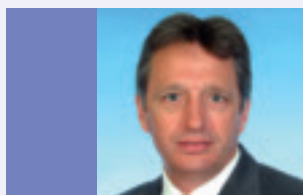
Mr Battey joined the Schroder Group in December 1977 and was a director of Schroders (CI) Limited from April 1994 to December 2004, where he served as Finance Director and Chief Operating Officer, and was a director of Schroder Group Guernsey companies covering banking, investment management, trusts, insurance and private equity administration retiring from his last Schroder directorship in December 2008.

From May 2005 to July 2006 he was Chief Financial Officer of CanArgo Energy Corporation which was engaged in oil and gas exploration and production in Georgia and Kazakhstan.

Christopher Sherwell is a resident of Guernsey. He is a non-executive director of a number of investment-related companies. He was managing director of Schroders (CI) Limited from 2000 to 2004 and served as a director of various Schroder group companies and investment funds. He remained a director of Schroders (CI) Limited until he stepped down at the end of 2008. His other directorships include chairmanship of Goldman Sachs Dynamic Opportunities Limited, a fund of hedge funds and of the Hermes Commodities Umbrella Fund. Before joining Schroders in 1993 he worked as Far East regional strategist with Smith New Court Securities in London and then Hong Kong. He was previously a journalist, working for the Financial Times.

All of the directors are non-executive and all are members of the audit committee, the management engagement committee and the nominations committee.

Management



Patrick Sumner

The portfolio is managed by Patrick Sumner, assisted by colleagues in London, Chicago and Singapore.

Chairman's Statement



Christopher Jonas

Real estate markets round the world have re-established a sounder basis of value in the last year after the shocks of earlier years. Nonetheless recovery remains a slow process because banks' exposure to the sector is still well over its longer run average. A vast amount of real estate-related debt is due for repayment in the next three years, requiring the injection of substantial new equity to secure refinancings. That said, the risk premium on real estate securities is now lower than a year ago, with a consequent increase in capital values. Our shift from a predominantly yield-focused strategy to a more balanced total return approach has enabled us to match the market's overall growth, as well as our dividend target.

Performance

The net asset value total return per ordinary share rose by 22.83% whilst the share price total return rose by 19.21% reflecting the widening of the discount over the year from 11.1% to 14.5%. The FTSE EPRA/NAREIT Developed Net Total Return Index (sterling adjusted) rose by 22.07% over the same period. No performance fee is payable to our managers as the high watermark has not been reached.

Earnings and Dividend

Net revenue before tax was £1,876,000 (2009: £2,211,000) reflecting the lower income requirement following the reduction in the dividend target set in 2009. This revised dividend target of 0.80p per quarter or 3.20p per annum has been comfortably exceeded with 1.32p added to the reserves. In the absence of unforeseen circumstances, your board intends to maintain this dividend in the coming year.

Discount Management and Future of the Company

I reported in the half year statement that the board

would introduce another discount test this year.

Shareholders would have a vote on the continuation of the company at the 2010 annual general meeting if in the three months to 31 October 2010, the average level of discount to the company's NAV was greater than 10%. The discount to NAV would be calculated on a daily basis and take the NAV on a cum income basis. In the event the average level was 12.95% and therefore a continuation resolution will be put to the annual general meeting.

The uncertainty over the outcome of the vote causes inevitable technical complications in presenting the accounts. The decision to continue or not is entirely in the hands of our shareholders. Meanwhile, and regardless of the result, the board has complete confidence in the company's ability to meet all of its future obligations.

Your board believes that many shareholders support the company because they like the globally diversified exposure to property markets at various stages of

Chairman's Statement

continued

recovery, combined with a generous dividend yield.

Our shares trade at a narrower discount to our peers. Your board believes that the dividend yield, continuing growth in property values and the successful implementation of the company's strategy will narrow the discount further over time. In turn this would reduce the impact of sub-optimal size.

Shareholders must make up their own minds on the continuation vote, according to their particular circumstances. So far as the directors are concerned, they intend to vote all their shares in favour of continuation; they urge all shareholders to do likewise.

Board

Bill Scott was not re-elected to the board by shareholders at the 2009 annual general meeting and therefore retired from the board. Richard Battey joined the board in his stead on 8 January 2010. Bill made an immense contribution to your company's affairs both as a director and as chairman of our audit committee and we wish him well in the future.

Borrowing

Having remained ungeared in the first half of the year, some synthetic gearing was introduced into the portfolio in the second half of the year through the flexible use of contracts for difference ("CFD"), with the intention of increasing revenue as well as enhancing capital returns. Since their introduction approximately £170,000 of income has been received. At the year end leverage as a result of CFD exposure stood at 5.8%.

Outlook

The global economy is in delicate balance, with conflicting pressures still evident. Quantitative easing in the "old economies" of the US, Europe and Japan on the one hand, contrasts with the inflationary trends and

quantitative tightening in many emerging markets on the other. Employment growth, the key driver of demand for commercial property, is strongest in Asia and is likely to remain so for some time. Urbanisation and increasing household wealth in China has an effect far beyond its borders.

At the same time there are areas of growth in both the US and Europe, notably in London. Property is not a commodity, and so the liquidity of public markets allow us to focus on the locations, sectors and companies with the best prospects.

We are focused on balancing capital and income returns. In this we benefit from the excellent growth prospects in parts of Asia and the strong dividend income and the prospect of a steady recovery from a serious malaise in parts of the west. The manager believes that the right balance has been found and that it can be maintained in the coming years.

Annual General Meeting

Shareholders are welcome to attend the annual general meeting, which will be held at 10am on Thursday, 16 December 2010 at BNP Paribas House, 1 St Julian's Avenue, St Peter Port, Guernsey GY1 6BH. Your board recognises the location of the meeting may be difficult for investors domiciled on the UK mainland, and as in past years we will hold an open presentation to shareholders on Wednesday, 19 January 2011 at 3pm at Henderson's offices at 201 Bishopsgate, London EC2M 2AE where the manager will make an investment presentation and he and I shall be happy to answer questions. If you would like to attend please complete and return the invitation enclosed with this report.

Christopher Jonas

11 November 2010

Investment Portfolio

by country of listing as at 31 August 2010

Stocks in **bold** are the ten largest investments which, by value, account for 34.5% of the total value of investments (2009: 35.7%).

	Valuation £'000	% of portfolio		Valuation £'000	% of portfolio
United States			United Kingdom		
Simon Property Group	754	3.3	Land Securities	459	2.0
Ventas	558	2.5	Shaftesbury	271	1.2
Macerich	539	2.4	Derwent London	240	1.1
Kimco Realty	524	2.3	Development Securities	114	0.5
Medical Properties Trust	511	2.2	Safestore Holdings	110	0.5
Entertainment Properties Trust 7.375% Pref Series D	455	2.0	Max Property Group	85	0.4
Camden Property Trust	446	2.0	British Land (CFD)**	6	–
Brandywine Realty Trust	443	1.9		1,285	5.7
Mid-America Apartment Communities	441	1.9	Singapore		
Alexandria Real Estate	361	1.6	Keppel Land	553	2.4
Ramco-Gershenson Properties	359	1.6	Hongkong Land	350	1.6
Apartment Investment Management 8% Pref Series T	357	1.6	AIMS AMP Capital Industrial REIT	93	0.4
National Retail Properties	348	1.5		996	4.4
Apartment Investment Management 7.75% Pref Series U	345	1.5	France		
Duke Realty 8.375% Pref Series O	340	1.5	Unibail-Rodamco	615	2.7
Lexington Realty Trust 8.05% Pref Series B	309	1.4	CFI Compagnie Foncière International	163	0.7
Entertainment Properties Trust	280	1.2	Tour Eiffel	144	0.7
CBL & Associates Properties 7.75% Pref Series C	253	1.1		922	4.1
Developers Diversified Realty 8% Pref Series G	242	1.1	Guernsey		
Sun Communities (CFD)**	83	0.4	FF&P Russia Real Estate Development*	390	1.7
Vornado Realty Trust (CFD)**	81	0.4	Invista European Real Estate Trust 9% Cum Pref	183	0.8
Liberty Property Trust (CFD)**	(14)	(0.1)	Invista Foundation Property Trust	154	0.7
CBL & Associates Properties (CFD)**	(94)	(0.4)	Invista European Real Estate Warrants	8	–
	7,921	34.9		735	3.2
Japan			Netherlands		
Mitsubishi Estate	976	4.3	Eurocommercial Properties	449	2.0
Kenedix Realty	909	4.0	Nieuwe Steen Investments	141	0.6
Mitsui Fudosan	527	2.3		590	2.6
Sumitomo Realty & Development	496	2.2	China		
Industrial & Infrastructure Fund	234	1.1	China Resources Land	372	1.6
	3,142	13.9		372	1.6
Hong Kong			Sweden		
Sun Hung Kai Properties	1,184	5.2	JM AB	154	0.7
Kerry Properties	653	2.9	Wihlborgs Fastigheter	182	0.8
The Link REIT	381	1.7		336	1.5
Shimao Property Holdings	316	1.4	Indonesia		
Sino Land	158	0.7	Bumi Serpong Damai	96	0.4
Great Eagle Holdings	142	0.6	Alam Sutera Realty	77	0.3
	2,834	12.5		173	0.7
Australia			Bermuda		
Westfield	1,086	4.8	Jupiter Adria*	122	0.5
CFS Retail Property	447	2.0		122	0.5
Bunnings Warehouse Property	159	0.7			
	1,692	7.5	Total Investments		
Canada				22,693	100.0
Extendicare REIT	454	2.0			
Artis REIT	350	1.6			
Dundee REIT	325	1.4			
Chartwell Seniors Housing	257	1.1			
Cominar REIT	187	0.8			
	1,573	6.9			

*Unquoted ** Derivatives

Manager's Report

Market Overview

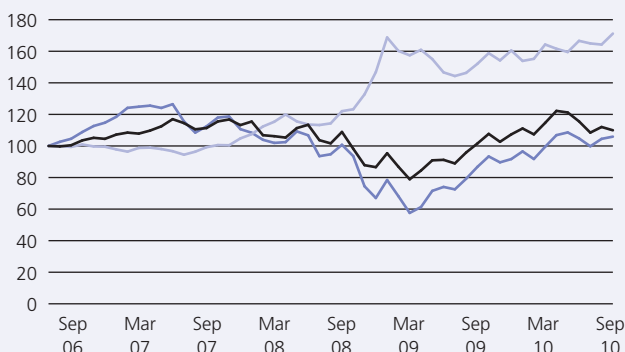
In the 12 months to 31 August 2010 global property markets continued to witness, on average, a weak but consistent improvement in fundamentals. Capital values rose, sharply in some instances, during the year as financial markets recovered their equilibrium. Rental values were also varied, with a few office markets showing growth (London, Hong Kong, Singapore), but most developed retail markets treading water. Industrials and logistics were the weakest sector in the developed world.

Waves of forced selling by banks and others failed to materialise, with lenders opting to take a long-term view and dealing with only the most immediately pressing problem assets.

Against this backdrop the listed property sector continues to find itself in a relatively favourable position. Balance sheets have been repaired, and companies globally have found themselves with a cost of capital advantage over the wider property sector. Equity markets remain open and companies have an increasing range of sources of debt, including banks, bonds and even a revived CMBS market. We expect a further, but gradual shift of real estate assets from highly leveraged borrowers and banks into the hands of long-term and better financed holders, including the listed sector.

Property Equities v Equities and Bonds

Cumulative total return since inception



— FTSE EPRA/NAREIT Developed Net Total Return Index (£)
 — MSCI Global Equities Total Return Index (£)
 — Citigroup Global Govt. Bond Index (7-10 yrs) (£)

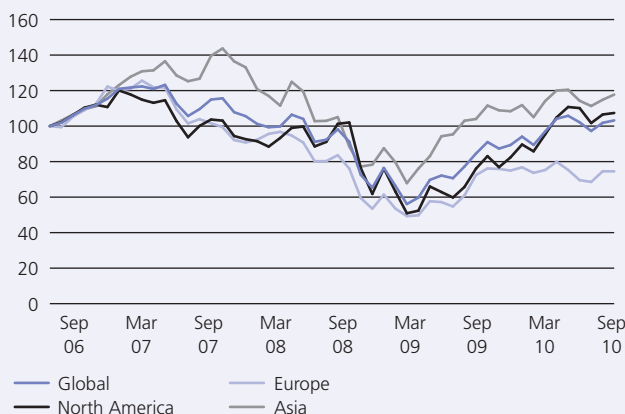
Source: DataStream, MSCI, S1 Citigroup, Henderson Global Investors
 Note: Data from 31 July 2006 to 31 August 2010, total return indices

Over the company's financial year the FTSE EPRA/NAREIT Developed Total Return index (in sterling) rose by 22.1%, helped by the weakness of sterling against the dollar and most Asian currencies.

We continue to see a wide dispersion of returns globally. North America was the strongest region, up 41.2% (in sterling terms), helped by Canada's 47.8% gain. Asia generated gains of 13.2%, with Singapore and Hong Kong up 33.6% and 17.5% respectively, but Japan underperforming, down 2.0%. Australia returned to growth, gaining 20.8%. The European Index return for the period was 2.9%, with UK property shares detracting, down 4.6%. Swiss and Swedish stocks were the best performers, again helped by currency strength, up 35.7% and 25.2% respectively. France and the Netherlands generated more modest returns of 5.2% and 3.3%.

Property Equities – Regions

Gross total return indices (£)



Source: Bloomberg, Henderson Global Investors, as at 1 September 2010, rebased from July 2006
 Note: Benchmark indices: FTSE EPRA/NAREIT Developed Net Total Return Index (£)

Performance

Our investment objective is to deliver the best possible total return, while maintaining an income distribution of at least 3.20p per ordinary share for the year. With this in mind, we are pleased that the total return (net of all costs) was marginally ahead of the index over the financial year and that we comfortably exceeded our income target, generating 4.52p of distributable earnings, enabling us to add to our reserves.

Over the last two financial years we have generated approximately £5 million of gross income, from an average

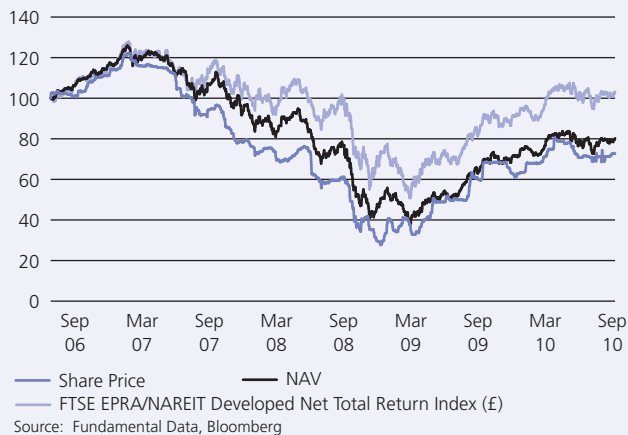
Manager's Report

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portfolio value of just over £20 million, demonstrating the opportunities presented by unsynchronised dividends around the world. Our revised dividend target for the last financial year has enabled us to place more emphasis on growth opportunities where appropriate and has helped us to generate total returns commensurate with the sector, despite our income orientation. We feel this balance remains appropriate, and we continue to see attractive opportunities among both income and growth stocks.

Fund Performance since inception

Rebased total return indices



Portfolio

In the 2008/09 financial year we made a significant shift to more closely align our portfolio's regional distribution with that of the index. We have continued to adopt a broadly neutral regional stance, focusing on stock selection to generate alpha. On a see-through basis at the end of August 2010 exposure to the Asia-Pacific region was 35.3%, European exposure stood at 17.5% and our allocation to North America was 45.5%. Holdings in unlisted investments stood at 2.2% and we continue to take a conservative approach to the valuation of the two holdings concerned.

In North America we gained from our overweight position in Canada, with stock selection enhancing returns, most notably by REITs **Dundee** and **Extencicare**. With prospective dividend yields in Canada still over 7% and a robust economy and currency, we continue to see value and added positions in **Artis REIT** and **Chartwell Seniors Housing** over the year. In the US, investment market indicators show the same trends as in much of the Western world, but sentiment appears more positive, and we foresee greater dividend growth in the region than in most other areas of the developed world. In retail, we expect high quality dominant malls to continue to attract

footfall and therefore be better placed than many to deliver rental growth in the years ahead. Holdings in mall REITs **Macerich** and **Simon Property Group** have served us well. In the office sector, rents are yet to see any meaningful pick-up, but we expect New York, Washington DC and San Francisco to be the first markets to recover and have exposure to these markets through **Vornado Realty Trust**. The Apartment REIT sector has seen more households choosing to rent, and landlords are reporting some rental growth. Industrial landlords continue to face a challenging environment, and we reduced exposure by selling our **Prologis** holding. We continue to like the healthcare sector, which we believe will benefit from the proposed healthcare reforms. Our position in **Medical Properties Trust** performed strongly over the year, but still offers a prospective dividend yield of close to 8%. We also continue to hold ca.10% of the fund in REIT preference shares. They have both above-average income yields and have also shown strong capital growth during the period, rallying in line with credit markets.

The economic and property fundamentals in Asia Pacific show the most promise globally, despite the relatively weak backdrop in Japan and to a lesser extent Australia. GDP growth in Hong Kong, China and Singapore is likely to remain higher than that of the developed world for some time. Government efforts to curb residential price inflation in these markets are, in our view, likely to slow the increases, rather than result in a correction. However, investor sentiment in the region, on which much depends, remains cautious. Our preference is for companies with exposure to the office markets of Hong Kong and Singapore, where rental growth has been strongest, driven by positive employment trends. Our holdings in **Hong Kong Land**, **Henderson Land Development** and **Keppel Land** all served us well. We also continue to seek out-of-favour or under-followed stocks with higher dividend yields. **Kenedix Realty** in Japan is a good example, with a dividend yield (at cost) above 7%. Australian-listed shopping centre giant **Westfield** remains one of our larger holdings and offers an attractive blend of income and capital growth with its focus on dominant malls in Australia, the US and the UK.

In Europe our holdings are dominated by stocks listed in London, Paris, Amsterdam and Stockholm. Within this group there is a great variety: the office markets of London and Stockholm offer good growth prospects; the Dutch and French pan-European retail specialists have an average

Manager's Report

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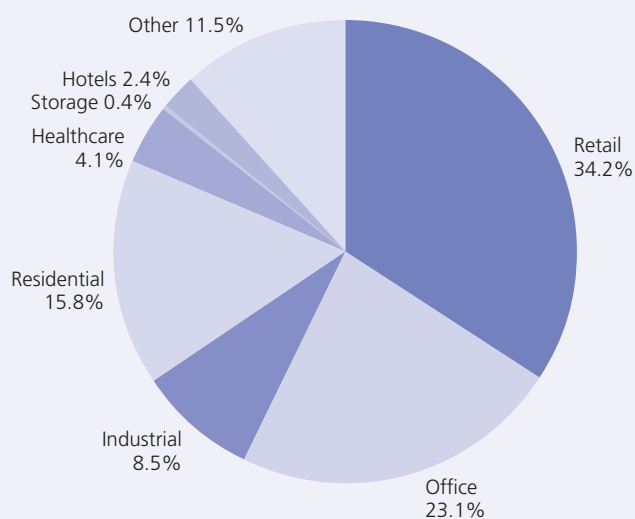
prospective dividend yield of around 5%; but the industrial sector continues to face headwinds. Our focus on Central London, via holdings in **Derwent London**, **Shaftesbury** and **Land Securities** has generally been positive and we expect this trend to continue. We have retained an overweight position in Sweden, with holdings in **Wihlborgs** and residential developer **JM**. On the Continent we prefer **Eurocommercial Properties** and **Unibail-Rodamco** for retail, **Icade** and **Tour Eiffel** for French offices (and yield).

The introduction of 'Contract For Difference' (CFD) positions into the portfolio since early 2010 has enabled us to add moderate leverage to the portfolio in a cost efficient manner, while also enabling us to maximise dividend income. Since their introduction we have generated over £170,000 of income from our CFD positions and also have a small capital gain (based on mark-to-market values at 31 August). At the year end leverage as a result of CFD exposure stood at 5.8%.

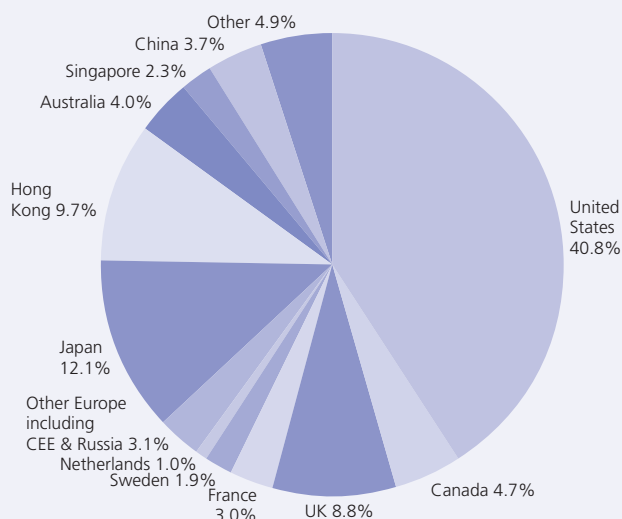
Portfolio Analysis

Portfolio 'see-through'

Sector exposure at 31 August 2010



Country* exposure at 31 August 2010



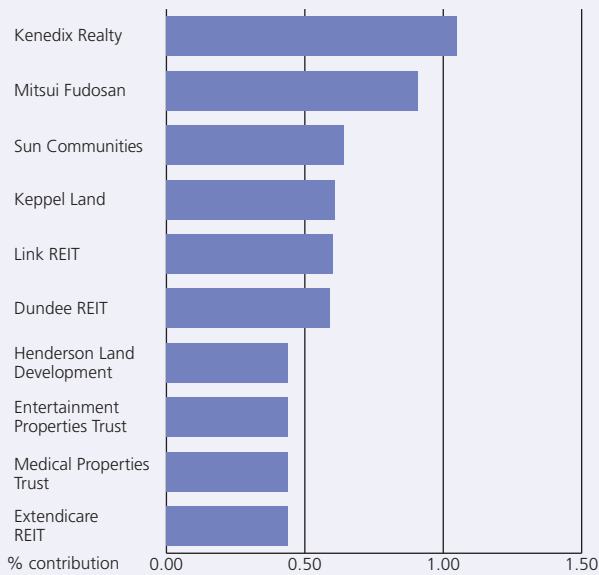
Source: EPRA/NAREIT, Henderson Global Investors, Company Data.

*Based on the country location of underlying property assets.

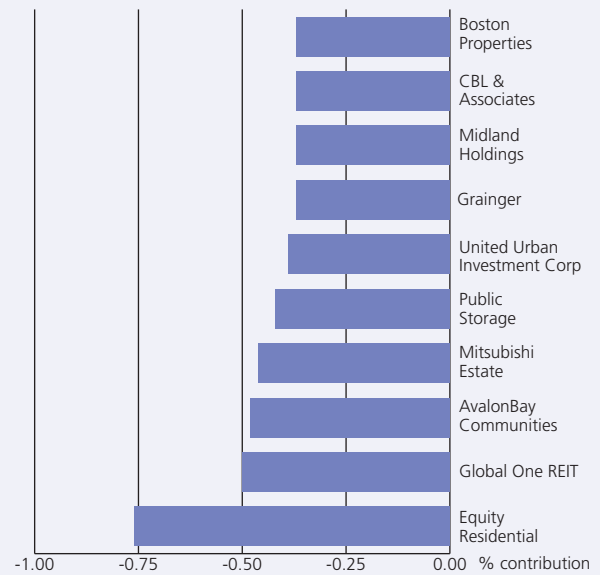
Manager's Report

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Top Ten Contributors to Relative Return



Top Ten Detractors from Relative Return



Stock level contribution data is based on one years performance to 31 August 2010. Source: Factset, Henderson Global Investors.

Outlook

Looking forward, we expect the developed REIT markets to have several years of low growth, with the risk of short-term share price declines in response to any financial market turbulence. In terms of the physical property market we are in the early stages of a recovery in occupational demand, the key driver of value. Investor demand has already recovered for good quality assets, but there is likely to be a clear gap between the performance of prime and secondary assets.

The task of refinancing in several markets, notably the US and the UK, will play out over years, but the effect will not be symmetrical. We are already seeing some well financed and managed companies take advantage of the trickle of opportunities thrown up by banks, receivers and others, but the supply of these opportunities will be moderate.

Markets are not, in general, facing the over-supply that characterised the 1990's. Thus, when the economy turns up, rental growth should follow quickly. In the meantime, our assumption that interest rates and bond yields remain below trend for some time should provide support to valuations. The dividends of the sector are, in our opinion, underpinned by solid cash earnings and balance sheets, and we therefore feel adequately compensated for current economic uncertainties.

Patrick Sumner

11 November 2010

Report of the Directors

Business Review

The directors present the audited financial statements of the group and their report for the year ended 31 August 2010. The group comprises Henderson Global Property Companies Limited ('the company') and its wholly owned subsidiary undertaking, Henderson Global Property Companies (Luxembourg) s.a.r.l.. The company was launched on 1 August 2006.

The following review is designed to provide information primarily about the group's business and results for the year ended 31 August 2010. It should be read in conjunction with the Manager's Report on pages 6 to 9, which gives a detailed review of the investment activities for the year and an outlook for the future.

a) Status

The company is registered with limited liability in Guernsey as a closed-end investment company with registered number 44995.

The company is a member of the Association of Investment Companies ('AIC').

The company intends to continue to manage its affairs so that its investments fully qualify for a stocks and shares component of an ISA.

b) Investment objective and policy

Objective

The company seeks to provide investors with a total return (both income and capital growth) principally through investing in listed property securities and property-related securities globally. The company measures its performance against the FTSE EPRA/NAREIT Developed Net Total Return Index (in sterling).

Policy

The company is free to invest in all types of property securities, in any market or sector worldwide and in small, mid or large capitalisation stocks.

On 3 August 2009 the company notified shareholders of a modified dividend target for the year from 1 September 2009 and future years as it was believed that the higher level of dividend would only be achieved at the expense of capital performance and therefore a revision was required. The company has fulfilled its intention of providing annual gross dividends of 3.20p for the year to 31 August 2010.

The company's benchmark was changed to the FTSE EPRA/NAREIT Developed Net Total Return Index (in sterling), which is the principal global property securities index, with effect from 3 August 2009.

Investments may be made in unquoted securities which are expected to list within twelve months, but these may not comprise in total more than ten per cent. of the assets of the company at the time of investment. For the purposes of efficient portfolio management the company may use derivatives including contracts for difference, financial and other money market instruments and gearing where appropriate. The manager aims to be fully invested at all times, but during periods in which changes in economic conditions and factors so warrant, the company may reduce its exposure to securities and increase cash and money market positions.

The company will not invest more than 15 per cent. of its gross assets in any investment trust or investment company admitted to the Official List. The directors have restricted the borrowings to 20 per cent. of gross assets measured at the time of draw down.

At the year end, the company had exposure via 14 countries of listing to companies with assets located in more than 20 countries globally and spread across the various real estate sectors. The company had no borrowings at the year end.

c) Financial Review

Net assets at 31 August 2010 amounted to £23,454,000 (2009: £20,360,000) and the net asset value per ordinary share was 62.54p (2009: 54.29p).

At 31 August 2010 there were 67 (2009: 69) separate investments, as detailed in the Investment Portfolio on page 5.

The company's investment income and other revenue totalled £2,320,000 (2009: £2,640,000). After deducting expenses the revenue profit before taxation for the year was £1,876,000 (2009: £2,211,000).

Dividends

The company pays dividends quarterly. During 2010 the company paid four interim dividends, each of 0.80p gross per share on each of 31 January, 30 April, 30 July and 29 October. The company revised its dividend policy in August 2009 and will continue to aim to provide shareholders with gross annual dividends of not less than 3.20p per share, paid quarterly.

Payment of suppliers

It is the payment policy of the company to obtain the best possible terms for all business and, therefore, there is no single policy as to the terms used. In general the company agrees with its suppliers the terms on which business will take place and it is the company's policy to abide by such terms. There were no trade creditors at 31 August 2010.

Report of the Directors

continued

Future developments

The future performance of the company is dependent, to a large degree, on the performance of international financial markets. These are subject to many external factors. The board's intention is that the company will continue to pursue its stated investment objective in accordance with the strategy outlined earlier. Further comments on the outlook for the company for the next twelve months are set out in both the Chairman's Statement (on page 4) and the Manager's Report (on pages 6 to 9).

Going Concern

In the opinion of the directors the company is able to meet its liabilities as they fall due because it has adequate cash resources and its investments are sufficiently liquid. Consequently the company has sufficient financial resources to continue in operational existence for at least the next 12 months.

As disclosed in note 1 to the financial statements, for the last 3 months the company's shares have traded on average at a discount of 12.95% to its net asset value. The board is therefore obliged to hold a continuation vote at the next annual general meeting. The Directors believe that continuation of the company is in the best interests of shareholders and propose to vote their own shares in favour of this. However, if the vote is not passed in favour of continuation, the directors will be required to submit proposals to shareholders to wind-up, reorganise or reconstruct the company. The outcome of the continuation vote represents a material uncertainty which may cast significant doubt as to the likelihood of the company continuing as a going concern.

Notwithstanding such uncertainty, the financial statements are prepared on a going concern basis.

d) Performance measurement and key performance indicators

In order to measure the success of the company in meeting its objectives and to evaluate the performance of the manager, the directors take into account the following key performance indicators:

- Returns and net asset value
The board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value, income, and share price for the company. Performance is measured against the FTSE EPRA/NAREIT Developed Net Total Return Index (in sterling).
- Discount/premium to net asset value ('NAV')
At each board meeting, the board monitors the level of the company's discount/premium to NAV and reviews the average discount/premium for the company's relevant AIC sector.

The company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula and includes current financial year revenue; the same basis as that calculated in the financial statements. The NAV excluding current financial year revenue is also published for historical cost comparison. The discount to net asset value at which the company's shares trade continues to be monitored closely by the board.

- Yield
At each regular board meeting, the directors examine the revenue forecast and consider the yield on the portfolio and the amount of revenue available for distribution.

e) Management, administration and custody arrangements

Investment management services are provided to the company by wholly owned subsidiary companies of Henderson Global Investors (Holdings) plc ('Henderson') under a management agreement. The base management fee is calculated at the rate of 0.75% per annum of the net chargeable assets of the company. Such fees are payable quarterly in arrears.

A performance fee is also payable, annually in arrears, at the rate of 15% of the company's total return, if any, in excess of a high watermark which is the greater of (i) £1 and (ii) the greatest NAV total return (calculated by adding back the dividends paid) as at any prior year end, in each case increased by 8% per annum. No performance fee is payable for the year to 31 August 2010.

The aggregate fees payable in any year are capped at 1.75% of net chargeable assets as at the relevant year end date and any excess performance fee over the cap may be carried forward for up to three years to the extent that in a subsequent calculation period a performance fee is payable but does not reach the cap.

The management agreement was for an initial fixed term of two years from admission and will continue unless terminated on six months' written notice.

Since 1 October 2007, administration, company secretarial and registration services have been provided by BNP Paribas Fund Services (Guernsey) Limited which was paid a fee of £111,000 for its services for the year to 31 August 2010.

Custodial services are provided to the company by BNP Paribas Securities Services.

f) Related party transactions

The contracts with Henderson and the BNP Paribas companies are the only related party transactions currently in place. Other than fees payable in the ordinary course of business, there

Report of the Directors

continued

have been no material transactions with these related parties which have affected the financial position or performance of the company in the financial year.

g) Principal risks and uncertainties

The board has drawn up a matrix of risks facing the company and has put in place a schedule of investment limits and restrictions, appropriate to the company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified and the steps taken by the board to mitigate these are as follows:

Investment activity and performance

An inappropriate investment strategy, (for example, in terms of asset allocation or level of gearing), may result in under performance against the company's benchmark index and the companies in its peer group. The board manages these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The manager operates in accordance with an investment limits and restrictions policy determined by the board, which includes limits on the extent to which borrowings may be employed. The board reviews the limits and restrictions on a regular basis and the manager confirms adherence to them every month. The manager provides the board with management information, including performance data and reports and shareholder analyses. The directors monitor the implementation and results of the investment process with the portfolio manager at each board meeting and monitor risk factors in respect of the portfolio. Investment strategy is reviewed at each meeting.

The discount to net asset value at which shares trade in the market is continually monitored. In recognition of the volatility of the market and the variable value of the company's shares a 'discount control test' has been implemented by the board whereby a continuation vote will be put to shareholders in the event that the test fails. See future developments on page 11 in relation to the year ended 31 August 2010.

Market

Market risk arises from uncertainty about the future prices of the company's investments. This is commented on in note 13 on pages 34 to 41.

Accounting, legal and regulatory

The company must comply with the provisions of the Companies (Guernsey) Law, 2008 (as amended) and since its shares are listed on the London Stock Exchange, the UKLA's Listing and Disclosure Rules. A breach of the Guernsey legislation could result in the company and/or the directors

being fined or the subject of criminal proceedings. A breach of the UKLA Rules could result in the suspension of the company's shares. The board relies on its company secretary and advisers to ensure adherence to the Guernsey legislation and UKLA Rules. The manager, Henderson and the administrator, BNP Paribas are contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The board receives regular internal controls reports which confirm compliance.

Operational

Disruption to, or the failure of, either the manager's or the administrator's accounting, dealing or payment systems or the custodians' records could prevent the accurate reporting or monitoring of the company's financial position. The administrator, BNP Paribas Fund Services (Guernsey) Limited sub-contracts some of the operational functions (principally those relating to trade processing, investment administration and accounting), to BNP Paribas Securities Services Limited. Details of how the board monitors the services provided by the manager and the administrator, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance Statement which is set out below.

Financial

By its nature as an investment company, the company's business activities are exposed to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk. Further details are disclosed in note 13 on pages 34 to 41.

Gearing

The company's borrowing policy permits it to borrow up to 20 per cent. of its gross assets (measured at the time any borrowings are drawn down). At 31 August 2010 the company had no outstanding borrowings (31 August 2009: nil).

Corporate Governance Statement

a) Applicable corporate governance codes

The board is accountable to shareholders for the governance of the company's affairs. Paragraph 9.8.6 of the UK Listing Rules requires all listed companies to disclose how they have applied the principles and complied with the provisions of the 2008 Combined Code. As an investment company, most of the company's day-to-day responsibilities are delegated to third parties, the company has no employees and the directors are all non-executive. Thus, not all the provisions of the 2008 Combined Code are directly applicable to the company.

The Financial Reporting Council (the 'FRC') confirmed in February 2007 that it remained the view of the FRC that by

Report of the Directors

continued

following the Corporate Governance Guide for Investment Companies produced by the Association of Investment Companies (the 'AIC Guide') in 2009, boards of investment companies should fully meet their obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The 2009 AIC Code of Corporate Governance (the 'AIC Code'), as explained by the AIC Guide, addresses all the principles set out in section 1 of the 2008 Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts and companies.

The Board of Henderson Global Property Companies Limited believes that reporting against the AIC Code by reference to the AIC Guide will provide the most appropriate information to shareholders and has therefore followed the principles and recommendations set out in the AIC Code. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

In May 2010, the FRC published the new UK Corporate Governance Code which applies to accounting years commencing on or after 29 June 2010 and will therefore be applicable to the company for the year ended 31 August 2011. The revised AIC Code was published in October 2010 and will be reported against in the next annual report.

b) Statement of compliance

The AIC Code comprises 21 principles. The directors believe that during the year under review they have complied with the provisions of the AIC Code, insofar as they apply to the company's business, and with the provisions of the Combined Code except as noted below.

- *Senior independent director*

A senior non-executive director has not been identified as the board considers that all the directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.

- *The role of chief executive*

Since all directors are non-executive and day-to-day management responsibilities are sub-contracted to the manager, the company does not have a chief executive.

- *Executive Directors' remuneration*

As the board has no executive directors, it is not required to comply with the principles of the Combined Code in respect of executive directors' remuneration and does not have a Remuneration Committee. Directors' fees are detailed in the Directors' Remuneration Report on page 20.

- *Internal audit function*

The company delegates to third parties its day-to-day operations and has no employees. These third parties have their own

internal audit function and the Board has therefore determined that there is no requirement for the company to have its own internal audit function. The Directors consider annually whether a function equivalent to an internal audit is needed and will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

c) Directors

Board independence and composition

The board currently consists of four non-executive directors. All are independent of the company's investment manager.

All directors consider that there are no factors which compromise the directors' independence and that they all contribute to the affairs of the company in an independent manner.

The directors are conscious of the need to maintain continuity of the board, particularly given the cyclical nature and remoteness of some of the markets in which the company invests. The board believes that retaining directors with sufficient experience of both the company and its markets is of great benefit to shareholders and that the directors have different qualities and areas of expertise on which they may lead where issues arise. Their biographies, set out on page 2, demonstrate a breadth of investment, commercial and professional experience with an international perspective.

Directors' appointment

In accordance with the company's articles of association, all directors stand for election at the first AGM following their appointment. A resolution to propose the election of Richard Battey as a director of the company, having been appointed by the board on 8 January 2010, is included in the notice of the AGM.

The names and biographies of the directors holding office at the date of this report are listed on page 2. All those shown, except Richard Battey, served throughout the year, along with William Scott who ceased to be a director on 16 December 2009.

The articles of association require that all directors shall not remain in office longer than three years since their last election or re-election without submitting themselves for re-election. The director retiring by rotation at the forthcoming AGM is Peregrine Banbury.

Each director has entered into a letter of appointment with the company whereby he is appointed on a rolling twelve month basis, terminable on three months' notice – copies are available for viewing by shareholders. The board considers that there is a balance of skills and experience within the board and that each of the directors contributes effectively.

Report of the Directors

continued

d) The Board

Responsibilities

The board meets at least four times each year and deals with the important aspects of the company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The portfolio manager takes decisions as to the purchase and sale of individual investments. The portfolio manager ('the manager'), together with the company secretary, also ensure that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the manager attend each board meeting, enabling directors to probe further on matters of concern or seek clarification on certain issues. Matters specifically reserved for decision by the full board have been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the company.

The board's tenure and succession policy seeks to ensure that the board is well-balanced and will be refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. Directors must be able to demonstrate their commitment to the company. The board seeks to encompass relevant past and current experience of various areas relevant to the company's business.

The number of formal meetings during the year of the board and the committees, and the attendance of the individual directors at those meetings, is shown in the following table:

Number of meetings	Board 4	Audit Committee 2	Management Engagement Committee 1	Nominations Committee 1
Christopher Jonas	4	2	1	1
Peregrine Banbury	3	2	1	1
Richard Battey*	3	1	1	1
Christopher Sherwell	4	2	1	1
William Scott*	1	1	–	–

*Richard Battey was appointed on 8 January 2010, William Scott ceased to be a director on 16 December 2009.

Directors' professional development

When a new director is appointed, he or she will be offered a directors' introductory programme which would be held by the manager. Directors are also provided, on a regular basis, with key information on the company's policies, regulatory and statutory requirements and internal controls. Changes in directors' responsibilities are advised to the board as they arise.

Directors' indemnity

Directors' and officers' liability insurance cover is in place in respect of the directors.

Directors' interests in shares

The directors and their beneficial interests in the ordinary shares of the company at the beginning and end of the financial year, or at the date of appointment, are stated below:

Ordinary shares of 10p	31 August 2010	1 September 2009
Christopher Jonas (chairman)	96,418	80,000
Peregrine Banbury	25,000	15,000
Richard Battey (appointed 8/1/10)	–	–
Christopher Sherwell	15,000	15,000

No director has a service contract with the company.

There were no contracts subsisting during, or at the end of the period, in which a director of the company is or was materially interested and which is or was significant in relation to the company's business.

Board committees

The board has established audit, management engagement and nominations committees with defined terms of reference and duties.

Audit committee

The board has appointed an audit committee, which operates within clearly defined terms of reference and which comprises the entire board. In summary, the audit committee's main functions are:

- to review and monitor the internal financial control systems and risk management systems on which the company is reliant;
- to consider annually whether there is a need for the company to have its own internal audit function;
- to monitor the integrity of the half year and annual financial statements of the company by reviewing and challenging, where necessary, the actions and judgments of the investment manager and the administrator;
- to meet, if required, with the company's auditors to review their proposed programme of work in respect of the audit and their findings on its completion (the audit committee also uses this as an opportunity to assess the effectiveness of the audit process);
- to make recommendations to the board in relation to the appointment of the company's auditors and to approve the remuneration and terms of engagement of the company's auditors; and
- to monitor and review annually the company's auditors' independence, objectivity, effectiveness, resources and qualifications.

Report of the Directors

continued

Mr Battey has been chairman of the audit committee since 8 January 2010.

The audit committee has satisfied itself that Ernst & Young LLP, the company's auditors, are independent.

Management engagement committee

The management engagement committee comprises the entire board and is responsible for ensuring that the investment manager complies with the terms of the management agreement and that the provisions of that agreement follow industry practice and remain competitive and in the best interests of shareholders. This committee is chaired by the chairman of the board, and meets at least once each year.

Nominations committee

The board has appointed a nominations committee, which comprises the entire board and which is convened for the purpose of considering the appointment of additional or replacement directors and to review the structure, skills, knowledge and experience of the board. Full details of the duties of new directors will be provided to them with a letter of appointment. This committee is chaired by the chairman of the board and meets at least annually.

e) Performance evaluation

The performance of the company is considered in detail at each board meeting. The chairman reviews each individual director's contribution on an annual basis. The work of the board as a whole and its committees is reviewed annually by the nominations committee. The directors will also meet without the chairman present in order to review his performance.

The board considers that, in view of its non-executive nature, it is not appropriate for the directors to be appointed for a specified term of no more than three years as recommended by the Combined Code.

f) Internal controls

The board has established a process for identifying, evaluating and managing any major risks faced by the company. The process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ('the Turnbull Guidance'). The process has been in place since 2006 and up to the date of approval of this annual report.

The board is responsible overall for the company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The board, assisted by the manager, undertook a full review of the company's business risks and these have been analysed and recorded in a risk map which is reviewed regularly. The board receives each quarter from the manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the manager, and which reports the details of any known internal control failures. The board receives each year from the manager a report on its internal controls which includes a report from the manager's auditors on the control policies and procedures in operation. Steps will continue to be taken to embed the system of internal control and risk management into the operation and culture of the company and its key suppliers.

The manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the manager's compliance and risk department on a continuing basis.

By means of the procedures set out above, the board confirms that it has reviewed the effectiveness of the company's system of internal control for the year ended 31 August 2010, and to the date of approval of this Annual Report and Financial Statements.

g) Accountability and relationship with the Manager and the Administrator

The Statement of directors' responsibilities in respect of the financial statements is set out on page 19, the Report of the Independent Auditors on page 21 and the Statement on Going Concern on page 28.

The board has delegated contractually to external agencies, including the investment manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day company secretarial, administration requirements and accounting services. Each of these contracts was entered into after full and proper consideration by the board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the company. The board receives and considers reports regularly from the investment manager and ad hoc reports and information are supplied to the board as required. In addition, the chairman attends gatherings of all the chairmen of the investment trusts and investment companies managed by the investment manager, which provide an opportunity to discuss issues of common interest, and he reports back to the board.

Report of the Directors

continued

The manager takes decisions as to the purchase and sale of individual investments. The manager and the administrator also ensure that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the manager and of the administrator attend each board meeting enabling the directors to probe further on matters of concern. A formal schedule of matters specifically reserved for decision by the full board has been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the company within certain parameters. The directors have access to the advice and services of the corporate company secretary through its appointed representative who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The board, the manager and the administrator operate in a supportive, co-operative and open environment.

h) Continued appointment of the investment manager

The board reviews the performance of the investment manager. In the opinion of the directors, the continued appointment of the current investment manager on the terms agreed is in the interests of the company's shareholders as a whole. The investment manager has extensive investment management resources and wide experience in managing and administering investment companies.

i) Share capital and shareholders

The company's share capital comprises ordinary shares of 10p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the company's ordinary shares or voting rights, and there are no shares which carry specific rights with regard to the control of the company. The number of ordinary shares in issue on 1 September 2009 and on 31 August 2010 was 37,500,000. There have been no changes to the share capital up to the date of this document.

Substantial share interests

As at 31 October 2010 the following had declared an interest in 3% or more of the voting rights of the company:

Shareholder	% voting rights
Jupiter Asset Management	18.58
Merseyside Pension Fund	10.67
Tilney Private Wealth Management	7.03
CG Asset Management	5.53

The board is aware that, at 31 October 2010, 3.48% of the issued share capital was held on behalf of participants in the

Halifax Share Dealing products run by Halifax Share Dealing Limited ('HSDL'). Participants in the HSDL products are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the company. HSDL has undertaken to instruct the nominee company to exercise the voting rights of any shares held through the HSDL products that have not been exercised by the individual participants in them. It will do so by voting for or against all resolutions to be put at all general meetings of the company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights.

Relations with shareholders and nominee code

Shareholder relations are given high priority by both the board and the manager. The prime medium by which the company communicates with shareholders is through the half year and annual reports and interim management statements which aim to provide shareholders with a clear understanding of the company's activities and their results. This information is supplemented by the daily calculation and publication on the Regulatory News Service of the London Stock Exchange of the net asset value of the company's ordinary shares, and by a monthly fact sheet.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the investment manager and shareholders are reported to the board.

The board considers that shareholders should be encouraged to attend and participate in the AGM. It is recognised, however, that few shareholders are able to travel to Guernsey to attend the formal meeting, and as such a shareholder event will be held in London on Wednesday 19 January 2011. Full details are set out on page 43. This will give shareholders the opportunity to address questions to a board member and the portfolio manager, as the representative of the investment manager, will make a presentation to shareholders.

It is the intention of the board that the annual report and Notice of AGM be issued to shareholders so as to provide at least twenty working days' notice of the meeting. Shareholders wishing to lodge questions in advance of the meeting are invited to do so by writing to the company secretary at the registered office address given on page 44. A summary of the proxy votes received on the resolutions proposed will be available at the meeting and will be displayed on the company's website.

j) Employees and Environment Policy

The company has no employees and outsources its investment

Report of the Directors

continued

management to subsidiaries of Henderson.

k) Corporate Responsibility

• *Environmental matters*

The company's core activities are undertaken by Henderson Global Investors ('Henderson'), which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible.

• *Responsible investment*

Responsible investment is the term Henderson uses to cover its work on corporate governance and corporate responsibility (or social, environmental and ethical (SEE) issues) in the companies in which it invests on its clients' behalf, across all funds.

In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance (ESG) issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is therefore considered as part of the investment risk decision; however, an investment may not necessarily be ruled out on social and environmental grounds only.

• *Voting policy*

Henderson's Responsible Investment Policy sets out the manager's approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients, and its policy on proxy voting. The Policy also sets out how Henderson implements the Stewardship Code. The company has reviewed Henderson's policy and has delegated responsibility for voting to the manager. The board receives regular reports on the voting undertaken by the manager on behalf of the company.

The board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the portfolio manager and/or members of the board will give

specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefor are fed back to the investee company prior to voting.

The Henderson Responsible Investment Policy and further details of Henderson's responsible investment activities can be found on the Henderson website, www.henderson.com

Annual General Meeting ('AGM')

The AGM will be held at the company's registered office in Guernsey, on Thursday, 16 December 2010 at 10.00am. The formal notice of AGM with full explanatory notes is set out in a separate document which has been sent to shareholders with this report.

Resolutions 1 to 6 are proposed as items of ordinary business, resolutions 7 to 10 are proposed as items of special business for which further information is provided below.

On 16 December 2009, the directors were granted authority to repurchase 5,621,250 ordinary shares with a nominal value of £562,125 either for cancellation or to be held in treasury. This authority will expire at the forthcoming AGM. Resolution 7 is proposed as an ordinary resolution. The board is seeking shareholder approval to purchase up to a maximum of 5,621,250 ordinary shares (representing 14.99 per cent. of the current issued share capital). The directors do not intend to use this authority to purchase the company's shares unless to do so would result in an increase in the net asset value per share and would be in the interests of shareholders generally. The authority being sought shall expire at the conclusion of the Annual General Meeting in 2011 or on a date which is 18 months from the date of passing this resolution whichever is the earlier, unless such authority is renewed prior to such time. Ordinary shares purchased may be held as treasury shares provided that the aggregate nominal value of ordinary shares held as treasury shares does not exceed 10 per cent. of the nominal value of the issued ordinary shares at any time. Ordinary shares purchased by the company in excess of this limit will be cancelled.

These powers will give the directors additional flexibility going forward and the board considers that it is in the interests of the company that such powers be available. Such powers will only be implemented when, in the view of the directors, that to do so will be for the benefit of all shareholders.

Resolutions 8 and 9 are proposed as special resolutions; resolution 9 is conditional upon the passing of resolution 8.

Resolution 8 proposes to replace the current memorandum and articles of association (the "articles") in their entirety with new memorandum and articles of incorporation,

Report of the Directors

continued

primarily to reflect the provisions of The Companies (Guernsey) Law, 2008 (as amended).

The Company currently has a primary listing on the official list of the UK Listing Authority. From 6 April 2010, the structure of the UK listing regime changed primarily as a result of the evolution of UK and global markets but also to reduce the potential for confusion over the current regime. The Financial Services Authority (FSA) has replaced primary and secondary listing with premium and standard listing. All closed end investment funds will be required to have a premium listing. The FSA has also taken the opportunity to bring the requirements for overseas companies in relation to corporate governance and pre-emption rights into line with those for UK companies. Although at present, as an overseas company with a primary listing, the Company is generally subject to the same regulatory requirements as a UK company, it currently benefits from less onerous requirements in relation to corporate governance. In addition, as a Guernsey incorporated entity, it is not subject to pre-emption rights under Guernsey law nor under its articles. From April 2011, all overseas companies with a premium listing will be required:

- to include in their annual report and financial statements an amended corporate governance statement, confirming compliance with the UK Combined Code on Corporate Governance or explaining any aspect of non-compliance (rather than stating whether they comply with the corporate governance regime in their home state and describing how their actual practices differ from the Combined Code); and
- offer pre-emption rights to their existing shareholders when they make an offer of new shares for cash (with a 13-month period to implement). In light of the new requirement to offer pre-emption rights to shareholders, within the revisions to the articles the directors are taking the opportunity to incorporate the necessary changes. The new provision will require the company, unless previously disapplied by special resolution, to first offer any new shares or securities (or rights to subscribe for, or to convert or exchange into, shares) proposed to be issued for cash to shareholders in proportion to their holdings in the company.

Resolution 9 proposes that an annual disapplication of the new pre-emption rights is given to the directors so that they may issue shares as and when appropriate. Accordingly, resolution 9, a special resolution, proposes a general disapplication of the new pre-emption rights in respect of

share issues, set to expire on the earlier of fifteen months from the date of the resolution or at the conclusion of the AGM to be held in 2011. It is proposed that this disapplication will be proposed for renewal annually together with the power to issue new shares.

Resolution 10 is proposed as an ordinary resolution, in accordance with the discount management policy, it is proposed that the company continue in its present form.

Directors' authority to allot relevant securities

There are currently no provisions under Guernsey law which confer rights of pre-emption upon the issue or sale of any class of shares in the company. The articles authorise the directors to allot an unlimited number of ordinary shares however, in line with UK market practices a general authority to allot shares shall in future be sought (and renewed) annually. Ordinary shares would only be issued at an amount equal to no less than the prevailing net asset value per share and, therefore, would not be disadvantageous to existing shareholders.

Any future issues of ordinary shares will be carried out in accordance with the Listing Rules. Since the company was launched in 2006, no new ordinary shares have been issued.

Independent Auditors

Ernst & Young LLP have indicated their willingness to remain in office. The directors will place a resolution before the Annual General Meeting to re-appoint them as independent auditors for the ensuing year, and to authorise the directors to determine their remuneration.

Directors' statement as to disclosure of information to Auditors

The directors who were members of the board at the time of approving this report are listed on page 2. Each of those directors confirms that:

- so far as the director is aware, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

For and on behalf of the board

Richard Battey

Director

11 November 2010

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey law requires the directors to prepare, in accordance with generally accepted accounting principles, financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the

financial position of the group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement under Disclosure and Transparency Rules

Each of the directors, who are listed on page 2 of this annual report, confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- (b) this annual report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the board

Richard Battey

Director

11 November 2010

The financial statements are published on www.hendersonglobalproperty.com, which is a website maintained by the company's manager, Henderson Global Investors Limited ("Henderson"), in the United Kingdom. The maintenance and integrity of this website is, so far as it relates to the company, the responsibility of Henderson. The work carried out by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in their own jurisdiction.

Directors' Remuneration Report

This report meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the board has applied the principles relating to directors' remuneration. A resolution to receive and approve this report will be proposed at the AGM.

Consideration by the directors of matters relating to directors' remuneration

As the board is comprised entirely of non-executive directors, the board as a whole considers the directors' remuneration. The board has not been provided with advice or services by any outside person in respect of its consideration of the directors' remuneration although the directors will review the fees paid to the boards of directors of similar investment companies.

Remuneration policy

The board consists entirely of non-executive directors who meet regularly to deal with the important aspects of the company's affairs. Directors are appointed with the expectation that they will serve initially for a period of three years. Directors' appointments will be reviewed formally every three years thereafter by the board as a whole. Each of the directors has a letter of appointment and a director may resign by giving notice in writing to the board at any time; there are no set notice periods. The company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally. There are no long term incentive schemes provided by the company and the fees are not specifically related to the directors' performance, or to the share price. Each director will stand for re-election every three years.

The company's policy is that the fees payable to the directors should reflect the time spent by the board on the company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the chairman of the board and chairman of the audit committee to be paid a higher fee than the other directors in recognition of their more onerous roles and greater time commitment. The company's Articles of Association limit the aggregate fees payable to the directors to £200,000 per annum. In the period under review the directors' fees were paid at the following annual rates: the chairman £30,000; the chairman of the audit committee £20,000; the other directors £15,000.

Directors' and officers' liability insurance cover is in place in respect of the directors.

Directors' fees

The fees payable by the company in respect of each of the directors who served during the year, were as follows:

Year ended 31 August	2010 £'000	2009 £'000
Christopher Jonas (chairman and highest paid director)	30	30
Peregrine Banbury	15	15
Richard Battey*	13	–
Christopher Sherwell	15	15
William Scott**	6	20
Stephen Vernon***	–	5
	<u>79</u>	<u>85</u>

*Appointed 8 January 2010.

**Ceased to be a director on 16 December 2009.

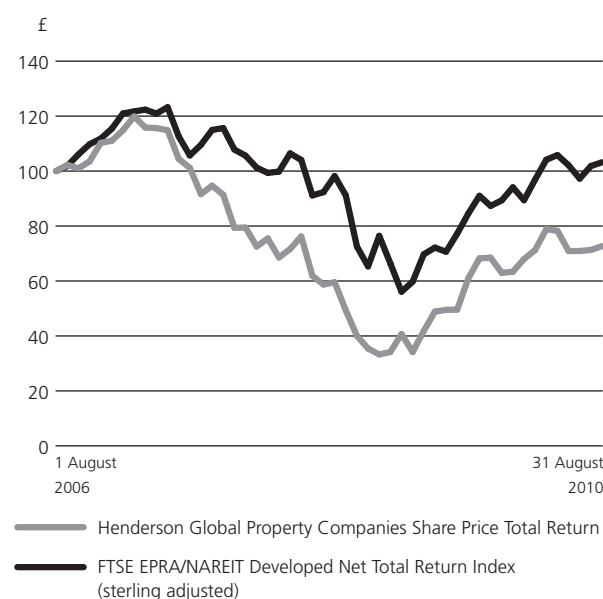
*** Resigned 19 December 2008.

No other remuneration or compensation was paid or payable by the company during the period to any of the directors.

The graph below illustrates the total shareholder return as compared to the FTSE EPRA/NAREIT Developed Net Total Return Index.

Share price performance graph

(assuming an investment of £100 on 1 August 2006 and the reinvestment of all dividends (excluding dealing expenses)).



For and on behalf of the board

Richard Battey

Director

11 November 2010

Report of the Independent Auditors to the members of Henderson Global Property Companies Limited

We have audited the consolidated financial statements for the year ended 31 August 2010 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008 (as amended). Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law, as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008 (as amended). We also report to you if, in our opinion, the company has not kept proper accounting records, the financial statements are not in agreement with the accounting records or we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Investment Objective, Highlights, Performance, Directors and Management, the Chairman's Statement, the Investment Portfolio, the Manager's Report, the Report of the Directors (including Corporate Governance), the Directors' Remuneration Report, Investor Information and the Notice of Meeting which forms a separate document. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, as adopted by the European Union, of the state of the group's affairs as at 31 August 2010 and of its profit for the year then ended and have been properly prepared in accordance with The Companies (Guernsey) Law, 2008 (as amended).

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we considered the adequacy of disclosure made in note 1 to the financial statements concerning the likelihood of the company continuing as a going concern. The outcome of a continuation vote represents a material uncertainty which may cast significant doubt about the likelihood of the company continuing as a going concern. The financial statements do not include adjustments that would result if the company were not to continue as a going concern.

Andrew Jonathan Dann, for and on behalf of
Ernst & Young LLP
Guernsey, Channel Islands

11 November 2010

Consolidated Statement of Changes in Equity

for the year ended 31 August 2010

Notes	Share capital £'000	Distributable reserves £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2009	3,750	32,865	(17,503)	1,248	20,360
Total comprehensive income:					
Profit for the year	–	–	2,843	1,695	4,538
Transactions with owners recorded directly to equity:					
5 Payment of interim dividends of 3.85p	–	–	–	(1,444)	(1,444)
Total equity at 31 August 2010	3,750	32,865	(14,660)	1,499	23,454

Notes	Share capital £'000	Distributable reserves £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2008	3,750	32,865	(11,471)	1,093	26,237
Total comprehensive income:					
(Loss)/profit for the year	–	–	(6,032)	1,938	(4,094)
Transactions with owners recorded directly to equity:					
5 Payment of interim dividends of 4.75p	–	–	–	(1,783)	(1,783)
Total equity at 31 August 2009	3,750	32,865	(17,503)	1,248	20,360

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 August 2010

Notes	2010 £'000	2009 £'000	
Fixed assets			
6	Investments held at fair value through profit or loss	22,631	19,869
Current assets			
7	Derivatives – Contracts for difference	170	–
8	Other receivables	259	684
	Cash and cash equivalents	745	473
		1,174	1,157
	Total assets	23,805	21,026
Current liabilities			
7	Derivatives – Contracts for difference	(108)	–
9	Other payables	(243)	(666)
		(351)	(666)
	Net assets	23,454	20,360
Equity attributable to equity shareholders			
10	Share capital	3,750	3,750
10	Distributable reserves	32,865	32,865
	Retained earnings:		
11	Capital reserves	(14,660)	(17,503)
	Revenue reserve	1,499	1,248
		23,454	20,360
	Number of shares	37,500,000	37,500,000
12	Net asset value per ordinary share – basic and diluted	62.54p	54.29p

The financial statements were approved by the board of directors on 11 November 2010 and signed on its behalf by:

Richard Battey
Director

Christopher Sherwell
Director

The accompanying notes are an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 August 2010

	2010 £'000	2009 £'000
Operating activities:		
Net profit/(loss) before taxation	4,719	(3,821)
Add back interest paid	3	7
(Gains)/losses on investments held at fair value through profit or loss	(2,851)	5,990
Net unrealised returns on contracts for difference	(62)	–
Net gains on foreign exchange	(51)	(36)
Decrease in accrued income	63	107
(Increase)/decrease in other debtors	(5)	152
(Decrease)/increase in other creditors	(107)	68
Net sales of investments	89	271
Decrease/(increase) in sales for settlement debtor	367	(579)
Decrease in purchase settlement creditor	(316)	(10)
Net cash inflow from operating activities before interest and taxation	1,849	2,149
Interest paid	(3)	(7)
Tax on overseas income	(181)	(273)
Net cash inflow from operating activities	1,665	1,869
Financing activities		
Equity dividends paid	(1,444)	(1,783)
Repayment of loans	–	(1,903)
Net cash outflow from financing activities	(1,444)	(3,686)
Increase/(decrease) in cash and cash equivalents	221	(1,817)
Cash and cash equivalents at start of the period	473	2,254
Effect of foreign exchange rate changes	51	36
Cash and cash equivalents at end of the year	745	473

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Principal accounting policies

Basis of preparation and accounting convention

The consolidated financial statements consolidate the results of Henderson Global Property Companies Limited ('the company') and its wholly-owned subsidiary, Henderson Global Property Companies (Luxembourg) s.a.r.l., together ('the group'). The financial statements have been prepared in accordance with The Companies (Guernsey) Law, 2008 (as amended) and International Financial Reporting Standards ('IFRS') as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), together with the interpretations of the International Accounting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee ('IASC') and which remain in effect.

The financial statements have been prepared under the historical cost basis, except for the revaluation of investments at fair value through profit or loss and certain other derivatives which are measured at fair value through profit or loss.

The principal accounting policies adopted are set out below. Where consistent with IFRS the financial statements have also been prepared in accordance with the guidance set out in the Statement of Recommended Practice ('SORP') for Investment Companies issued by the Association of Investment Companies ('AIC') as revised in January 2009.

(i) Standards, amendments and interpretations that become effective in the current financial year that have been adopted by the Group:

- IAS 1 (revised) *Presentation of financial statements*:

The revised standard requires the separate presentation of changes in equity attributable to the owners (equity shareholders) and other non-owner changes. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has applied IAS 1 (revised) from 1 September 2009 and has elected to present solely a statement of comprehensive income. Where an entity restates or reclassifies comparative information, it is also required to present a restated balance sheet as at the beginning of the comparative period. The adoption of this revised standard has not resulted in a significant change to the presentation of the Group's performance statement, as the Group has no elements of other comprehensive income not previously included in its Statement of Comprehensive Income.

- IAS 39 (amendment) *Financial instruments: Recognition and measurement*:

The amendment was part of the IASB's annual improvements project published in May 2008. The amendment permits an entity to reclassify particular financial assets in some circumstances and the definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. Adoption did not have a significant impact on the Group's financial statements.

- IFRS 7 (amendment) *Financial Instruments: Disclosures*:

Introduced new disclosure requirements whereby financial instruments must be categorised under a three-level fair value hierarchy. A reconciliation is also required for any investments categorised as Level 3. The additional disclosures resulting from this amendment have been included in note 13.6 on page 41. The amendments to IFRS 7 also introduce some additional disclosures on liquidity risk which are included in note 13.4.

- IAS 32 (amendment) *Financial instruments: Presentation* and IAS 1 (amendment) *Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation*:

The amendment provides exemptions from financial liability classification for (a) puttable financial instruments that meet certain conditions; and (b) certain instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity. Adoption did not have any impact on the Group's financial statements.

Notes to the Financial Statements

continued

1 Principal accounting policies (continued)

- IFRS 8 *Operating Segments*:

Replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard has not resulted in any amendment to the Group's financial statements.

- IAS 23 (amendment) *Borrowing Costs*:

Requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This is not currently relevant to the Group, which has no qualifying assets.

- *Improvements to IFRS*:

Issued in May 2008 and April 2009 and comprise numerous amendments to IFRS that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies have been made (or, where relevant, are expected) as a result of these amendments.

- IAS 27 (revised) *Consolidated and separate financial statements*:

Introduces significant changes to the accounting for transactions with non-controlling interests (minority interests), the accounting for a loss of control and the presentation of non-controlling interests in consolidated financial statements. Adoption did not have any impact on the Group's financial statements.

- IAS 39 (amendment) *Financial instruments: Recognition and measurement*:

Adoption did not have any impact on the Group's financial statements.

- IAS 28 (amendment) *Investments in Associates*:

Consequential amendments arising from revisions to IFRS 3. Adoption did not have any impact on the Group's financial statements.

- IFRS 3 (revised) *Business combinations*:

Adoption did not have any impact on the Group's financial statements.

(ii) Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted early by the Group:

- IAS 24 (revised) *Related Party Disclosures* (effective for financial periods beginning on or after 1 January 2011, subject to EU endorsement) revises the definition of related parties. Adoption is unlikely to have a significant effect on the Group's financial statements.

(iii) Standards, amendments and interpretations to existing standards that become effective in future accounting periods and are not relevant to the Group's operations:

- IFRS 1 (amendment) *First-time Adoption of International Financial Reporting Standards*
- IFRS 5 (amendment) *Non-current Assets Held for Sale and Discontinued Operations*
- IFRS 9 (new) *Financial Instruments: Classification and Measurement*
- IAS 17 (amendment) *Leases*
- IAS 32 (amendment) *Financial Instruments: Presentation* Amendments relating to the classification of rights issues
- IFRS 1 (amendments) *Additional exemptions for first-time adopters*
- IFRS 2 (amendments) *Group cash-settled share-based payment transact*

Notes to the Financial Statements

continued

1 Principal accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its wholly-owned subsidiary as at 31 August 2010. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgments and assumptions involved in its financial reporting are reasonable. Accounting estimates made by the company's directors are based on historical experience and on information available to them at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions.

Going Concern

In its half year statement to 28 February 2010, the board announced the introduction of an annual discount test. Shareholders would have a vote on the continuation of the company at the next annual general meeting if in the three months to 31 October the average level of discount to the company's net asset value on a cum income basis was greater than 10%.

In the three months to 31 October 2010, the average discount calculated on this basis was 12.95%. Therefore, a resolution to continue the company will be put to the annual general meeting on 16 December 2010. However, if the vote is not passed, the directors will put forward proposals to liquidate, or otherwise reconstruct the company.

These financial statements have been prepared on a going concern basis because the directors are confident of the company's ability to meet its obligations. The outcome of the continuation vote represents a material uncertainty which may cast significant doubt as to the likelihood of the company continuing as a going concern. If the continuation vote is not passed, then in the absence of a reconstruction shareholders will receive the net asset value of their shares less the costs of liquidation.

Segmental reporting

The directors are of the opinion that the Company is engaged in a single segment of the business being investment business.

Foreign currency

The functional and presentation currency is sterling. Transactions in currencies other than the functional currency are revalued using exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date with gains and losses being reported in the Consolidated Statement of Comprehensive Income. Foreign currency gains and losses attributable to investments designated as held at fair value through profit or loss are included in the gains and losses recognised in the Consolidated Statement of Comprehensive Income.

Loans and borrowings

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at fair value plus directly attributable transaction costs.

Financial assets

Financial assets are recognised when the group becomes party to the contracts that give rise to them. The group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When

Notes to the Financial Statements

continued

1 Principal accounting policies (continued)

financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the group commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Investments held at fair value through profit or loss

Listed investments have been designated by the board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices.

Unquoted investments have also been designated by the board as held at fair value through profit or loss, and are valued by the directors on advice from the Henderson fair value pricing committee using primary valuation techniques such as earnings multiples, option pricing models, discounted cash flow analysis and recent transactions.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as 'gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

The company has classified its financial assets designated at fair value through profit or loss and the fair value of derivative financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivatives

Derivatives are held at fair value based either on traded prices or directors fair valuation to the extent that traded prices are unavailable. Gains and losses on derivative transactions are recognised in the Consolidated Statement of Comprehensive Income. They are recognised as capital and are shown in the capital column of the Consolidated Statement of Comprehensive Income if they are of a capital nature, and are recognised as revenue and shown in the revenue column of the Consolidated Statement of Comprehensive Income if they are of a revenue nature. To the extent any gains or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly.

Presentation of Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

continued

1 Principal accounting policies (continued)

Income

Dividends receivable on equity shares are recognised as revenue for the period when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Taxation

Under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 the company has obtained Guernsey exempt company status for the year and is therefore exempt from Guernsey income tax on non-Guernsey source income and bank interest (by concession).

Luxembourg income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Expenses and finance costs

The company's investment management and administration fees, any finance costs and all other expenses are charged through the Consolidated Statement of Comprehensive Income and allocated to the revenue and capital columns in that statement on the following basis:

- i) 60% of the basic investment management fees and any finance costs are allocated to the capital return column and the balance to the revenue return column in line with the board's expectation of the long term returns in the form of capital gains and income respectively from the group's investment portfolio;
- ii) all of the performance related management fees, if any, are allocated to the capital column; and
- iii) all other operational costs are allocated solely to the revenue column.

Transaction costs

During the year, transaction costs of £113,000 (2009: £111,000) were incurred on the acquisition of investments and costs of £102,000 (2009: £86,000) were incurred on the disposal of investments. All transaction costs are accounted for in the capital reserve.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change.

2 Other expenses	2010 £'000	2009 £'000
Administration fee	111	110
Directors' fees	79	85
Auditor's remuneration	25	24
Bank and custody charges	19	21
Legal and professional	13	8
Directors' & officers' liability insurance	13	12
Registrar's fees	12	7
Printing and stationery	16	12
Other expenses	88	98
	376	377

Notes to the Financial Statements

continued

3 Taxation	Revenue return £'000	2010 Capital return £'000	Total £'000	Revenue return £'000	2009 Capital return £'000	Total £'000
Withholding tax suffered	181	–	181	273	–	273

Withholding tax relates to amounts withheld by foreign payment agents and which may not be recoverable.

4 Earnings/(loss) per ordinary share

The earnings/(loss) per ordinary share is based on the net total profit for the year of £4,538,000 (2009: loss of £4,094,000) and on the weighted average number of ordinary shares in issue during the year of 37,500,000 (2009: 37,500,000).

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as follows.

The company has no securities in issue that could dilute the return per ordinary share, therefore the basic and diluted earnings per ordinary share are the same.

	Year ended 31 August 2010 £'000	Year ended 31 August 2009 £'000
Net revenue earnings	1,695	1,938
Net capital earnings/(loss)	2,843	(6,032)
Net total earnings/(loss)	4,538	(4,094)
Weighted average number of ordinary shares in issue during the period	37,500,000	37,500,000
	Pence	Pence
Revenue earnings per ordinary share	4.52	5.17
Capital earnings/(loss) per ordinary share	7.58	(16.09)
Total earnings/(loss) per ordinary share	12.10	(10.92)
	Year ended 31 August 2010 £'000	Year ended 31 August 2009 £'000
Amounts recognised as distributions to equity shareholders during the year:		
Fourth interim for the year ended 31 August 2009 of 1.45p, paid October 2009	544	544
First interim paid December 2009 of 0.80p (2008 of 1.10p)	300	413
Second interim paid April 2010 of 0.80p (2009 of 1.10p)	300	413
Third interim paid July 2010 of 0.80p (2009 of 1.10p)	300	413
	1,444	1,783

The fourth interim dividend has not been included as a liability in these financial statements as it was announced and paid after 31 August 2010.

The table below sets out the total dividends payable in respect of the financial year. The revenue available for distribution by way of dividend for the year is £1,695,000 (2009: £1,938,000).

Notes to the Financial Statements

continued

5 Dividends (continued)

	2010 £'000	2009 £'000
First interim dividend – 0.80p per share (2009: 1.10p)	300	413
Second interim dividend – 0.80p per share (2009: 1.10p)	300	413
Third interim dividend – 0.80p per share (2009: 1.10p)	300	413
Fourth interim dividend – 0.80p per share (2009: 1.45p)	300	544
	1,200	1,783

6 Investments held at fair value through profit or loss

	2010 £'000	2009 £'000
Consolidated		
Valuation at 1 September	19,869	26,130
Movements during the year:		
Purchases at cost	49,531	51,580
Sales – proceeds	(49,620)	(51,851)
– realised gain/(loss) on sales	1,582	(9,055)
Increase in investment holding gains	1,269	3,065
Valuation at 31 August (excluding CFDs)	22,631	19,869

7 Derivatives

Whilst the company may use a variety of derivative contracts, the only derivatives entered into during the year were contracts for differences (“CFDs”) under a master agreement with the company’s prime broker Credit Suisse First Boston (“CSFB”) to enable the company to gain long and short exposure on individual securities through CFDs. CFDs are synthetic equities and are valued by reference to the investments’ underlying market values.

The sources of the return under the derivative contract (e.g. notional dividends, financing costs, interest returns and capital changes) are allocated to the revenue and capital accounts in alignment with the nature of the underlying source of income and in accordance with the guidance given in the AIC SORP. Notional interest income on short positions is allocated wholly to the revenue account. Notional interest expense on long positions is apportioned between revenue and capital in accordance with the board’s long term expected returns of the company (currently determined to be 40% to revenue and 60% to capital). Changes in value relating to underlying price movements of securities in relation to CFD exposures are allocated to capital. A summary of the various sources of return on the derivative contract is given in the table below.

	Revenue Return £'000	2010 Capital Return £'000	Total £'000	Revenue Return £'000	2009 Capital Return £'000	Total £'000
Net realised and unrealised gains relating to underlying price movements	–	48	48	–	–	–
Notional dividend income on long positions	171	–	171	–	–	–
Notional interest expense on long positions	(3)	(5)	(8)	–	–	–
Total return on derivative contracts for the year ended 31 August	168	43	211	–	–	–

Notes to the Financial Statements

continued

7 Derivatives (continued)

The realised and unrealised losses/gains relating to the underlying price movements of the CFDs was a £14,000 loss and £62,000 gain respectively. There were no CFDs at 31 August 2009.

The net fair value of the CFDs at 31 August 2010 of £62,000 is shown on the Balance Sheet as a current asset of £170,000 and a current liability of £108,000.

8 Other receivables	2010 £'000	2009 £'000
Amounts due from brokers	212	579
Dividends receivable	42	105
Other receivables	5	–
	<u>259</u>	<u>684</u>

9 Creditors: amounts falling due within one year	2010 £'000	2009 £'000
Amounts due to brokers	99	415
Other payables	144	251
	<u>243</u>	<u>666</u>

10 Issued capital and reserves

Authorised share capital
250,000,000 ordinary shares of 10 pence each 25,000

Issued share capital	No. of shares	£'000
At 31 August 2010 and 2009	37,500,000	3,750

Distributable reserve	2010 £'000	2009 £'000
At 31 August	32,865	32,865

11 Capital reserves	Capital reserve arising on investments sold £'000	Capital reserve arising on investments held £'000	Capital reserve total £'000
At 1 September 2009	(18,822)	1,319	(17,503)
Exchange gains	51	–	51
Movement in investment holding gains	1,582	1,269	2,851
Movements in CFD holdings gains	(19)	62	43
Finance costs and investment management fees charged to capital	(102)	–	(102)
At 31 August 2010	<u>(17,310)</u>	<u>2,650</u>	<u>(14,660)</u>

Notes to the Financial Statements

continued

12 Net asset value per share – basic and diluted

The net asset value per ordinary share and the net asset value attributable to ordinary shareholders at the year end, calculated in accordance with the Articles of Association, were as follows:

	Net asset value per share 2010 pence	Attributable net asset value 2010 £'000	Net asset value per share 2009 pence	Attributable net asset value 2009 £'000
Ordinary shares	<u>62.54</u>	<u>23,454</u>	<u>54.29</u>	<u>20,360</u>

The basic net asset value per ordinary share is based on 37,500,000 (2009: 37,500,000) ordinary shares, being the number of ordinary shares in issue at 31 August.

13 Risk Management policies and procedures

The company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 1 and in the business review. In pursuing its investment objective, the company is exposed to a variety of financial risks that could result in either a reduction in the company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks, market risk (comprising market price risk, currency risk, interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The board of directors and the investment manager, coordinate the company's risk management. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The board determines the objectives, policies and processes for managing the risks and the methods used to manage the risks and these are set out below under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

13.1 Market risk

The fair value of a financial instrument held by the company may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 13.1), currency risk (see note 13.2), interest rate risk (see note 13.3), liquidity risk (see note 13.4) and credit risk (see note 13.5). The investment 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.

Market price risk

Market price risks (ie changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the quoted and unquoted investments.

Management of the risk

The board of directors manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the investment manager. Investment performance is reviewed at each board meeting. The board monitors the portfolio manager's compliance with the company's objectives, and is directly responsible for investment strategy and asset allocation, including as between countries and economies.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

Concentration of exposure to market price risks

An analysis of the group's investment portfolio is shown on page 5. 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.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the company's net assets to an increase or decrease of 25% (2009: 40%) in the fair values of the company's investments at each balance sheet date. This level of change is considered to be reasonable based on observation of current market conditions.

	2010		2009	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income				
– profit after tax				
Revenue return	(17)	17	(24)	24
Capital return	5,648	(5,648)	7,912	(7,912)
Change to profit after tax for the year and impact on net assets	5,631	(5,631)	7,888	(7,888)

13.2 Currency risk

A proportion of the company's assets, liabilities and income are denominated in currencies other than sterling (the company's functional currency, and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The investment manager monitors the company's exposure to foreign currencies on a daily basis and reports to the board at each board meeting. The investment manager measures the risk to the company of the foreign currency exposure by considering the effect on the company's net asset value and total return of a movement in the exchange rate to which the company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing may be used to limit the company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Investment income denominated in foreign currencies is converted into sterling on receipt. The company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The fair values of the company's monetary items that have foreign currency exposure at 31 August are shown below. Where the company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

	US Dollar £'000	Australian Dollar £'000	Hong Kong Dollar £'000	Japanese Yen £'000	Other £'000
2010					
Receivables (due from brokers, dividends and other income receivable)	11	–	4	12	15
Cash at bank and on deposit less short term overdrafts	224	68	–	–	73
Total foreign currency exposure on net monetary items	235	68	4	12	88
Investments at fair value through profit or loss that are equities	8,604	1,612	3,206	3,142	4,364
Total net foreign currency exposures	8,839	1,680	3,210	3,154	4,452
2009					
Receivables (due from brokers, dividends and other income receivable)	30	–	12	120	512
Cash at bank and on deposit less short term overdrafts	97	44	145	–	–
Payables (due to brokers, accruals and other creditors)	(288)	–	–	–	(127)
Total foreign currency exposure on net monetary items	(161)	44	157	120	385
Investments at fair value through profit or loss that are equities	8,149	1,806	1,636	2,752	3,141
Total net foreign currency exposures	7,988	1,850	1,793	2,872	3,526

The above amounts are not representative of the exposure to risk during the year as levels of monetary foreign currency exposure change significantly throughout the year.

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return after tax for the year and the net assets in regard to movements in the company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates.

It assumes the following changes in exchange rates:

Sterling/US Dollar +/- 6% (2009: 40%)

Sterling/Australian Dollar +/- 12% (2009: 9%)

Sterling/Hong Kong Dollar +/- 6% (2009: 8%)

Sterling/Japanese Yen +/- 17% (2009: 14%)

These percentages are deemed reasonable based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the company's foreign currency financial assets and financial liabilities held at each balance sheet date.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

If sterling had depreciated against the currencies shown the impact on total return and net assets would have been as follows:

	2010				2009			
	US Dollar £'000	Australian Dollar £'000	Hong Kong Dollar £'000	Japanese Yen £'000	US Dollar £'000	Australian Dollar £'000	Hong Kong Dollar £'000	Japanese Yen £'000
Statement of Comprehensive Income – profit after tax								
Revenue return	35	25	21	98	647	20	20	55
Capital return	560	239	203	640	5,417	96	112	445
Change to profit after tax for the year and impact on net assets	595	264	224	738	6,064	116	132	500

If sterling had appreciated against the currencies shown, this would have had the following effect:

	2010				2009			
	US Dollar £'000	Australian Dollar £'000	Hong Kong Dollar £'000	Japanese Yen £'000	US Dollar £'000	Australian Dollar £'000	Hong Kong Dollar £'000	Japanese Yen £'000
Statement of Comprehensive Income – profit after tax								
Revenue return	(31)	(19)	(19)	(70)	(277)	(17)	(17)	(42)
Capital return	(497)	(187)	(181)	(454)	(2,327)	(228)	(123)	(336)
Change to profit after tax for the year and impact on net assets	(528)	(206)	(200)	(524)	(2,604)	(245)	(140)	(378)

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the company's objectives.

13.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash at bank and on deposit, and the interest payable on any short term borrowings.

Management of the risk

The majority of the company's financial assets are non-interest bearing. As a result, the company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under any multi-currency loan facility.

The company may finance part of its activities through borrowings at levels approved and monitored by the board.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure at 31 August of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be re-set.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

	Within one year £'000	2010 More than one year £'000	Total £'000	Within one year £'000	2009 More than one year £'000	Total £'000
Exposure to floating interest rates:						
Contracts for difference						
Notional long positions	2,132	–	2,132	–	–	–
Cash at bank	745	–	745	473	–	473
Exposure to fixed interest rates:						
Investments	–	–	–	–	426	426
Total exposure to interest rates	2,877	–	2,877	473	426	899

The company is exposed to interest rate risk on the long positions within the contracts for difference (“CFD”) portfolio. The company incurs a charge based on relevant LIBOR rates plus 30 to 75 basis points on these positions. Further details on the notional interest arising in the year in relation to the CFD portfolio are given in note 7 on page 32.

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2009: same).

The above year end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made and borrowings are drawn down and repaid.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year to an increase or decrease of 100 basis points in interest on the company’s monetary financial assets and liabilities at each balance sheet date.

	2010		2009	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Statement of Comprehensive Income				
– profit after tax				
Revenue return	8	(8)	5	(5)
Capital return	–	–	–	–
Total return after tax for the year and impact on net assets	8	(8)	5	(5)

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since exposure changes as investments are made, borrowings are drawn down and repaid throughout the year.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

13.4 Liquidity risk

This is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

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

The board gives guidance to the investment manager as to the maximum amount of the company's resources that should be invested in any one company. The policy is that the company should generally remain fully invested.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 August, based on the earliest date on which payment can be required was as follows:

	2010 3 months or less £'000	2009 3 months or less £'000
Other payables		
Amounts due to brokers and accruals	243	666
	243	666

13.5 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the company of default.
- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker.
- cash at bank is held only with banks considered to be creditworthy and is subject to continual review.

The company has not been materially exposed to credit risk throughout the year.

13.6 Capital management policies and procedures

The company's capital management objectives are to:

- ensure it will be able to continue as a going concern; and
- to maximise the income and capital return to its shareholders.

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that any leverage arising through the company's CFD portfolio should not exceed 20% of gross assets.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

The company's capital at 31 August comprises its equity share capital and reserves that are shown in the balance sheet at a total of £23,454,000 (2009: £20,360,000).

The board with the assistance of the investment manager, monitors and reviews the broad structure of the company's capital on an ongoing basis. This review includes:

- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

Risks associated with derivatives

The company may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, CFDs, as part of its investment policy. These instruments can be highly volatile and potentially expose investors to a higher risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, dependant on the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the value of the net exposures in the underlying CFD positions. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The company's current investment strategy specifically utilises CFDs. The company limits the gross market exposure, and therefore the leverage of this strategy, to approximately 20% of the company's long portfolio value. The CFDs utilised have a linear performance to referenced stocks quoted on exchanges and therefore have a volatility profile similar to the underlying stocks.

Management of the risk

- Economic exposure through derivatives is restricted to approximately 20% of the gross assets.
- Exposures are monitored daily by the manager and the Henderson risk management system. The company's board also review exposures regularly.
- There were five CFD positions as at 31 August 2010 (2009: nil).

The gross underlying notional exposures within the CFD portfolio at 31 August 2010 were:

	2010 £'000	of long only % equity portfolio
CFDs – gross exposure relating to long positions	2,132	9.4

The economic exposures within the CFD portfolio can be closed out at any time by the company with immediate effect.

Details of securities and exposures to market risk, interest rate risk and credit risk implicit within the CFD portfolio are given in notes 1 and 7.

The portfolio includes unquoted investments which total 2.2% of the total portfolio and which are held at directors' valuations.

Notes to the Financial Statements

continued

13 Risk Management policies and procedures (continued)

Fair values of financial assets and financial liabilities

Financial assets and financial liabilities, are either carried in the balance sheet at their fair value (investments and derivatives) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank).

The company's hierarchy:

As at 31 August 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets/(liabilities)				
Financial investments designated at fair value through profit or loss	22,119	–	512	22,631
Fair value of derivative financial investments	–	62	–	62
Assets measured at fair value	22,119	62	512	22,693
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 31 August 2009				
Assets/(liabilities)				
Financial investments designated at fair value through profit or loss	19,343	–	526	19,869
Fair value of derivative financial investments	–	–	–	–
Assets measured at fair value	19,343	–	526	19,869

Level 3 Reconciliation

As at 31 August 2010	2010 Equity Investments £'000
Opening balance	526
Total losses included in gains on investments in the Statement of Comprehensive Income: on assets held at the end of the year	(14)
Closing balance	512

Level 3 valuation techniques used by the company are explained in the accounting policies in note 1 on page 29.

14 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 August 2010 (2009: none).

Notes to the Financial Statements

continued

15 Transactions with the management company

Under the terms of an agreement dated 13 July 2006, the company has appointed wholly owned subsidiary companies of Henderson Global Investors (Holdings) plc ('Henderson') to provide investment management services. The base management fee is calculated at the rate of 0.75% per annum of the net chargeable assets of the company. Such fees are payable quarterly in arrears. The total of the fees paid or payable under this agreement to Henderson in respect of the year ended 31 August 2010 was £167,000 (2009: £123,000) of which £28,000 (2009: £24,000) was outstanding at 31 August 2010.

A performance fee is also payable, annually in arrears at a rate of 15% of the company's total return, if any, in excess of a high watermark which is the greater of (i) £1 and (ii) the greatest NAV total return (calculated by adding back dividends) as at any prior year end, in each case increased by 8% p.a. The aggregate fees payable in any year are capped at 1.75% of net chargeable assets as at the relevant year end date and any excess performance fee over the cap may be carried forward for up to three years to the extent that in a subsequent calculation period a performance fee is payable but does not reach the cap. No performance fee is payable for the year ended 31 August 2010 (2009: £nil).

In addition to the above services, Henderson has provided the company with marketing services during the year. The total fees paid for these services during the year ended 31 August 2010 amounted to £32,000 (2009: £11,000).

Summary details of the management agreement including notice of termination are included in the Report of the Directors on page 11.

Investor Information

Financial calendar

Financial period end:	31 August 2010
Annual General Meeting:	16 December 2010
Shareholder Event (see below):	19 January 2011
Payment of 4th interim dividend 2010:	29 October 2010
Ex-dividend date:	13 October 2010
Record date:	15 October 2010

2011 Dividends will be paid at end January, end April, end July and end October.

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services). Mandate forms for this purpose are available on request from the company's registrar.

Shareholder event

All general meetings of the company will be held in Guernsey. Henderson, the investment manager, recognises that many shareholders are unable to travel to Guernsey, but would like to meet a member of the board and hear from the portfolio manager on a regular basis.

Henderson has therefore arranged a shareholder event to be held at its office in London on Wednesday, 19 January 2011 at 3 pm. The event will provide an opportunity to meet the chairman and for a representative of the manager to give a presentation on the investment strategy and performance. The event will include light refreshments.

If you wish to attend, please return the yellow card which is enclosed with this Report. A map of the venue is provided opposite.

Shareholder information

Copies of this report or other documents issued by the company are available from the company secretary.

If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

Share price listing

The market price of the company's ordinary shares can be found in the Financial Times under 'Investment Companies'.



■ Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE

Website

Details of the company's share price and net asset value ('NAV'), together with other information about the company, can be found on the company's website. The address is: www.hendersonglobalproperty.com

The NAV is published daily.

ISIN/SEDOL number

The ISIN code/SEDOL (Stock Exchange Daily Official List) number of the company's shares is: GB00B17MXW87. The mnemonic code is HGPC.

Nominee share code

Where notification has been provided in advance, the company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the chairman.

Investors in Halifax Share Dealing products and Henderson ISAs receive all shareholder communications. A form of instruction is provided to facilitate voting at general meetings of the company.

Investor Information

continued

Directors

Christopher Jonas (chairman)
Peregrine Banbury
Richard Battey (appointed 8/1/2010)
Christopher Sherwell
William Scott (ceased to be a director on 16/12/2009)

Investment Manager

Henderson Global Investors Limited
represented by Patrick Sumner
201 Bishopsgate, London EC2M 3AE
www.hendersonglobalproperty.com

Henderson Global Investors Limited
is authorised and regulated by the Financial Services Authority

Secretary and Administrator

BNP Paribas Fund Services (Guernsey) Limited
represented by Sara Bourne
Telephone: 01481 750858

Registered office

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Registered number

Registered in Guernsey as an authorised closed-end
investment company, number 44995

The Company is a member of



The Association of
Investment Companies

Independent Auditor

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Custodian

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London NW1 6AA

Stockbrokers

Oriel Securities Limited
125 Wood Street
London EC2V 7AN



Warning to shareholders

Shareholders should be wary of unsolicited telephone calls or correspondence concerning the company and offering investment advice, offers to buy shares at a discount or free company reports.

It is extremely unlikely that Henderson Global Property Companies Limited, its manager (Henderson Global Investors) or its registrar would make unsolicited telephone calls to shareholders. In the event that the company or its advisers did make unsolicited calls, shareholders would never be asked to confirm their personal details and such calls would relate only to official documentation already circulated to shareholders and never be in respect of offering investment advice, or unpublished investment or financial information regarding the company.

If you are in any doubt about the veracity of an unsolicited phone call, please call the company secretary at the telephone number provided above.



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