THE NORTH AMERICAN INCOME TRUST PLC

Schedule of Matters Reserved for the Board

1 Strategy and Management

1.1 Responsibility for the overall management of the company.

1.2 Approval of the company's long term objectives and commercial strategy to include the determination of the parameters of the investment strategy and investment, treasury and risk management policies within which the Investment Manager can exercise judgement.

1.3 Appointment and review of the terms of appointment of the Investment Manager.

1.4 Annual review of the continued appointment of the Investment Manager.

1.5 Approval of the company's annual operating budget and any material changes.

1.6 Oversight of the company's operations ensuring:

- competent and prudent management;
- sound planning;
- an adequate system of internal control;
- adequate accounting and other records; and
- compliance with statutory and regulatory obligations.

1.7 Review of the company's performance in the light of stated objectives and ensuring that any necessary corrective action is taken.

1.8 Regular review of the schedule of investment limits and restrictions in order to ensure compliance with regulations.

1.9 Review of reports submitted by the Investment Manager, in particular valuations, transactions and revenue forecasts.

1.10 Amendment of the company's stated investment policy, any such amendment to be approved by shareholders.

1.11 Any decision to cease to operate all or any material part of the company's business.

1.12 Initiate and approve gearing levels and bank facilities.

1.13 Review of geographical asset allocation.

1.14 If applicable, matters affecting any subsidiary company including director appointments / removals, corporate structure matters, capital restructures etc.

1.15 The terms and conditions of non-executive directors.

1.16 Authorisation of signatories on the company's bank mandate and as witness to the company's seal.

2 Structure and Capital

2.1 Changes relating to the company's status as an investment trust company or its capital structure, including reduction of share capital, the authorisation of share issues and share buy backs and the use of treasury shares.

2.2 Corporate acquisitions / disposals.

3 Financial Reporting and Controls

3.1 Approval of announcements of half year and final results.

3.2 Approval of the annual report and accounts, including the corporate governance statement and the directors' remuneration report. Approval of the half year report.

3.3. Approval of the dividend policy.

3.4 Approval and declaration of interim dividends and the recommendation of any final dividend.

3.5 Approval of any significant changes in accounting policies or practices.

3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

4 Internal Controls

4.1 Ensuring maintenance of a sound system of internal control and risk management including:

- Receiving reports on, and reviewing the effectiveness of, the company's risk and control processes to support its strategy and objectives.
- Undertaking an annual assessment of these processes.
- Approving an appropriate statement for inclusion in the annual report.

4.2 Major compliance issues.

5 Contracts

5.1 Material contracts of the company (or any subsidiary, if applicable), in particular the sanction in advance of any acquisition or sale:-

- with a value in excess of 5% of assets under management;
- which is in a fund or company managed by the Investment Manager; or
- which does not have or has not applied for a Stock Exchange listing.

5.2 Contracts of the company (or any subsidiary, if applicable) not in the ordinary course of business.

5.3 Major capital projects.

5.4 Material contracts including bank borrowings and foreign currency transactions.

5.5 The making of any takeover offer.

6 Communications

6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

6.2 Approval of all circulars and listing particulars.

6.3 Approval of press releases concerning matters decided by the Board.

6.4 Approval of company announcements (with the exception of routine announcements such as blocklisting returns and announcements which are time critical, for example directors' dealings and substantial shareholder announcements).

7 Board Membership and Other Appointments

7.1 Changes to the structure, size and composition of the Board following recommendations from the Nomination Committee.

7.2 Appointments to and removals from the Board following recommendations by the Nomination Committee.

7.3 Ensuring adequate succession planning for the Board.

7.4 Selection of the Chairman of the Board.

7.5 Appointment of the Senior Independent Director.
Appointment of Deputy Chairman.

7.6 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at an AGM.

7.7 Appointment or removal of the company secretary.

7.8 Recommendation of the appointment, reappointment or removal of the external auditor to be put to shareholders for approval following the recommendations of the Audit Committee.

7.9 Determination of remuneration of the external auditor.

7.10 Appointments to and removals from the Board of any subsidiary, if applicable.

8 Delegation of Authority

8.1 Chairmanship and Membership of Board Committees.

8.2 Approval of the Terms of Reference of Board Committees.

8.3 Consideration of recommendations of Board Committees and sub committees.

8.4 Authorisation of ad-hoc sub-committees of the Board and consideration of recommendations of such sub-committees.

9 Remuneration

9.1 Determination of the remuneration of the directors subject to the Articles of Association and shareholder approval as appropriate.

10 Corporate Governance Matters

10.1 Undertaking a formal and rigorous annual review of the Board's performance and that of the Board Committees and individual directors.

10.2 Determination of the independence of directors.

10.3 Review of the company's corporate governance arrangements.

10.4 Receiving reports on the views of the company's shareholders.

11 Policies

11.1 Approval of policies including communications policy, corporate social responsibility policy and charitable donations policy.

11.2 Approval of share dealing procedures to include the Model Code requirements as a minimum.

12 Other

12.1 The making of political donations.

12.2 Formulation of any charitable donations policy.

12.3 Approval of the company's professional advisers.

12.4 Prosecution, defence or settlement of litigation.

12.5 Approval of the overall level of directors' and officers' liability insurance.

12.6 Consideration of Bribery Act matters.

12.7 The schedule of matters reserved for the Board.