

Aberdeen Latin American Income Fund Limited

Prospectus

July 2010



A copy of this document, which comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules made pursuant to section 73A of the Financial Services and Markets Act 2000, has been filed with the FSA in accordance with rule 3.2 of the Prospectus Rules.

The Company is a closed-end investment company with limited liability incorporated under the Jersey Company Law. The Company constitutes and is regulated as a collective investment fund under the Jersey Funds Law. The JFSC is protected by the Jersey Funds Law against liability arising from the discharge of its functions under the Jersey Funds Law.

A copy of this document has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that, in giving this consent, neither the Registrar of Companies in Jersey nor the JFSC takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to the Company.

The directors of the Company, whose names appear on page 19 of this document, and the Company itself accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

ABERDEEN LATIN AMERICAN INCOME FUND LIMITED

(Incorporated in Jersey with limited liability under the Companies (Jersey) Law 1991 with registered number 106012)

Placing and Offer for Subscription of up to

**100,000,000 Ordinary Shares at 100p per Share
(with Subscription Shares on a one for 10 basis)**

and

**Issue of up to 10,000,000 Subscription Shares at 10.5p per Subscription Share
to**

Aberdeen Private Wealth Management Limited

Placing Agent and Sponsor
Canaccord Genuity Limited

Applications under the Public Offer may only be made on the Application Form set out at the end of this document. Completed Application Forms must be posted to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 5.00 p.m. on Friday, 30 July 2010.

Applications have been made to the UK Listing Authority for the Ordinary Shares and the Subscription Shares, issued and to be issued pursuant to the Issue, to be admitted to listing on the Official List and to the London Stock Exchange for such Shares to be admitted to trading on its Main Market. It is expected that Admission will occur, and that dealings in the Shares will commence, on Monday, 16 August 2010.

This document should be read in its entirety before making any application for Ordinary Shares. The attention of potential investors is drawn in particular to pages 8 to 14 of this document, which set out the principal risk factors associated with an investment in Aberdeen Latin American Income Fund Limited.

Persons not resident in, or who are outside, the United Kingdom and who wish to invest in the Company are referred to the section headed "Important Information" on pages 15 to 17 of this document and to paragraph 8 of Part 7 of this document.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting solely for Aberdeen Latin American Income Fund Limited and for no one else in connection with the Issue and will not be responsible to anyone other than Aberdeen Latin American Income Fund Limited for providing the protections afforded to clients of Canaccord Genuity or for affording advice in relation to the Issue or any other matter referred to in this document. This does not exclude or limit any responsibility which Canaccord Genuity may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

14 July 2010

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SUMMARY

An investment in the Shares is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. If investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares and/or Subscription Shares, they should consult an appropriately authorised independent financial adviser.

This summary should be read as an introduction to the full text of this document and any decision to invest in Shares should be based on consideration of the full text of this document as a whole. Where a claim relating to the information contained in this document is brought before a court, a plaintiff investor may, under the national legislation of an EEA State (as defined in appendix 1 to the Prospectus Rules), have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches to the Company and its Directors who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

Aberdeen Latin American Income Fund Limited

- The Company is a new Jersey-incorporated, closed-end investment company, the investment objective of which is to provide investors with a total return, with an above average yield, primarily through investing in Latin America. The Company is the first UK-listed Latin American closed-end fund with an income bias.
- The Company's portfolio will be managed by Aberdeen's highly regarded Global Emerging Market Equity and Debt teams. The Company will invest in a diversified portfolio consisting primarily of equities, equity-related securities (such as ADRs) and fixed income investments (principally sovereign debt), although its investment policy is flexible, enabling it to invest in all types of securities. Allocations between equity and equity-related investments and fixed income investments will vary according to relative value and opportunities identified by the Investment Team and in response to changing economic cycles.
- It is expected that, once fully invested, the initial asset allocation of the Company's portfolio will be in the region of 60% to equities and equity-related securities and the balance to sovereign debt (but without restricting the asset allocations in the future). Accordingly, the Company will measure its performance against a composite benchmark index weighted as to 60% MSCI EM Latin American 10/40 Index and 40% JPMorgan Emerging Markets Bond Index Global Diversified (Latin America Carve Out) (both in sterling terms).
- The Company's capital structure consists of Ordinary Shares and Subscription Shares. Each Subscription Share confers the right to convert into one Ordinary Share at a price of 120p on 31 December in any of the years 2013 to 2015 (inclusive).
- The Directors intend to operate an active discount management policy through the use of Ordinary Share buy-backs, the objective being to maintain the price at which the Ordinary Shares trade relative to their underlying net asset value at a discount of no more than 5%. The Directors have authority to issue, on a non-pre-emptive basis, new Ordinary Shares amounting to 10% of the issued Ordinary Shares on Admission provided that any such issues are at prices (net of issue costs) that represent a premium to the prevailing NAV per Ordinary Share.
- In the absence of unforeseen circumstances, dividends on the Ordinary Shares will be payable quarterly as interim dividends in January, April, July and October each year, commencing in January 2011. The Company will aim to provide Ordinary Shareholders with an initial yield of not less than 4.25% (based on the Issue Price) in respect of the Company's first financial year ending on 31 August 2011 and to grow its dividends over time (this is a target dividend level which is based on certain assumptions and does not constitute a forecast of the profits or return from investment in the Company and there is no guarantee of any particular level of profits or return being achieved).

- The Company's borrowing policy permits it to borrow up to an amount equal to 20% of its net assets (measured at the time of draw down). It is anticipated that the Company will draw down short-term borrowings for investment purposes or to buy back Shares of an amount broadly equal to 10% of its net assets following Admission.
- The Board comprises Richard Prosser (chairman), Martin Adams, Jeremy Arnold, George Baird and Martin Gilbert. All of the Directors are non-executive and, for the purposes of the Listing Rules, each is independent of the Aberdeen Group save for Mr Gilbert who is chief executive of Aberdeen. In accordance with the Listing Rules, Mr Gilbert will be subject to annual re-election by Ordinary Shareholders.
- The Company does not have a fixed life.

Attractive Outlook for Latin American Markets

- As a result of numerous historic crises, certain Latin American governments recognised the need for sounder fiscal and monetary policy and a number of Latin American central banks began to follow inflation targeting mandates. This led to a structural shift to lower inflation, creating an environment conducive to domestic growth and investment. Furthermore, Latin American banks did not leverage as much as, and had almost none of the "toxic" investments that characterised, their developed market counterparts. These measures meant that the region was able to come through the recent global credit crisis relatively unscathed: it now has fiscal deficits which are less than half those of developed markets and total gross public sector debt (as a percentage of GDP) which is approximately one-third of the levels of developed markets.
- Global demand for raw materials has led to trade surpluses in Latin America, a region rich in natural resources. In addition, tax reforms and prudent government spending policies have led to current account surpluses in many countries, and economies are now more stable and less dependent on foreign inflows of capital.
- The marked improvement in Latin American economies has been reflected in a steady improvement in the credit quality of the region's sovereign debt, with 100% of the Latin American local currency bond index now investment grade.
- Today, most countries in the region have low debt levels and growth is underpinned by macro economic stability, credit expansion from a low base, supportive demographics, public sector reforms and increasing productivity.
- The contrasting economic fortunes of Latin America and of more developed markets is reflected in their respective fiscal and debt outlooks: the emerging G-20 countries (including Argentina, Brazil and Mexico) are forecast to have, on average, fiscal deficits of 2.5% of GDP and government debt equivalent to around 33% of GDP in 2015, whilst the average fiscal deficits and government debt, as percentages of GDP in 2015, of the advanced G-20 countries are forecast to be 5% and 117% respectively. Indeed, in terms of GDP, Brazil is forecast to move past the UK and France in 2013 and, potentially, overtake Germany to move into fifth place in the world by 2025, whilst Mexico could overtake the UK and France by the same date.
- It is not just the economy, Latin American companies have also improved: company balance sheets are more carefully managed, levels of corporate debt have been falling and profitability has improved significantly and there is an increasing focus on shareholder value. In addition, the increased fund flows into Latin America in recent years have been beneficial in increasing liquidity in the market.
- Given the general financial strength of many of the region's companies and their growth potential, the Directors believe that current valuations reflect the premium returns available from Latin American equities compared to developed markets. Strong corporate earnings growth is forecast to continue in the region and, accordingly, the Directors expect substantial growth in dividends paid by Latin American corporates. There is also a steady flow of well-managed companies coming to the market, which bodes well for the future.

- Latin American sovereign debt is currently offering significantly more attractive local currency real yields than US, UK and Japanese sovereign bonds. Having regard to the credit quality of the region's sovereign debt, their current real yields and the high fiscal and debt burdens of the developed world, the Directors believe that Latin American sovereign debt ratings are poised to improve further.

Investment Management and Administration Arrangements

- The Company will be managed by Aberdeen Private Wealth Management, which will delegate day-to-day investment management and day-to-day company secretarial and administration (including accounting) services to Aberdeen Asset Managers (which will sub-delegate the provision of the administration services to BNP Paribas Fund Services UK Limited).
- The Manager will be entitled to an investment management fee at the rate of 1.0% per annum of the Company's net assets and an annual company secretarial and administration fee of £100,000, which will increase annually in line with any increases in RPI. The Manager is responsible for all fees payable to the Investment Manager and the Administrator.
- The management agreement between the Company and the Manager is terminable by either party giving to the other not less than 12 months' written notice.

Investment Manager

- Aberdeen Asset Managers is a wholly-owned subsidiary of Aberdeen Asset Management PLC. The Aberdeen Group has been investing in emerging equity and fixed interest markets, including Latin America, since the 1980s and the 1990s respectively. As at 31 May 2010, Aberdeen's Global Emerging Market Equity and Debt teams, with 22 investment professionals between them, managed in excess of £20 billion of assets, including approximately £5.8 billion invested in Latin American equities and approximately £1.3 billion invested in Latin American fixed interest investments.
- The Investment Manager will select securities for the Company's portfolio employing the respective investment strategies established by the GEM Equity Team and the GEM Debt Team. These teams have similar investment philosophies which focus on careful security selection based on proprietary research and the application of a disciplined investment process, and meet regularly to discuss markets, currencies and company specific issues and research. The Investment Manager's process is not benchmark driven.
- Aberdeen Asset Managers has a proven track record of investing in emerging markets, including Latin America, through a number of market cycles.

The Issue

- The Company is seeking to raise up to £100 million, before expenses, through a placing and offer for subscription of Ordinary Shares at 100p per share (with such Ordinary Shares being issued with one Subscription Share for every 10 Ordinary Shares issued at no additional cost).
- The Company will also raise up to approximately £1.1 million, before expenses, through the purchase of Subscription Shares at 10.5p per share by the Manager on the basis of one Subscription Share for every one Subscription Share issued pursuant to the Placing and Public Offer. The Manager has entered into lock-in arrangements restricting its ability to sell such Subscription Shares whilst the Management Agreement subsists. The Directors believe that Aberdeen's holding of Subscription Shares will align Aberdeen's interests with those of Ordinary Shareholders by incentivising Aberdeen:
 - to generate long-term capital appreciation in the Company's net assets in addition to the Company seeking to grow its dividends in accordance with its stated dividend policy; and
 - to seek to maintain a strong rating for the Ordinary Shares in the secondary market (i.e. to minimise the price at which the Ordinary Shares trade at a discount, if any, relative to their underlying net asset value).

- The Shares will be admitted to the Official List and traded on the London Stock Exchange's Main Market. The issue of the Subscription Shares will mean that, in effect, the equivalent of 20% of the issued Ordinary Shares is under option at Admission.
- The Issue is not underwritten. If the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Issue will not proceed unless the Company publishes a supplementary prospectus containing an amended working capital statement. The decision whether to proceed with the Issue and publish a supplementary prospectus in such circumstances will be at the absolute discretion, and subject to the unanimous agreement, of the Directors, the Investment Manager and Canaccord Genuity.

Principal Risk Factors

Investment Objective

- The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Company, but there can be no guarantee that these will produce the desired results. There is, therefore, no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company or that the Company will achieve its investment objective.

Shares

Ordinary Shares

- The market price of the Ordinary Shares, as well as being affected by their underlying NAV, also take into account their dividend yield, prevailing interest rates, the interaction of supply and demand for the Ordinary Shares in the market, market conditions generally and general investor sentiment. As a result, and notwithstanding the existence of share buy-back powers and the Board's discount management policy, the market price of the Ordinary Shares may vary considerably from the NAV per Ordinary Share (representing either a discount or a premium to that NAV) and may fall when the underlying NAV per Ordinary Share is rising, or *vice versa*.
- The exercise of the conversion rights conferred by the Subscription Shares will result in a dilution of Ordinary Shareholders' interests if the NAV per Ordinary Share exceeds the conversion price payable on the conversion of a Subscription Share at the relevant time.

Subscription Shares

- Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.
- Although Subscription Shares are tradable securities, market liquidity in the Subscription Shares may be less than that of the Ordinary Shares.

General

- Investment in the Shares should be regarded as medium to long-term in nature and may not be suitable as a short-term investment.

Dividends

- The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Jersey Company Law. Accordingly, there is no guarantee that the Company's dividend objective will be met and the amount of the dividends paid to Shareholders may fluctuate.

Borrowings

- Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. The use of borrowings may increase the volatility of the NAV of the Ordinary Shares and the share price of the Shares.

Market Risks

- Investment in emerging securities markets in the Latin American region involves greater risks and other considerations not typically associated with investment in more developed securities markets. Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, political and diplomatic events, tax or other laws, investors' perceptions and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.
- The risks inherent in Latin America can generally be expected to result in increased volatility in the shares of Latin American companies and portfolios which invest in them when compared to their counterparts in developed markets. Investment companies investing in Latin America can generally be expected to display greater share price and NAV volatility than those investing in developed markets.

Foreign Exchange Risks

- The Company will account for its activities, report its results and pay dividends in sterling while investments will be made and realised in other currencies. Accordingly, the movement of exchange rates between sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down may have a material effect, unfavourable as well as favourable, on the returns otherwise experienced on the investments made by the Company. Foreign exchange risk may increase the volatility of the net asset value and share price of the Ordinary Shares.

General

- The Company does not have a fixed life and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market.

Action to be Taken to Apply under the Public Offer

- Completed Application Forms must be posted to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 5.00 p.m. on Friday, 30 July 2010.

RISK FACTORS

In addition to the other information set out in this document, the risks described below should be carefully considered by investors when deciding whether to make any investment decision relating to the Shares. The following risks are those risks which the Directors consider to be material as at the date of this document. If any of the adverse events described below actually occur, the financial condition, prospects and share price of the Company could be materially and adversely affected and investors may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this document, or that the Directors considered at the date of this document to be immaterial, may also have an effect on the financial condition, prospects and share price of the Company.

If investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares and/or Subscription Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, in the case of investors outside the United Kingdom, another appropriately authorised independent financial adviser.

Investment Objective

- The Company will be subject to management risk because its portfolio will be a managed portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Company, but there can be no guarantee that these will produce the desired results. There is, therefore, no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company. Accordingly, there can be no guarantee that the Company will achieve its investment objective.

Shares

General

- Investment in the Shares should be regarded as medium to long-term in nature and may not be suitable as a short-term investment.
- An investment in the Shares is subject to investment risk, including the possible loss of the entire original investment. An investment in the Shares represents an indirect investment in the securities owned by the Company. The value of those securities, like other market investments, may go down as well as up, sometimes rapidly and unpredictably. The value of the securities in which the Company invests will affect the value of the Shares. The Shares at any point in time may be worth less than the original investment, even after taking into account, in the case of the Ordinary Shares, the dividends paid by the Company. Accordingly, investors may not be able to realise the amount of their original investment.
- The published market price of the Shares will be, typically, their mid-market price. Due to the potential difference between the mid-market price of the Shares and the price at which the Shares can be sold, there is no guarantee that the realisable value of the Shares will reflect their published market price.
- Shareholders have no right to have their Ordinary Shares or Subscription Shares repurchased by the Company. Accordingly, Shareholders wishing to realise their investment in the Company will be required to dispose of their Shares on the stockmarket. Market liquidity in the shares of London-listed closed-end investment companies is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares or the Subscription Shares will exist. Accordingly, Shareholders may be unable to realise their Shares at their quoted market price.
- The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Shares may affect the ability of Shareholders to realise their investment.

Ordinary Shares

- The market price of the Ordinary Shares, as well as being affected by their underlying net asset value, will also take into account their dividend yield, prevailing interest rates, the interaction of supply and demand for the Ordinary Shares in the market, market conditions generally and general investor sentiment. As a result, and notwithstanding the existence of share buy-back powers and the Board's discount management policy, the market price of the Ordinary Shares may vary considerably from the net asset value per Ordinary Share (representing either a discount or a premium to that net asset value) and may fall when the underlying net asset value per Ordinary Share is rising, or *vice versa*.
- It is the Directors' intention to implement an active discount management policy through the use of share buy-backs to seek to maintain the price at which the Ordinary Shares trade relative to their prevailing net asset value at a discount of no more than 5%. As described under the heading "Capital Structure" in Part 1 of this document, the making and timing of share buy-backs is subject to a number of legal and regulatory restrictions and other factors and will also remain at the absolute discretion of the Board. Accordingly, there is no guarantee that the Board's discount management policy will achieve its objective or always be, or be capable of being, implemented.
- The exercise of the conversion rights conferred by the Subscription Shares will result in a dilution of Ordinary Shareholders' interests if the net asset value per Ordinary Share exceeds the price payable on the conversion of a Subscription Share at the relevant time. The extent of such dilution will depend on the number of Subscription Shares in respect of which the conversion rights are exercised on each occasion and the difference between the price payable on such conversion and the net asset value per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to such conversion. The perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increases in the net asset value per Ordinary Share than might otherwise be expected.
- In the event of the winding-up of the Company prior to the exercise of the conversion rights conferred by the Subscription Shares, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.

Subscription Shares

- Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.
- Movements in the market price of the Subscription Shares may not be in line with the movement in the market price of the Ordinary Shares. Although the market prices of the Subscription Shares and the Ordinary Shares are linked, since they share common price factors such as net asset value, the market price of a Subscription Share may not move in line with that of an Ordinary Share because other factors contributing to their respective prices, for example supply and demand, are not directly related to one another and, hence, are unlikely to change at the same time and in the same manner. Furthermore, the market price of Subscription Shares is affected by factors that do not affect the market price of Ordinary Shares, such as the remaining duration of the conversion rights conferred by the Subscription Shares. As a result, the market price of the Subscription Shares may vary considerably from the intrinsic and/or time value (if any) of a Subscription Share and there is no guarantee that the Subscription Shares will have a market value.
- Although Subscription Shares will be tradable securities, market liquidity in the Subscription Shares may be less than the market liquidity in the Ordinary Shares.
- If the conversion rights conferred by the Subscription Shares are exercised the number of Subscription Shares in issue will be reduced. This could lead to the outstanding Subscription Shares being concentrated in the hands of a small number of Subscription Shareholders over time. The continued listing on the Official List of the Subscription Shares is dependent on at least 25% of the Subscription Shares being held in public hands (as defined in the Listing Rules). This

means that, if greater than 75% of the Subscription Shares are held by, *inter alia*, the Directors, persons connected with the Directors, or persons (including any member of the Aberdeen Group) interested in 5% or more of the Subscription Shares, the listing of the Subscription Shares may be suspended or cancelled. The Listing Rules state that the UK Listing Authority will allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Subscription Shares are listed.

- In the case of any Subscription Shares whose conversion rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights.
- The Subscription Shares, in so far as they give an entitlement to convert into or subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section “Risk Factors”.

Dividends

- The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Jersey Company Law. Furthermore, the ability of the Company to maintain, or increase, its dividends may be dependent upon the availability to the Company of borrowing facilities and these cannot be guaranteed. Accordingly, there is no guarantee that the Company’s dividend objective will be met and the amount of the dividends paid to Ordinary Shareholders may fluctuate.

Investment of Issue Proceeds

- The net proceeds of the Issue will be invested as soon as possible after the receipt of such proceeds. If stockmarkets rise significantly before the net proceeds of the Issue are fully invested, the potential returns from the Company’s investments generally (and, therefore, available to Ordinary Shareholders) may suffer.

General Market Risks Associated with the Company’s Investments

- The Company’s investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities, and there can be no assurance that appreciation in the value of those investments will occur.
- Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates, rates of inflation and demand for commodities), industry conditions, competition, political and diplomatic events, natural disasters, tax or other laws, investors’ perceptions and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company’s performance and prospects.
- At times, stockmarkets can be volatile and stock prices can change substantially. The securities of smaller companies are more sensitive to these changes than those of larger companies.
- An adverse event affecting the issuer of a particular security held by the Company, such as a profit warning, may depress the value of that particular security.
- There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company’s valuation of that investment for the purposes of calculating the net asset value of the Ordinary Shares.
- Securities exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Company to liquidate positions and thereby expose the Company to losses.

Emerging Market Risks

- Investment in emerging securities markets in the Latin American region involves greater risks and other considerations not typically associated with investment in more developed securities markets. In particular, such risks and other considerations include:
 - differences in auditing and financial reporting standards or their application which may result in the unavailability or unreliability of material information about companies;
 - less stringent laws and practices in relation to the fiduciary duties of officers and directors and protection of investors;
 - smaller capitalisation of securities markets, which may suffer periods of relative illiquidity;
 - poor oversight of securities markets;
 - significant price volatility;
 - longer settlement periods, and greater settlement risks, for securities transactions;
 - poor systems for the registration and custody of securities;
 - difficulty of bringing legal proceedings to enforce contractual rights;
 - dependence on exports and the corresponding importance of international trade and commodities prices;
 - currency exchange rate fluctuations which may affect the competitiveness and profitability of issuers;
 - potentially higher rates of inflation (including hyperinflation);
 - a potential risk of substantial deflation;
 - a higher degree of governmental involvement in and control over economies;
 - arbitrary government decisions resulting from a lower level of democratic accountability than is typical of developed nations;
 - national policies restricting the investment opportunities available to foreign investors or requiring foreign investors to register the proceeds of sales;
 - restrictions on the repatriation of investment income and capital;
 - future political or economic crises could lead to price controls, forced mergers, expropriation of assets, confiscatory taxation, nationalisation or government monopolies; and
 - social, economic or political uncertainty (including war or conflict).
- The risks inherent in Latin America can generally be expected to result in increased volatility in the shares of Latin American companies and portfolios which invest in them when compared to their counterparts in developed markets. Investment companies investing in Latin America can generally be expected to display greater share price and net asset value volatility than those investing in developed markets.

Fixed Income Securities

- The market value of fixed income securities is affected by general changes in interest rates. When interest rates decline, the value of fixed income securities can be expected to rise and, when interest rates rise, the value of such securities may decline.
- The ability of a government issuer, especially in an emerging market country, to make timely and complete payments on its debt obligations will be strongly influenced by the government issuer's balance of payments, including export performance, its access to international credits and

investments, fluctuations in interest rates and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of those commodities or imports. If a government issuer cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks and multinational organisations. Additional factors that may influence a government issuer's ability or willingness to service debt include, but are not limited to, a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole and the issuer's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies to which a government debtor may be subject.

- Adverse changes in the financial position of a corporate issuer of fixed income securities or general economic conditions may impair the ability of the corporate issuer to meet interest payments and repayments of principal. Accordingly, fixed income securities issued by corporates are also be subject to the inherent credit or default risks associated with the corporate issuer and there can be no assurance as to the levels of default and/or recovery that may be experienced with regard to such securities.
- To the extent that the Company invests in sub-investment grade fixed income securities the Company may realise a higher current yield than the yield offered by investment grade fixed income securities, but investment in such securities involves greater price volatility and a greater probability of default by the issuers of such securities with consequent loss of interest payments and repayments of principal. Sub-investment grade debt securities will have, in the judgment of a rating agency, uncertainties or risk exposures to adverse conditions, and are speculative with respect to an issuer's capacity to meet interest payments and repay principal in accordance with the terms of the obligation.

Illiquid Securities

- The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of the Ordinary Shares. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative market prices.

Derivatives

- The Company may invest in derivatives for investment purposes and/or efficient portfolio management. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments which are the subject of the derivative, on the other hand, and accordingly, such instruments may not always achieve the intended effect under all or any market conditions. In addition, an active market may not exist for a particular derivative instrument at any particular time.
- The Company will be exposed to credit risk on the counterparties with which it trades in respect of derivative instruments. The Company will seek to transact only with major established counterparties.
- The use of derivatives may lead to a higher volatility in the net asset value and share price of the Ordinary Shares than would otherwise be the case.

Stock Lending

- The Company may enter stock lending contracts which expose the Company to the risk that a counterparty may default in its obligations under such a contract, whether because of a dispute over the terms of the contract or because of a counterparty's liquidation. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement.

Borrowings

- Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares.
- Interest rate movements may affect the interest payable on the Company's variable rate cash borrowings (if any).
- The use of borrowings by the Company may increase the volatility of the net asset value of the Ordinary Shares, and the share price of the Shares.
- Should any fall in the underlying asset value result in the Company breaching any financial covenants contained in any loan facilities entered into by the Company, the Company may be required to repay such borrowings in whole or in part together with any attendant costs. This could adversely affect the income and capital returns to Ordinary Shareholders.
- Repayment of any borrowings will rank ahead of capital repayments to Shareholders in a winding-up of the Company.

Foreign Exchange Risks

- The Company will account for its activities, report its results and the net asset value per Ordinary Share and declare and pay dividends in sterling while its investments will be made and realised in other currencies. Where the Company does not hedge its currency exposure, the movement of exchange rates between sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the investments made by the Company. Foreign exchange risk may increase the volatility of the net asset value and share price of the Ordinary Shares.
- Although the Investment Manager may seek to manage all or part of the Company's foreign exchange exposure, there is no assurance that this can be performed effectively. Where the Company does hedge all or part of its currency exposure, there is no guarantee that such arrangements will be successful in reducing exchange risks and such arrangements may result in the Company incurring additional costs.
- Movements in the foreign exchange rate between sterling and the currency applicable to a particular Shareholder may have an impact upon that Shareholder's returns in their own currency of account.

Taxation and Exchange Controls

- Any change in the Company's tax status, in tax treaty rates, in taxation legislation or the interpretation of taxation legislation or in the tax treatment of dividends, interest or other investment income received by the Company could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Ordinary Shareholders or alter the post-tax returns to Ordinary Shareholders.
- To maintain its non-UK tax resident status, the Company is required to be managed and controlled outside the United Kingdom. The composition of the Company's board of directors, the place of residence of the individual members of the Board and the location in which the Board makes and executes its decisions will be important in determining and maintaining the non-UK tax residence status of the Company. In the event that the Board is regarded by HM Revenue & Customs as having made strategic decisions, or executed important documents, in the United Kingdom, the Company may lose its non-UK tax resident status, which would negatively affect the financial condition of the Company, affect the Company's ability to provide returns to Ordinary Shareholders or alter the post-tax returns to Ordinary Shareholders.

- The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the capital value of the affected investments and the income received by the Company on affected investments.
- Statements in this document concerning taxation are based on current taxation law and what is understood to be current practice, both of which are subject to change, possibly with retrospective effect. In any event, the taxation of an investment in the Company will depend on the individual circumstances of the investor, and investors who are in any doubt should consult their tax advisers before making an investment in the Company.

Accounting Practices and Policies

- Any change in financial reporting standards or accounting practices could affect the reported value of the investments held by the Company, affect the Company's ability to provide returns to Ordinary Shareholders or alter the post-tax returns to Ordinary Shareholders.
- The Directors intend to charge an element of the expenses of managing the Company, including any financing costs, to the Company's capital account. In the absence of capital growth in the Company's assets in excess of the aggregate value of such fees and costs charged to the capital account, this practice will result in a diminution in the Company's capital account. However, this practice will also, all other things being equal, result in the short term in an increased amount of net revenue available for distribution to Ordinary Shareholders.

Past Performance

- The Company is newly formed and has no operating history.
- The past performance of other funds managed by the Aberdeen Asset Management Group is not, and should not be relied upon as, a guide to the future performance of the Company.

General

- Statements in this document regarding the Latin American region refer to the region as a whole and, accordingly, may not apply to certain countries in the region.
- The Company's portfolio will be constructed without reference to the composition of any stockmarket index or benchmark. It is likely, therefore, that there will be periods when its performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage.
- A proportion of the Company's portfolio may be held in cash or cash-equivalent investments from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stockmarket movements, but may give some protection against negative stockmarket movements.
- The Company does not have a fixed life and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market.

IMPORTANT INFORMATION

Investors should rely only on the information contained in this document. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Manager, the Investment Manager or Canaccord Genuity. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the Financial Services and Markets Act 2000, neither the delivery of this document nor any subscription or sale made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to its date.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to (i) the legal requirements within their own countries for the holding, transfer or other disposal of Shares, (ii) any foreign exchange restrictions applicable to the holding, transfer or other disposal of Shares which they might encounter and (iii) the income and other tax consequences which may apply in their own countries as a result of the holding, transfer or other disposal of Shares. Potential investors must rely upon their own advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

Statements made in this document are based on the law and practice currently in force and are subject to changes therein.

Jersey Listed Funds

The Company has been established in Jersey as a listed fund under a fast-track authorisation process (a “**Listed Fund**”). For the purposes of Jersey regulation, it is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice.

Regulatory requirements which may be deemed necessary in Jersey for the protection of retail or inexperienced investors do not apply to Listed Funds. By investing in the Company investors will be deemed to be acknowledging for the purposes of Jersey regulation that they are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly.

Investors are wholly responsible for ensuring that all aspects of the Company are acceptable to them. Investment in Listed Funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless investors fully understand and accept the nature of the Company and the potential risks inherent in the Company they should not invest in the Company.

Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the JFSC at www.jerseyfsc.org.

Forward-looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms “believes”, “expects”, “intends”, “anticipates”, “aims”, “estimates”, “may”, “will”, “would”, “could” or “should” or other variations or comparable terminology or, in each case, their negative. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, without limitation, statements regarding the current beliefs, expectations or intentions of the Company, the Directors and/or the Investment Manager concerning, among other things, (i) the financial condition

and prospects of the Company and the markets in which it will invest, directly or indirectly, (ii) the investment objective, investment performance and dividend policy of the Company and (iii) the price at which the Ordinary Shares will trade relative to their net asset value.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to future events and circumstances that may or may not occur and, accordingly, forward-looking statements may, and often do, differ materially from actual results. Given these risks, uncertainties and other factors, investors are cautioned not to place any undue reliance on such forward-looking statements. Investors should specifically consider the factors identified in this document which could cause actual results (including those set out in the section “Risk Factors” on pages 8 to 14 of this document) before making an investment decision.

Forward-looking statements in this document apply only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules), the Company undertakes no obligation publicly to update or revise any forward-looking statement contained in this document to reflect any change in expectations with regard to any such statement, or any change in events, conditions or circumstances on which any such statement is based, after the date of this document.

For the avoidance of doubt, nothing in this section “Forward-looking Statements” constitutes a qualification of the working capital statement contained in paragraph 1.9 of Part 5 of this document.

Profile of Typical Investor

An investment in the Shares is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as professionally advised private investors, who are seeking exposure to Latin American markets and/or an above average yield from their investment. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Shares). Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. As the Company’s portfolio will be constructed without reference to any stockmarket index, the Shares are an unsuitable investment for those who seek investments that are in some way correlated to a stockmarket index.

Overseas Investors

The distribution of this document in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. This document does not constitute or form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful. In particular, neither the Ordinary Shares nor the Subscription Shares have been, or will be, registered under the United States Securities Act of 1933 (as amended), or under the securities laws of any state or other political sub-division of the United States or under the applicable securities laws of Australia, Canada or Japan. Accordingly, subject to certain exceptions, neither the Ordinary Shares nor the Subscription Shares may, directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia, Canada or Japan or for the benefit of any US Person and this document will not be posted to any person in the United States, Australia, Canada or Japan.

Investors in Jersey

This document may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with the FSL for the conduct of financial services business and the distribution of this document, or are exempt from such registration in accordance with the FSL.

Investors in Guernsey

This document may not be circulated directly to the public in Guernsey although Guernsey residents may invest in the Company. Shares in the Company may be offered directly only to those businesses holding licences under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (“**POI**”), the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or to private investors where such offer is made by a business licensed to carry out promotion under the POI Law.

US Persons

The Shares are not being offered in the United States or to, or for the account or benefit of, US Persons. Every applicant for Shares will be required to warrant to the Company that they are neither a US Person nor acquiring any Shares for the account of or benefit of any US Person.

Under the Articles, the Directors have the power to require the transfer of Shares in certain circumstances. Such power may be exercised, *inter alia*, (i) to prevent the Company from being in violation of, or required to register under, the US Investment Company Act of 1940 and (ii) to avoid the Company’s assets being treated as “plan assets” for purposes of the regulations adopted under the United States Employee Retirement Income Security Act 1974.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2010</i>
Placing and Public Offer open	14 July
Latest time and date for receipt of applications under the Public Offer ¹	5.00 p.m. on Friday, 30 July
Latest time and date for receipt of commitments under the Placing ¹	5.00 p.m. on Friday, 30 July
Basis of allocation of Ordinary Shares pursuant to the Placing and Public Offer announced through RIS	By Friday, 13 August
Admission of Shares to the Official List and to trading on the London Stock Exchange's Main Market	8.00 a.m. on Monday, 16 August
Crediting of CREST stock accounts in respect of Shares issued in uncertificated form	Monday, 16 August
Despatch of share certificates in respect of Shares issued in certificated form	Week commencing Monday, 23 August

Notes:

¹ *The Directors may, with the prior approval of Canaccord Genuity, alter such date and thereby shorten or lengthen the Placing and/or the Public Offer period, to a date no earlier than Friday, 23 July 2010 and no later than Friday, 6 August 2010. The Company will notify investors of any such change by an announcement through a Regulatory Information Service.*

² *All references to times in this document are to London times.*

ILLUSTRATIVE ISSUE STATISTICS

	<i>Based on 50.0m Ordinary Shares Being Issued¹</i>	<i>Based on Maximum Size of Issue</i>
Issue price per Ordinary Share	100.0p	100.0p
Issue price per Subscription Share		
Issued pursuant to the Placing and Public Offer	Nil	Nil
Issued to Aberdeen	10.5p	10.5p
Number of Ordinary Shares issued	50.0m	100.0m
Number of Subscription Shares issued	10.0m	20.0m
Gross proceeds of the Issue		
Gross proceeds of the Placing and Public Offer	£50.0m	£100.0m
Gross proceeds of the issue of Subscription Shares pursuant to the Aberdeen Subscription Share Agreement	£0.5m	£1.1m
Aggregate gross proceeds of the Issue	£50.5m	£101.1m
Estimated Issue Costs	£1.1m	£1.8m
Initial net assets of the Company (after estimated Issue Costs)	£49.4m	£99.3m
Estimated net asset value per Ordinary Share on Admission	98.8p	99.3p

Note:

¹ *If the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Issue will not proceed unless the Company publishes a supplementary prospectus containing an amended working capital statement based on a revised Minimum Net Proceeds figure.*

DEALING CODES

	<i>Ordinary Shares</i>	<i>Subscription Shares</i>
ISIN	JE00B44ZTP62	JE00B439GT24
SEDOL	B44ZTP6	B439GT2
Ticker	ALAI	ALAS

DIRECTORS, MANAGER AND ADVISERS

Directors

Richard John Stobart Prosser, F.C.A.
Martin Michael Adams, MA
Arthur Jeremy Arnold, F.C.A.
George Mackay Baird, LLB
Martin James Gilbert, MA, LLB
all non-executive and of No.1 Seaton Place, St Helier, Jersey JE4 8YJ

Manager and Company Secretary

Aberdeen Private Wealth Management Limited
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Jersey JE4 8YJ

Investment Manager

Aberdeen Asset Managers Limited
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1 Bread Street
London EC4M 9HH

Financial Adviser, Placing Agent and Sponsor

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Solicitors to Canaccord Genuity

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Tax Advisers

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Administrator

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Custodian

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Jersey JE2 4SY

Registrars

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St. Helier
Jersey JE1 1ES

Receiving Agent for the Public Offer

Computershare Investor Services PLC
Corporate Actions Projects
Bristol BS99 6AH

PART 1

ABERDEEN LATIN AMERICAN INCOME FUND LIMITED

Introduction

Aberdeen Latin American Income Fund Limited is a new Jersey-incorporated, closed-end investment company, the investment objective of which is to provide investors with a total return, with an above average yield, primarily through investing in Latin America. The Company is the first UK-listed Latin American closed-end fund with an income bias.

The Company will invest in a diversified portfolio consisting primarily of equities, equity-related securities (such as ADRs) and fixed income investments (principally sovereign debt), although the Company's investment policy is flexible, enabling it to invest in all types of securities. The Company will be managed by Aberdeen Private Wealth Management, which will delegate day-to-day investment management to Aberdeen Asset Managers.

The Company's capital structure consists of Ordinary Shares and Subscription Shares. Each Subscription Share confers the right to convert into one Ordinary Share at a price of 120p on 31 December in any of the years 2013 to 2015 (inclusive). In addition, the Company's borrowing policy permits it to borrow up to an amount equal to 20% of its net assets (measured at the time any borrowings are drawn down). It is anticipated that the Company will draw down short term borrowings for investment purposes of an amount broadly equal to 10% of its net assets on Admission.

The Company is seeking to raise up to £100 million, before expenses, through a placing and offer for subscription of Ordinary Shares at 100p per share (with such Ordinary Shares being issued with one Subscription Share for every 10 Ordinary Shares issued at no additional cost).

The Company will raise up to approximately £1.1 million, before expenses, through the purchase of Subscription Shares at 10.5p per share by the Manager on the basis of one Subscription Share for every one Subscription Share issued pursuant to the Placing and Public Offer. The Manager has entered into lock-in arrangements restricting its ability (save in certain specified circumstances) to sell such Subscription Shares whilst the Management Agreement subsists. The Directors believe that Aberdeen's holding of Subscription Shares will align the Aberdeen Group's interests with those of Ordinary Shareholders by incentivising Aberdeen:

- to generate long-term capital appreciation in the Company's net assets in addition to the Company seeking to grow its dividends in accordance with its stated dividend policy; and
- to seek to maintain a strong rating for the Ordinary Shares in the secondary market (i.e. to minimise the price at which the Ordinary Shares trade at a discount, if any, relative to their underlying net asset value).

The Shares will be admitted to the Official List and traded on the London Stock Exchange's Main Market. The issue of the Subscription Shares will mean that, in effect, the equivalent of 20% of the Company's issued Ordinary Shares is under option at Admission.

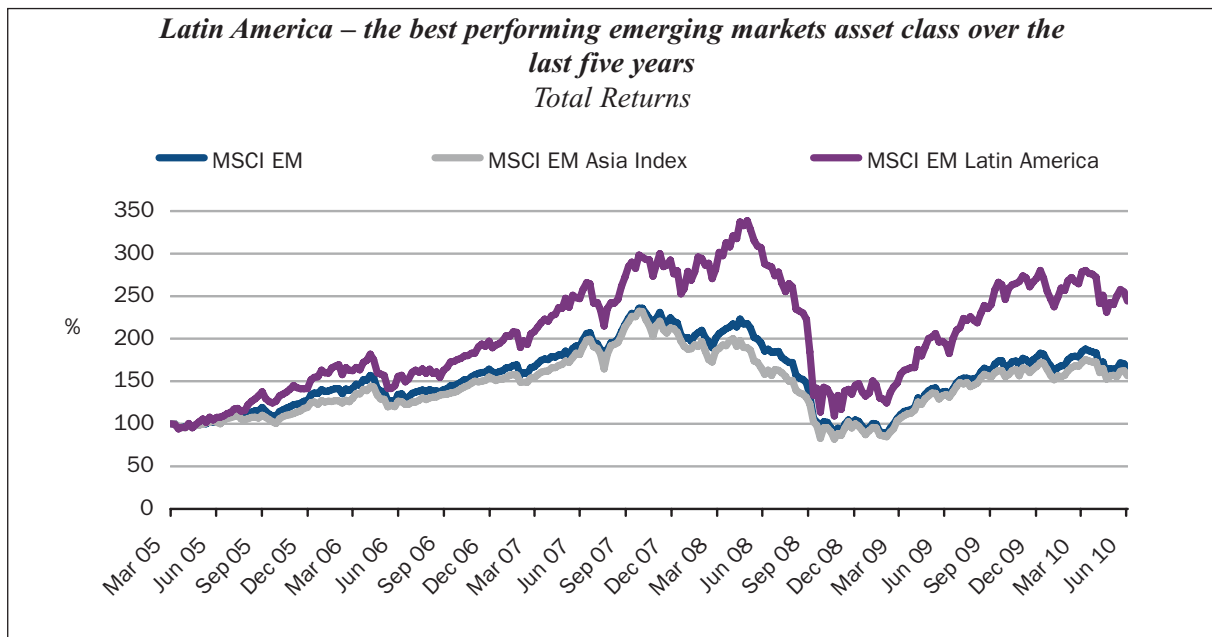
If the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Issue will not proceed unless the Company publishes a supplementary prospectus containing an amended working capital statement.

Latin America – The Investment Opportunity

Background

The popular perception of Latin America used to be that of a region riddled with weak political systems, hyperinflation and economies dependent on commodities and US interest rates. Indeed, Latin America, like many emerging markets, has had its share of crises such as the "Tequila effect" devaluation of Latin American currencies sparked by the Mexican peso's collapse in 1994, Brazil's own currency crisis in 1999 and debt defaults in Argentina and Ecuador. When it comes to the companies themselves, Latin American corporates had a reputation for being inefficient, state-run monopolies or family-controlled companies with opaque management and poor corporate governance.

As a result, investors were reluctant to acknowledge the long-term investment opportunities in the region, instead looking to Asia as the primary source of returns in emerging markets. However, as shown in the chart below, those who have invested in the stockmarkets of Latin America have been well rewarded: Latin America delivered annualised total returns of 20.9% over the five years ended 30 June 2010, significantly outperforming the annualised total returns from broader emerging markets (13.1%), emerging Asia (12.3%), the US (0.8%) and the UK (0.2%) (source: Lipper – MSCI Emerging Markets Index, MSCI EM Latin America 10/40 Index, MSCI EM Asia Index, S&P 500 Index, FTSE All Share Index, all in US\$).

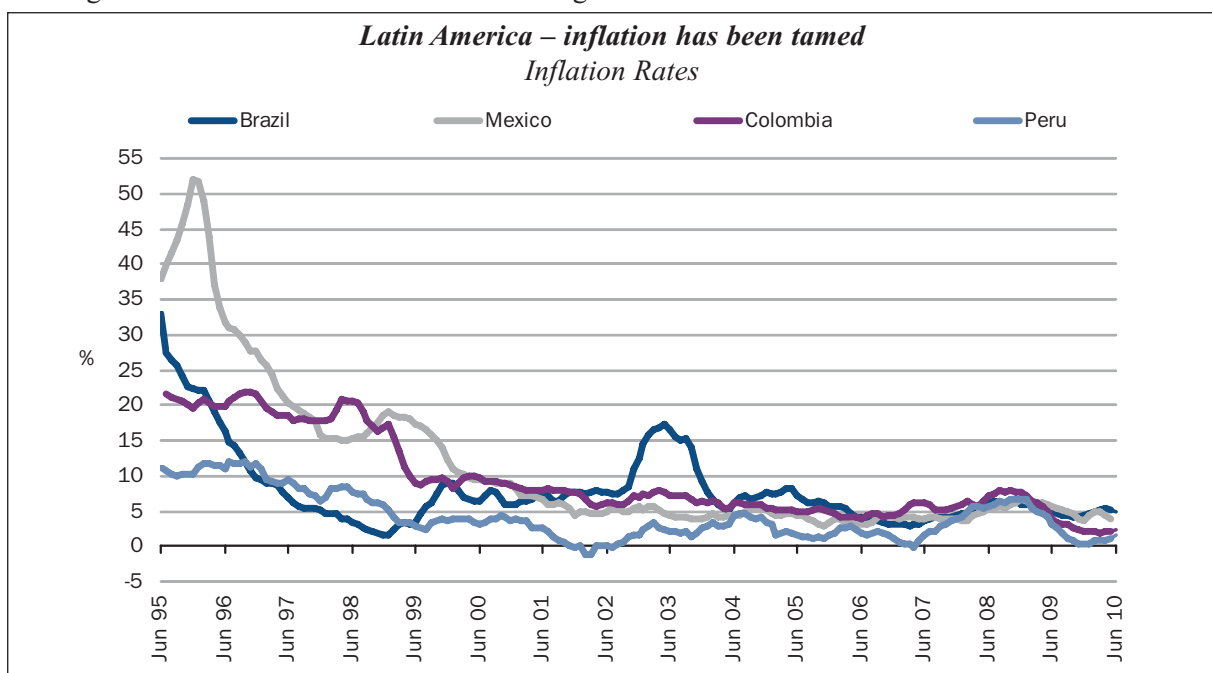


Source: Bloomberg, to 30 June 2010 – MSCI Emerging Markets Index, MSCI EM Latin America 10/40 Index, MSCI EM Asia Index, all in US\$

What Has Changed?

Economic Changes

As a result of the many crises, not only in Latin America but elsewhere in emerging markets, certain Latin American governments recognised the need for sounder fiscal and monetary policy. A number of Latin American central banks switched from fixed to floating exchange rates and began to follow inflation targeting mandates. As shown in the chart below, this led to a structural shift to lower inflation, creating an environment conducive to domestic growth and investment.



Source: Bloomberg, to 30 June 2010

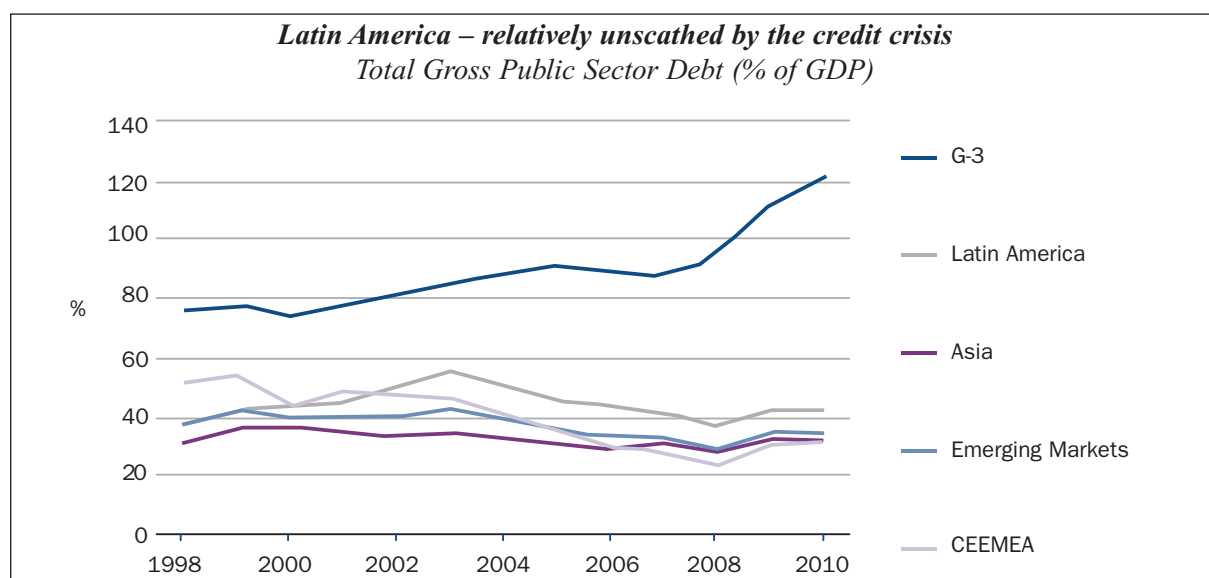
The Latin American region also introduced more conservative banking practices: banks were not as leveraged as those in developed economies and they had almost none of the “toxic” investments that characterised their developed market counterparts. These measures meant that countries in the Latin American region were able to come through the recent global credit crisis relatively unscathed. Governments were able to cut interest rates early and aggressively as well as increasing their credit provisions. The Latin American region now has fiscal deficits which are less than half those of developed markets, as shown in the table below.

<i>Latin America – fiscal deficits are less than half of those of developed markets</i>							
<i>Budget Balances (% of GDP)</i>							
	<i>2008</i>	<i>2009</i>	<i>2010F</i>		<i>2008</i>	<i>2009</i>	<i>2010F</i>
Latin America	(0.8)	(3.1)	(2.8)	Developed markets	(3.3)	(8.6)	(8.5)
Argentina	1.3	(1.5)	(1.0)	US	(3.1)	(9.9)	(9.5)
Brazil	(2.0)	(4.3)	(3.4)	UK	(6.2)	(12.1)	(11.2)
Chile	8.7	(3.8)	(1.6)	Japan	(6.6)	(11.3)	(10.4)
Colombia	0.1	(2.7)	(3.7)				
Ecuador	(0.5)	(3.5)	(1.5)				
Mexico	(2.0)	(2.1)	(2.8)	CEEMEA	(0.1)	(6.2)	(4.9)
Peru	2.1	(1.9)	(1.8)	Emerging Asia	(1.3)	(3.8)	(2.8)
Venezuela	(2.2)	(3.5)	(4.0)	Emerging markets	(0.9)	(4.1)	(3.2)

Source: JP Morgan, January 2010

Global demand for raw materials has led to trade surpluses in Latin America, a region rich in natural resources and home to some of the world’s largest commodity companies. In addition, tax reforms and prudent government spending policies have led to current account surpluses in many countries, and economies are now more stable and less dependent on foreign inflows of capital.

As a consequence of the global credit crisis, G-3 (being the US, Japan and the European Union) debt levels have surged relative to Latin America and other emerging market regions as illustrated in the chart below and the Directors believe that, whilst Latin American fiscal positions weakened in 2009, they are unlikely to have a significant impact on Latin American debt ratios.

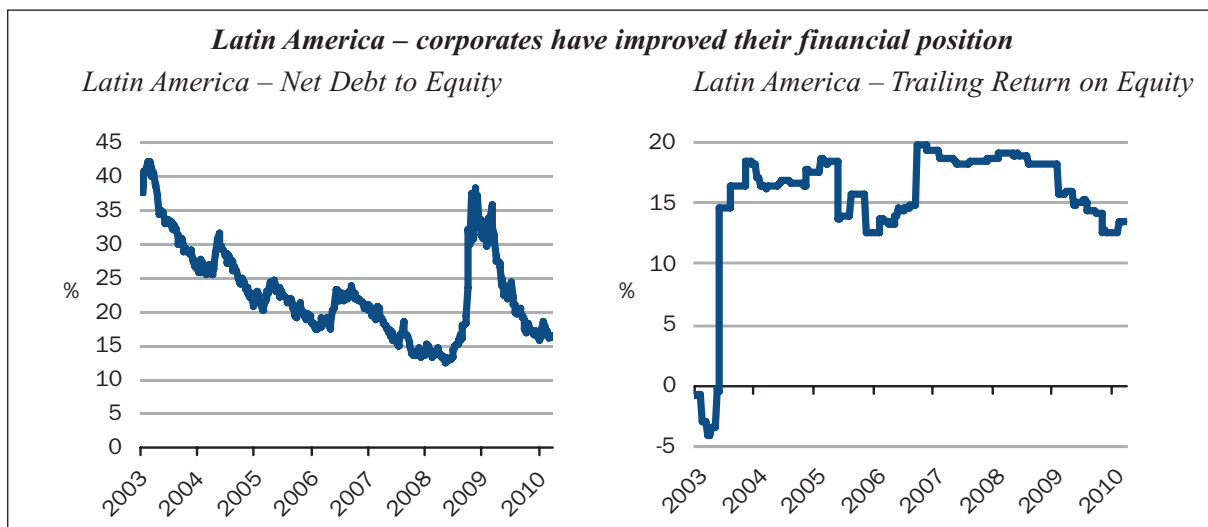


Source: JP Morgan, October 2009

The marked improvement in Latin American economies has been reflected in a steady improvement in the credit quality of the region’s sovereign debt, with 100% of the Latin American local currency bond index now investment grade.

Corporate Changes

It is not just the economy, Latin American companies have also improved: company balance sheets are more carefully managed, levels of corporate debt have been falling and profitability has improved as can be seen from the following charts.



Source: Morgan Stanley, Factset, April 2010

Furthermore, companies have, on the whole, recognised the need to adopt global best practice to compete effectively. Accordingly, transparency has improved, for example with the introduction in 2000 of the “Novo Mercado” in Brazil which requires one share class, independent directors and IFRS or US GAAP accounts. Since 2002, 120 companies have listed on the “Novo Mercado” which has provided improved returns to investors compared to conventional listings.

In addition, the increased fund flows into Latin America in recent years have been beneficial in increasing liquidity in the market as well as providing a cheaper source of funding for companies in the region.

Political Changes

Meanwhile, changes in government are becoming more orderly and many administrations have embraced market reform. In spite of the fears that accompanied populist, left-wing Brazilian President Luiz Inacio Lula da Silva’s election win in 2002, the country has continued to deliver a primary fiscal surplus most years and paid down its hard currency debt, while Chile, with its strong record of economic growth and exemplary pension system, is the region’s star performer. Of course, not all governments are willing to implement orthodox liberal economic policies. Venezuelan President, Hugo Chavez, continues to pursue populist policies backed by the country’s extensive oil resources while a large proportion of the population languishes in unemployment. Inspired by Chavez and buoyed by high commodity prices, other Latin American countries such as Bolivia have pursued similar policies, including the nationalisation of assets.

What Are the Prospects?

The Directors believe that Latin America should continue to offer investors the potential for strong returns in the medium to long-term, with improved economic fundamentals supporting the region’s long-term growth prospects.

The proportion of the region’s population of retirement age is in single-digits (source: Bloomberg, June 2010) and, crucially, with improving economic conditions a much larger proportion of young people should enter the workforce over the next few years – this supply of labour should not only help employers to expand their businesses but should drive domestic consumption and ultimately fuel economic growth. In contrast, as shown in the following table, economic growth in developed economies is likely to be limited by an ageing population in the future: currently, over 20% of Japan’s population and around 15% of American, UK and Eurozone citizens are over the age of 65 (source: Bloomberg, June 2010) and current demographic consensus implies these figures will increase over time.

Latin America – the economic outlook is positive

	<i>Real GDP Growth (% , Year on Year)</i>				
	<i>2003 – 2007 (Average)</i>	<i>2008</i>	<i>2009</i>	<i>2010F</i>	<i>2011F</i>
Brazil	3.8	5.1	(0.2)	6.5	4.5
Chile	4.8	2.8	(0.9)	4.5	5.2
Colombia	5.9	2.5	0.4	3.0	3.9
Mexico	3.4	1.5	(6.5)	4.4	3.6
US	2.8	0.4	(2.4)	3.2	3.9
UK	2.7	0.5	(4.9)	1.2	2.0
Eurozone	2.5	0.5	(4.1)	1.0	1.3

Source: Bloomberg, as at 30 June 2010

Indeed, countries like Brazil are net creditor nations by having a cumulative balance of payments surplus. In terms of GDP, Brazil is forecast to move past the UK and France in 2013 and, potentially, overtake Germany to move into fifth place in the world by 2025, whilst Mexico could overtake the UK and France by the same date (*source: PricewaterhouseCooper LLP, January 2010*).

The contrasting economic fortunes of Latin America and of more developed markets is reflected in their respective fiscal and debt outlooks: the emerging G-20 countries (which include Argentina, Brazil and Mexico) are forecast to have, on average, fiscal deficits of 2.5% of GDP and government debt equivalent to around 33% of GDP in 2015, whilst the average fiscal deficits and government debt, as percentages of GDP in 2015, of the advanced G-20 countries are forecast to be 5% and 117% respectively (*source: International Monetary Fund, May 2010*).

Latin American sovereign debt is currently offering significantly more attractive local currency real yields than US, UK and Japanese sovereign bonds, as shown in the table below.

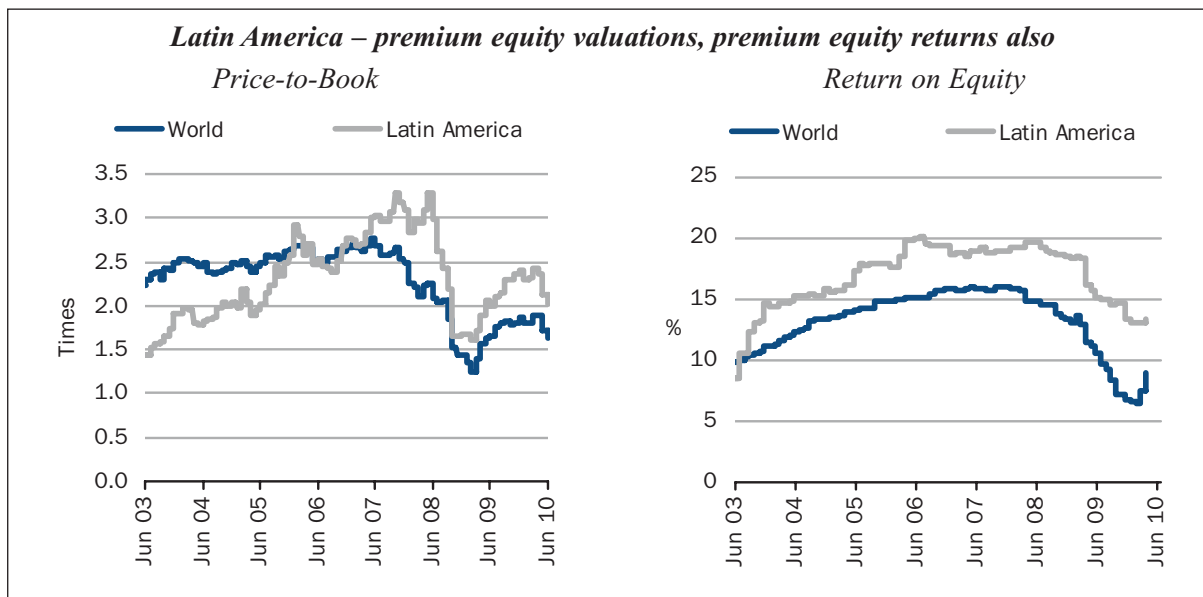
Latin America – offers significantly higher real yields than in developed markets

<i>Country</i>	<i>10 Year Bond Yield (%)</i>	<i>Inflation Year on Year (%)</i>	<i>Real Yield (%)</i>	<i>Credit S&P Rating</i>
Brazil	12.4	4.8	7.5	BBB+
Colombia	6.6	2.3	4.4	BBB+
Mexico	6.9	3.9	3.0	A
Peru	6.3	1.6	4.7	BBB+
Uruguay	9.9	6.2	3.7	BB-
US	2.9	2.0	0.9	AAA
UK	3.4	3.4	(0.0)	AAA
Japan	1.1	(0.1)	2.0	AA

Source: S&P, Bloomberg, as at 30 June 2010

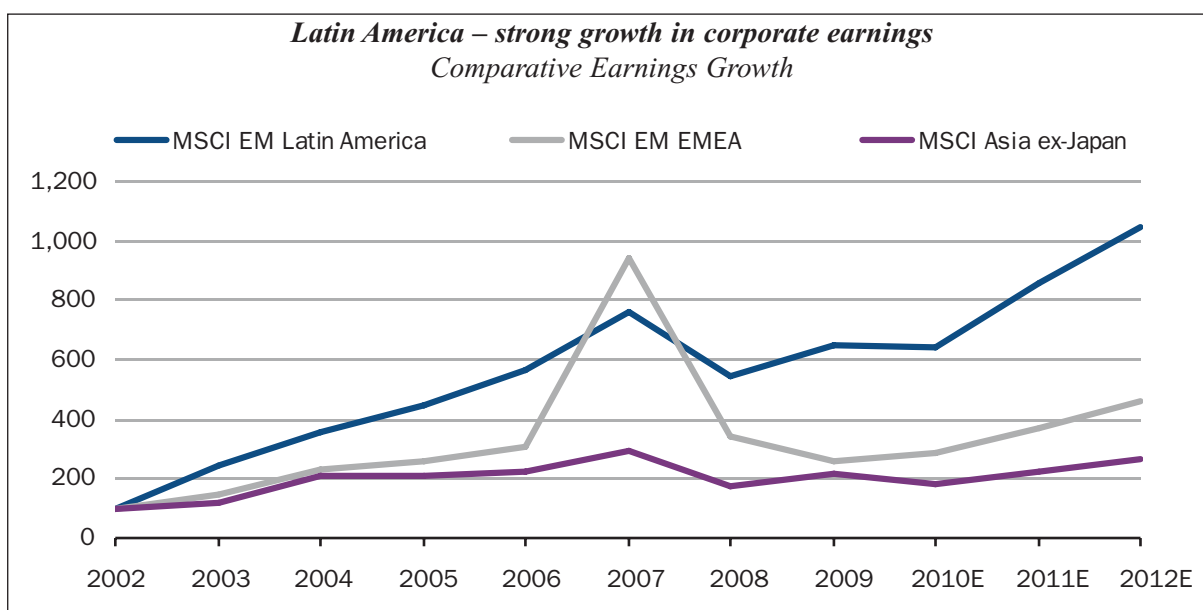
Having regard to the credit quality of the region's sovereign bonds, their current real yields and the high fiscal and debt burdens of the developed world, the Directors believe that Latin American sovereign bond ratings are poised to improve further. Furthermore, the Directors believe that the continued deterioration in developed world debt dynamics increases the likelihood that investors will require higher risk premiums, as has been the case with Greece, Spain and other European countries.

Latin America's equities may look more expensive relative to developed markets on a price/book basis. However, given the general financial strength of many of the region's companies, higher levels of return on equity and their growth potential, the Directors believe that current valuations reflect the premium returns available from Latin American equities compared to developed markets. In price/earnings terms, Latin American equities still trade at a discount to North American and European equities and to emerging markets equities generally.



Sources: Credit Suisse, Datastream, 30 June 2010

As can be seen from the following chart, strong corporate earnings growth is forecast to continue and, as dividends in Latin America are correlated to earnings, the Directors also expect substantial growth in dividends paid by Latin American corporates.



Source: Bloomberg, as at 30 June 2010, consensus index earnings actual and forecast rebased to 100 at 31 December 2002

There is also a steady flow of well-managed companies coming to the market, which bodes well for the future.

Summary

The popular perception of Latin America as a region of weak political systems and economies is changing. Prudent fiscal and monetary policies have helped many countries stabilise their economies and the region came through the recent credit crisis relatively unscathed. Today, most countries in the region have low debt levels and growth is underpinned by macro economic stability, credit expansion from a low base, supportive demographics, public sector reforms and increasing productivity. Companies are in strong financial condition, there is an increasing focus on shareholder value and good quality companies trading at attractive valuations can be found in the region. Accordingly, the Directors believe that Latin America should continue to offer investors the potential for significant returns in the medium to long term.

Investment Objective, Policy and Benchmark

The investment objective of the Company is to provide Ordinary Shareholders with a total return, with an above average yield, primarily through investing in Latin America.

Investment Policy

The Company will invest in the Latin American region through investment in:

- companies listed on stock exchanges in the Latin American region;
- Latin American securities (such as ADRs and GDRs) listed on other international stock exchanges;
- companies listed on other international exchanges that derive significant revenues or profits from the Latin American region; and
- debt issued by governments in the Latin American region.

The Company will invest in a diversified portfolio consisting primarily of equities, equity-related and fixed interest investments, with at least 25% of its gross assets invested in equity and equity-related investments and at least 25% of its gross assets invested in fixed interest investments. However, the Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, debt, convertible securities, warrants, depositary receipts and other equity-related securities.

The Company's portfolio will not be managed by reference to any benchmark and, therefore, the composition of its portfolio is not restricted by minimum or maximum country, market capitalisation or sector weightings.

No more than 15% of the Company's gross assets will be invested in any one company.

The Company may invest, where appropriate, in open-ended collective investment schemes and closed-end funds that invest in the Latin American region. However, the Company will not invest more than 10%, in aggregate, of the value of its gross assets in other investment companies admitted to the Official List, provided that this restriction does not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed investment companies admitted to the Official List.

The Company may invest up to 25% of its gross assets in non-investment grade debt issues (being debt issues rated BB+/Ba1 or lower).

Derivative investments may be used for efficient portfolio management and hedging any may also be used in order to achieve the investment objective (i.e. to enhance portfolio performance). The Company may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on currencies, securities, fixed income, currency and interest rate indices and other financial instruments, purchase and sell financial futures contracts and options thereon and enter into various interest rate and currency transactions such as swaps, caps, floors or collars or credit transactions and credit derivative instruments. The Company may also purchase derivative instruments that combine features of these instruments. The Company's aggregate exposure to derivative instruments will not exceed 50% of its gross assets.

The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be listed or quoted if the Investment Manager considers this to be appropriate.

The Company may underwrite or sub-underwrite any issue or offer for sale of investments. No such commitment will be entered into if the aggregate of such investments would exceed 10% of the Company's net assets and no such individual investment would exceed 5% of the Company's net assets.

The Board considers that returns to Ordinary Shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and will review the position on a regular basis. Pursuant to the level of gearing set by the Board, the Company may borrow up to an amount equal to 20% of its net assets. It is anticipated that the Company will draw down short-term borrowings of an amount broadly equal to 10% of its net assets following Admission. Any borrowing, except for short-term liquidity purposes, will be used for investment purposes or buying-back Shares. The Company will not have any fixed, long-term borrowings.

The Company may also use derivative instruments for gearing purposes, in which case the investment restrictions will be calculated on the basis that the Company has acquired the securities to which the derivatives are providing exposure. The Board has adopted the policy that the value of the Company's investments exposed by borrowings or derivatives (but excluding collateral held in respect of any such derivatives) will not exceed the Company's net assets by more than 30%.

The Investment Manager expects the Company's assets will normally be fully invested. However, during periods in which changes in economic conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

The minimum and maximum percentage limits set out under this sub-heading "Investment Policy" will only be applied at the time of the relevant acquisition, trade or borrowing.

The Company will invest and manage its assets, including its exposure to derivatives, in accordance with the objective of spreading risk in accordance with the Company's investment policy. In the event of any breach of the Company's investment policy, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Articles.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of Ordinary Shareholders (in the form of an ordinary resolution). In addition, any changes to the Company's investment objective or policy will require the prior consent of the JFSC to the extent that they are contrary to the terms of the JFSC's Jersey Listed Fund Guide or any of the JFSC's published policies applicable to Listed Funds (as defined in that guide).

Benchmark Index

As it is expected that, once the Company is fully invested in accordance with its investment policy, the initial asset allocation of the Company's portfolio will be in the region of 60% to equities and equity-related securities and the balance to sovereign debt (but without restricting the asset allocations in the future), the Company will measure its performance against a composite benchmark index weighted as to 60% MSCI EM Latin American 10/40 Index and 40% JPMorgan Emerging Markets Bond Index Global Diversified (Latin America Carve Out) (both in sterling terms).

The MSCI EM Latin America 10/40 index adjusts the weights of index constituents to constrain the weight of any single issuer or group entity to 10% of the index and the sum of the weights of all issuers or group entities representing more than 5% of the index at 40% of the index. This goes some way to mitigate the single issuer risk present in the MSCI EM Latin America Index where, for example, Brazilian oil and gas producer Petrobras makes up 12.7% and mining company Vale accounts for 10.8% as at 30 June 2010 (*source: MSCI*). The JPMorgan Emerging Markets Bond Index Global Diversified is the industry standard for emerging market debt local currency mandates.

The Benchmark Index will be used solely to measure the performance of the Company, which will not seek to replicate the Benchmark Index in constructing its portfolio. Accordingly, it is likely that the Company's portfolio will diverge substantially from the constituents of the Benchmark Index. The Board intends to review at least once a year whether the Benchmark Index continues to be the most relevant index against which to measure the Company's performance and may decide to change the index or indices used if it thinks this would be appropriate. Shareholders will be informed of any change to the Benchmark Index by an announcement issued through a Regulatory Information Service.

Investment Philosophy and Approach

Although Aberdeen Asset Managers is an active long-only manager, its investment philosophy and approach has absolute return characteristics. Its investment process is robust and characterised by its discipline, consistency and independence. The Investment Manager is not benchmark-driven and, accordingly, its fund managers do not invest in stocks that fail to meet its investment criteria.

Portfolios are managed by the Investment Manager on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on that asset class.

The Investment Manager will select securities for the Company's portfolio employing the investment strategies established by Aberdeen's Global Emerging Market Equity and Global Emerging Market Debt teams. These teams, which comprise the investment team with responsibility for managing the Company's portfolio, have similar investment philosophies which focus on careful security selection based on proprietary research and the application of a disciplined investment process.

The Investment Team will regularly monitor and make allocation decisions to determine the Company's portfolio weightings of, in particular, equity and equity-related investments and fixed income investments. Allocations between equity and equity-related investments and fixed income investments will vary according to relative value and opportunities identified by the Investment Team. Because markets change over time, the Company's flexibility will allow the Investment Team to modify the Company's asset allocation in response to changing economic cycles. Whilst the Company's investment policy commits it to invest in the Latin American region, investment opportunities in the region are such that the geographic exposure of the Company's portfolio may be concentrated on a relatively small number of countries from time to time.

The Investment Manager will employ a risk management process to oversee and manage the Company's exposure to derivatives. The Investment Manager may use one or more separate counterparties to undertake derivative transactions on behalf of the Company, and may be required to pledge collateral paid out of the property of the Company in order to secure the Company's obligations under such contracts. The Investment Manager will assess on a continuing basis the creditworthiness of counterparties as part of its risk management process but, for the avoidance of doubt, would not be liable for any default by any counterparty (in the absence of any negligence, recklessness, wilful default or fraud by the Investment Manager).

Information on Aberdeen Asset Managers and its investment performance record are set out under the heading "Management and Administration" in this Part 1.

Capital Structure

Introduction

The Company has a simple capital structure consisting of Ordinary Shares and Subscription Shares.

Ordinary Shares

The Ordinary Shares give Ordinary Shareholders the entitlement to all of the capital growth in the Company's assets (subject to any dilution on any exercise of the conversion rights conferred by the Subscription Shares) and to all the Company's income that is resolved to be distributed.

Holders of Ordinary Shares will generally be entitled to attend, speak and vote at general meetings of the Company.

The Ordinary Shares will be in registered form, admitted to the Official List in the premium segment (which means that, in relation to the Ordinary Shares, the Company will be required to meet super-equivalent obligations which apply over and above the EU minimum regulatory requirements for a listing of securities admitted to trading on an EU regulated market) and traded on the London Stock Exchange's Main Market.

Subscription Shares

The Subscription Shares have the same characteristics as a warrant. Each Subscription Share confers the right to convert such share into one Ordinary Share at a price of 120p, payable in cash, on 31 December in any of the years 2013 to 2015 (inclusive).

In the event of a winding-up of the Company prior to the exercise of the conversion rights conferred by Subscription Shares (except for the purpose of a reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of Subscription Shareholders), Subscription Shareholders may receive a payment out of the surplus which would otherwise be available for distribution amongst the Ordinary Shareholders in the circumstances described in sub-paragraph 6.1(viii) of Part 3 of this document. The Subscription Shares are not entitled to any income from the Company that is resolved to be distributed.

Holders of Subscription Shares are not entitled to attend, speak or vote at general meetings of the Company.

The Subscription Shares will be in registered form, admitted to the Official List in the standard segment (which means that, in relation to the Subscription Shares, the Company will only need to comply with the EU minimum regulatory requirements for a listing of securities admitted to trading on an EU regulated market) and traded on the Main Market.

If any Subscription Shares remain in issue following 31 December 2015 (the final conversion date), all of their rights will lapse and they will be converted into deferred shares of no par value and with no rights with regard to capital, income or voting. Accordingly, such deferred shares will have no value. The Company will, in accordance with its Articles, redeem all such deferred shares for an aggregate consideration of 1p for every 1,000,000 such deferred shares (or part thereof). Due to the nominal amount of such redemption values, the Company will not be required to account to the holders of those shares for such moneys.

Further particulars of the Subscription Shares are set out in Part 3 of this document.

General

The issue of the Subscription Shares will mean that, in effect, the equivalent of 20% of the issued Ordinary Shares is under option at Admission.

The Company would need to generate total returns (comprising growth in the net asset value per Ordinary Share and dividends paid) of 7.7% per annum, equivalent to 49.3% over the life of the Subscription Shares before the Subscription Shares become dilutive (based on the number of Shares in issue remaining unchanged between Admission and the end of the life of the Subscription Shares on 31 December 2015 and assuming constant growth in the net asset value per Ordinary Share and a constant dividend yield on the Ordinary Shares of 4.25% per annum over that period).

The Directors believe that the arrangements with the Manager regarding the Subscription Shares acquired pursuant to the Aberdeen Subscription Share Agreement demonstrate Aberdeen's belief that, over the longer term, the Company will deliver capital growth to Ordinary Shareholders as well as revenue returns.

Initial Issue of Shares

A maximum of 100,000,000 Ordinary Shares are being marketed at 100p per Ordinary Share and are available pursuant to the Placing and Public Offer. The Ordinary Shares issued pursuant to the Placing and Public Offer will be issued with one Subscription Share for every 10 Ordinary Shares issued at no additional cost.

In conjunction with the Placing and Public Offer, the Manager will purchase one Subscription Share for every one Subscription Share issued pursuant to the Placing and Public Offer at 10.5p per Subscription Share. Accordingly, the Manager will purchase up to 10,000,000 Subscription Shares pursuant to the Aberdeen Subscription Share Agreement.

The Issue is not underwritten.

Further details of the Issue are set out in Part 2 of this document.

Further Issues of Shares

In the event that the Ordinary Shares trade at a premium to their prevailing net asset value, the Company may issue new Ordinary Shares. It is expected that any such issue of new Ordinary Shares will be made:

- pursuant to the Directors' current authority to issue, on a non-pre-emptive basis, new Ordinary Shares amounting to 10% of the issued Ordinary Shares on Admission; and
- only at prices (net of issue costs) that represent a premium to the prevailing net asset value per Ordinary Share and, therefore, will not be disadvantageous to existing Shareholders.

The Directors will seek annual (or, if required, more frequent) renewal of their authority to issue Ordinary Shares on a non-pre-emptive basis from Ordinary Shareholders in respect of 10% of the then issued Ordinary Shares.

Ordinary Shares may be issued without the publication of a prospectus in accordance with exemptions set out in the Prospectus Rules, which currently allow for the issue of shares representing, over a period of 12 months, less than 10% of the number of shares of the same class already admitted to trading on the same regulated market, provided that such issue is not made by way of an offer of the Company's securities to the public.

Following Admission, the Company will only issue further new Subscription Shares with the approval at separate meetings of Ordinary Shareholders and Subscription Shareholders (in the form of a 75% special resolution).

Buy-backs of Shares

It is intended that the Directors will operate an active discount management policy through the use of Ordinary Share buy-backs, the objective being to maintain the price at which the Ordinary Shares trade relative to their underlying net asset value at a discount of no more than 5%. Purchases of Shares may be made only in accordance with the Articles, the Jersey Company Law, the Listing Rules, the Disclosure and Transparency Rules and any applicable insider dealing rules.

Buy-backs of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary Share (as last calculated) where the Directors believe such buy-backs will enhance value for remaining Ordinary Shareholders and as a means of addressing any imbalance between the supply and demand for the Ordinary Shares. Buy-backs of Subscription Shares will only be made through the market at prices where the Directors believe such buy-backs will enhance Ordinary Shareholder value.

In addition, save for buy-backs of Subscription Shares following the termination of the Management Agreement (on the terms described in paragraph 8.2 of Part 5 of this document), the price (exclusive of expenses) to be paid for any Shares bought back will not be more than the higher of:

- 5% above the average market value of the Ordinary Shares or the Subscription Shares (as appropriate) for the five business days before the buy-back is made; and
- the higher of (i) the price of the last independent trade and (ii) the highest current independent bid on the Main Market for the Ordinary Shares or the Subscription Shares (as appropriate).

The making and timing of any buy-backs will be at the absolute discretion of the Board.

The Directors currently have authority to buy back up to 14.99% of the Ordinary Shares and up to 14.99% of the Subscription Shares in issue on Admission and will seek annual (or, if required, more frequent) renewal of these authorities from Ordinary Shareholders in respect of 14.99% of the then issued Ordinary Shares and of the then issued Subscription Shares. The terms of the Subscription Shares include the right for the Company to buy back Shares without recourse to or the prior sanction of Subscription Shareholders.

Any Ordinary Shares bought back may be cancelled or held in treasury. All Subscription Shares bought back will be cancelled.

The Company's share buy-back policy shall be subject to review at least once a year by the Board. The Board will have regard to current market practice for share buy-backs by London-listed, closed-end investment companies and the recommendations of its broker and the Investment Manager. Any material change to the Company's share buy-back policy will be announced by the Company through a Regulatory Information Service.

Treasury Shares

The Company may hold Ordinary Shares acquired by way of market purchase "in treasury", meaning that the Ordinary Shares remain in issue owned by the Company rather than being cancelled. Ordinary Shares held in treasury will not be entitled to receive any dividend declared by the Company.

Ordinary Shares held in treasury may be subsequently cancelled or sold for cash. The Directors do not intend to sell any Ordinary Shares held in treasury at a discount to the prevailing net asset value per Ordinary Share.

Holding Ordinary Shares in treasury should give the Company the ability to sell such shares quickly and cost efficiently and should provide the Company with additional flexibility in the management of its capital base. In addition, the Board believes that the effective use of treasury shares could assist the Company in improving liquidity in the Ordinary Shares and managing any imbalance between supply and demand.

The Company's treasury share policy shall be subject to review at least once a year by the Board. The Board will have regard to current market practice for the reissue of treasury shares by London-listed closed-end investment companies and the recommendations of its broker and the Investment Manager. Any material change to the Company's treasury share policy will be announced by the Company through a Regulatory Information Service.

Dividend Policy

The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Jersey Company Law. The Company intends to distribute as dividends substantially all of the Company's income profits arising in each accounting period.

In the absence of unforeseen circumstances, dividends will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). The Company expects to pay, in respect of each financial year, interim dividends in January, April, July and October in respect of the three months ending on the preceding November, February, May and August respectively.

The Company will aim to provide Shareholders with an initial yield of not less than 4.25% (based on the Issue Price) in respect of its first financial year ending on 31 August 2011 (the first interim dividend will be in respect of the period from Admission to 30 November 2010 and is expected to be paid in January 2011) and to grow its dividends over time. This is a target dividend level which is based on certain assumptions and does not constitute a forecast of the profits or return from investment in the Company and that there is no guarantee of any particular level of profits or return being achieved.

Management and Administration

Introduction

The Company will be managed by Aberdeen Private Wealth Management, which will delegate day-to-day investment management and day-to-day company secretarial and administration (including accounting) services to Aberdeen Asset Managers (which will sub-delegate the provision of the administration services to BNP Paribas Fund Services UK Limited pursuant to a global administration agreement entered into between Aberdeen Asset Managers and the Administrator).

Aberdeen Private Wealth Management and Aberdeen Asset Managers are both wholly-owned subsidiaries of Aberdeen Asset Management PLC, which was formed in 1983 and was first listed on the London Stock Exchange in 1991. As at 31 May 2010, the Aberdeen Group had approximately £167.3 billion of assets under management (*source: Aberdeen Asset Management*). It manages assets on behalf of a wide range of clients, including 18 UK-listed investment trusts and other closed-end funds, with combined total assets of approximately £6.7 billion as at 31 May 2010 (*source: Aberdeen Asset Management*).

The Aberdeen Group has been investing in emerging, equity and fixed interest markets, including Latin America, since the 1980s. As at 31 May 2010, Aberdeen's Global Emerging Market Equity and Global Emerging Market Debt teams managed in excess of £20 billion of assets, including approximately £5.8 billion invested in Latin American equities and approximately £1.3 billion invested in Latin American fixed interest investments (*source: Aberdeen Asset Management*).

The Aberdeen Group has its headquarters in Aberdeen and invests globally, operating from 31 offices in 24 countries, including its office in Sao Paulo, Brazil.

Manager

The Manager is registered by the JFSC in accordance with the FSL for the conduct of fund services business.

The Manager will be responsible for providing management, company secretarial and administration (including accounting) services to the Company in accordance with the terms of the Management Agreement. The Management Agreement provides for an investment management fee of 1.0% per annum of the Company's net assets, payable quarterly in arrears. The Management Agreement also provides for a company secretarial and administration fee of £100,000 per annum, payable quarterly in arrears, which will be increased annually in line with any increases in RPI. The Management Agreement is terminable by either the Company or the Manager giving the other not less than 12 months' notice. Pursuant to the Aberdeen Subscription Share Agreement, if the Management Agreement is terminated prior to the final conversion date for the Subscription Shares, the Company will have the right to purchase for cancellation all of the Subscription Shares then held by the Aberdeen Group or any of its employees subject to paying to the holders of those Subscription Shares, as compensation for such cancellation, in respect of each Subscription Share held an amount equal to the average market value of a Subscription Share calculated over a period of 90 days in accordance with the terms of the Aberdeen Subscription Share Agreement.

The Manager will delegate its investment management duties under the Management Agreement to Aberdeen Asset Managers, subject to the overall supervision of the Manager, and to the Company's investment objective and policy. Similarly, the Manager will delegate its company secretarial and administration duties under the Management Agreement to Aberdeen Asset Managers, subject to the overall supervision of the Manager. The Manager will be fully liable to the Company in respect of the services provided by the Investment Manager and the Administrator and for all fees payable to the Investment Manager and the Administrator.

Further information on the Manager and details of the Management Agreement are set out in paragraph 7.1 of Part 5 of this document.

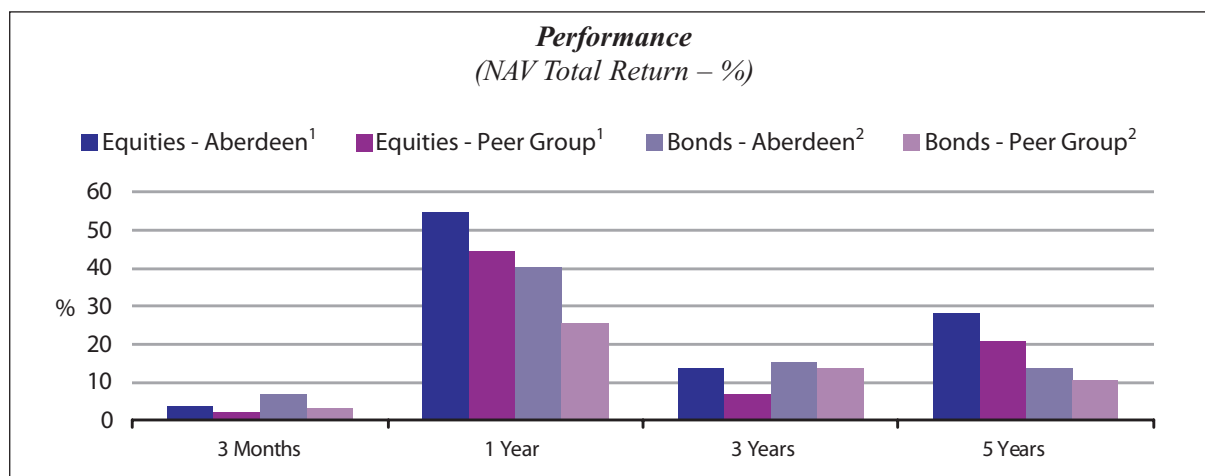
Investment Manager

Aberdeen Asset Managers is the Aberdeen Group's principal UK asset management subsidiary. Aberdeen Asset Managers is regulated in the United Kingdom by the FSA.

The respective portions of the Company's portfolio will be managed by the GEM Equity Team and the GEM Debt Team. The Investment Team comprises 22 investment professionals.

All emerging market portfolios are managed on a team basis. The Investment Team currently manage a number of blended portfolios comprising emerging market equities and emerging market fixed interest investments, including the First Trust/Aberdeen Emerging Opportunity Fund ("**FEO**"), a US-listed closed-end investment company with assets of approximately US\$110 million as at 30 June 2010 (*source: Aberdeen Asset Management*). FEO pursues its investment objective of providing a high level of total return by investing at least 80% of its managed assets in a diversified portfolio of equity and fixed-income securities of issuers in emerging market countries.

The Investment Manager does not currently manage any funds with a blended portfolio solely comprising Latin American equities and Latin American fixed interest investments with a five-year track record. Accordingly, the Aberdeen funds shown in the table below have been chosen to illustrate the Investment Manager's track record on the basis that they are the largest, most representative existing funds managed by the Investment Manager with a five-year track record.



Sources: Lipper; Russell Mellon

Basis: Total return to 31 May 2010, NAV to NAV, net of annual charges, gross income reinvested, GBP

Notes:

¹ Equities: Aberdeen – Representative Aberdeen Latin American Fund; Peer Group – Lipper Global Equity Emerging Markets Latin America

² Bonds: Aberdeen – Aberdeen Global – Emerging Markets Bond A2 Acc.; Peer Group – Lipper Global Bond Emerging Markets Global

The Investment Manager will manage the Company's portfolio in accordance with the Company's investment policy, subject to the overall supervision of the Board.

Further information on the Investment Manager and details of the delegation agreement entered into between the Manager, the Investment Manager and the Company are set out in paragraph 7.2 of Part 5 of this document.

Administrator

Whilst the Manager will delegate day-to-day administration (including accounting) to Aberdeen Asset Managers, such administration services will be sub-delegated by Aberdeen Asset Managers to BNP Paribas Securities Services, which is a branch of BNP Paribas Securities Services SA (a wholly-owned subsidiary of BNP Paribas SA). The Administrator is an investment operations business that provides outsourced investment operations to investment managers and other financial organisations with offices in the UK and Jersey and employs over 6,300 staff worldwide. The Administrator had, in aggregate, assets under administration of €728 billion as at 1 December 2009.

Details of the delegation agreement entered into between the Manager, Aberdeen Asset Managers and the Company are set out in paragraph 7.3 of Part 5 of this document.

Directors

The Board has overall responsibility for the Company's activities (including its investment policy, activity and performance), notwithstanding the delegation of the overall management of the Company to the Manager, the sub-delegation of the investment management of the Company's portfolio to the Investment Manager and the sub-delegation of company secretarial and administration (including accounting) services to Aberdeen Asset Managers and the Administrator. The Board supervises the Manager, the Investment Manager and other service providers appointed by the Company.

The Board currently comprises:

- **Richard Prosser (chairman)**, aged 50 and a resident of Jersey, is a chartered accountant, a partner of the Appleby Group and a director of its wholly owned trust company, Appleby Trust (Jersey) Limited, a corporate and fiduciary administrator authorised to conduct trust company business in Jersey. Mr Prosser is a director of a number of companies quoted in London and elsewhere, including property companies, hedge funds and investment management companies. He is chairman of Threadneedle Investments (C.I.) Limited (the manager of the Threadneedle Property Unit Trust)

and director of Threadneedle European Property Fund. He is also Chairman of FTSEhx, a Dublin listed hedge fund. In addition, he chairs the Investment Policy Committee of Appleby Trust, which monitors and evaluates the performance of the asset managers throughout the group.

- **Martin Adams**, aged 51, is an independent specialist in the management and restructuring of funds and private investments principally in emerging markets. He has over 25 years' investment and banking experience in Asia and Europe. Mr Adams is chairman of Kubera Cross-Border Fund Limited and Trikona Trinity Capital Plc, managing director of the Vietnam Fund Management Company group and a non-executive director of ARC Capital Holdings Limited, Metage Funds Limited, Metage Special Emerging Markets Fund Limited and Terra Catalyst Fund. Prior to establishing Vietnam Fund Management Company Limited in 1991, Mr Adams worked for the Lloyds Bank group for 10 years. He resides in Portugal.
- **Jeremy Arnold**, aged 72, retired in 1994 at age 56 and has since lived full-time in Jersey. His career began in 1957 as an articled clerk with an old firm of Chartered Accountants in the City, which was taken over by Touche, Ross shortly before he qualified in 1962. Mr Arnold worked for Touche, Ross in Sydney and San Francisco before joining Andersen in London in 1966. He opened the firm's Birmingham office in 1971. He became a partner in 1974 and transferred to the Toronto office in 1976 where he ran the audit practice for 13 years. In 1989, he moved back to Europe to work in the Brussels office until his retirement in 1994. During his time in Belgium, he was the liaison partner for training in Europe, Middle East, India, and Africa. Mr Arnold's clients have been in a wide variety of industries such as insurance broking, manufacturing, consumer products, film and music production, advertising and retailing. Mr Arnold has a number of directorships as well as being a non-executive adviser to a Channel Islands law firm.
- **George Baird**, age 60, is a resident of Jersey. He graduated from Dundee University in 1971 with a Law Degree and joined Arthur Young McLelland Moores & Co qualifying as a Chartered Accountant in 1975. After working in Local Government in Scotland he moved to Jersey in 1980 and was appointed Treasurer of the States of Jersey in 1991. Prior to his retirement in 2002 he was group finance director of Mourant du Feu and Jeune. He has several non-executive directorships in the Channel Islands, including chairmanship of Invesco Leveraged High Yield Fund Ltd and Satus European Debt Strategies Ltd.
- **Martin Gilbert**, aged 55, is a founder shareholder and chief executive of the Aberdeen Asset Management Group. Mr Gilbert is a director of a number of investment trusts and chairman of FirstGroup PLC and Chaucer Holdings PLC. He is Adjunct Professor of Finance at Imperial College's Tanaka Business School, a member of the Chancellor of the Exchequer's High Level Group on City Competitiveness and a member of HM Treasury's Asset Management Industry Working Group. He is also a member of the Scottish Government's Financial Services Advisory Board and the Institute of Chartered Accountants of Scotland. He is a UK resident.

All of the Directors are non-executive. With the exception of Mr Gilbert (who will, in accordance with the Listing Rules, be subject to annual re-election by Ordinary Shareholders), each of the Directors is independent of the Manager, the Investment Manager and other members of the Aberdeen Group. None of the Directors have any common directorships.

Corporate Governance

As an unlisted, newly-incorporated company, the Company does not comply with the UK Corporate Governance Code published by the Financial Reporting Council or the AIC Code. However, arrangements have been put in place to enable the Company to comply with the recommendations of the UK Corporate Governance Code and the AIC Code, except as disclosed below (in relation to not separating the roles of chairman and senior independent director and not appointing the Directors for a specified term of no more than three years) or as otherwise may be disclosed from time to time, following Admission. The Directors are also committed to complying with any corporate governance obligations which apply to Jersey registered companies although there are no such obligations at the date of this document.

The Management Agreement sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board.

The Board will meet formally at least four times a year; however, the Manager and the Investment Manager will stay in more regular contact with Directors on a less formal basis. The Board will receive full details of the Company's assets, liabilities, performance and other relevant information in advance of Board meetings.

Individual Directors have direct access to the company secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

In relation to the use of the Company's voting rights in respect of investee companies, the Investment Manager, in the absence of explicit instruction from the Board, will be empowered to exercise discretion in the use of such voting rights. The underlying aim of exercising such voting rights will be to protect the return from an investment.

Since all Directors are non-executive, the Company is not required to comply with the principles of the UK Corporate Governance Code in respect of executive Directors' remuneration and, accordingly, the Board has not appointed a remuneration committee. Instead, the Board has appointed a management engagement committee, which comprises the four independent Directors (Mr Prosser (chairman), Mr Adams, Mr Arnold and Mr Baird). The function of this committee is to ensure that the Manager and the Investment Manager comply with the terms of the Management Agreement and the Investment Management Agreement respectively and that the provisions of the Management Agreement and the Investment Management Agreement follow industry practice and remain competitive and in the best interests of Shareholders.

Given the size and composition of the Board it is not felt necessary to separate the roles of chairman and senior independent non-executive director. The Board has appointed a nomination committee, which comprises the entire Board and will be convened for the purpose of considering the appointment of additional or replacement Directors. Full details of the duties of new Directors will be provided to them together with a letter of appointment. All newly appointed Directors will receive any necessary training and induction.

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 UK Corporate Governance Code. The Articles require that not more than one-third of the Directors retire by rotation every year and that no Director shall remain in office for longer than three years since their last election or re-election without submitting themselves for re-election.

The Board has appointed an audit committee, which will operate within clearly defined terms of reference and comprises the four independent Directors (Mr Arnold (chairman), Mr Adams, Mr Baird and Mr Prosser). 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 interim and annual financial statements and interim management statements of the Company by reviewing and challenging, where necessary, the actions and judgements of the Investment Manager and Administrator;
- to meet, if required, with the Company's auditors to review their proposed audit programme of work and the findings of its auditors (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.

Financial Information

Financial Reports

The audited annual financial statements of the Company will be drawn up in sterling and prepared in accordance with the Jersey Company Law, International Financial Reporting Standards and the Association of Investment Companies' guidance. Financial statements prepared by the Company in accordance with IFRS will include an income statement, which is not required to differentiate between revenue and capital items and which includes realised and unrealised investment gains/losses. However, in order to reflect better the activities of the Company and in accordance with the AIC's guidance, the Company will also show a revenue and capital column in its income statement.

The Company's annual report and financial statements will be prepared up to 31 August each year and it is expected that copies will be sent to Shareholders within four months of the year-end. The first annual general meeting of the Company following Admission is expected to be held in January 2012.

Shareholders will also receive an unaudited interim report covering the six months to the end of February in each year within two months of that date. In addition, the Company will publish, through a Regulatory Information Service, an interim report in respect of the six months from its date of incorporation to 30 December 2010 within two months of that date.

Interim management statements will also be prepared during the first and second six month periods of the financial year. The statements will be made in a period between 10 weeks after the beginning and six weeks before the end of the relevant six month period. The interim management statements will be made public by the Company by an announcement issued through a Regulatory Information Service.

Annual Running Expenses

In addition to management, administration and secretarial fees (details of which are set out under the heading "Management and Administration" in this Part 1), the Company will pay all other fees and expenses incurred in the operation of its business including, without limitation:

- brokerage and other transaction charges and taxes;
- fees and expenses for custodial, registrar, legal, auditing and other professional services;
- management, secretarial and administration expenses;
- the fees and out-of-pocket expenses of the Directors and the cost of Directors' insurance;
- any borrowing costs;
- the ongoing costs of maintaining the listing of the Shares and their continued admission to trading on the Main Market;
- promotional expenses (including membership of any industry bodies and marketing initiatives approved by the Board); and
- costs of printing the Company's financial reports and posting them to Shareholders.

The Company's total fixed operational costs (excluding management fees, brokerage and other transaction charges and taxes and any borrowing costs) are estimated to amount initially to approximately 0.9% and 0.5% per annum of the Company's estimated net assets on Admission, based on the gross proceeds of the Placing and Public Offer being £50 million and £100 million respectively.

Allocation of Costs to Income and Capital

The Issue Costs will be charged to capital through the statement of changes in equity in the Company's financial statements. The Company's investment management and administration fees, any finance costs and all other expenses will be charged through the income statement in its financial statements and will be allocated to the revenue and capital columns in that statement on the following basis:

- 60% of the investment management fees and any finance costs will be allocated to the capital column and the balance to the revenue column, in line with the Board's expectation of the long-term returns in the form of capital gains and income respectively from the Company's investment portfolio; and
- all other operational costs will be allocated solely to the revenue column.

NAV Calculations

For the purpose of the Company's financial statements, the NAV per Ordinary Share will be calculated in accordance with IFRS and the AIC's guidelines. Accordingly, NAV calculations will be prepared on the following basis:

- securities listed, traded or quoted on a stock exchange or over-the-counter market will be valued by reference to the bid price on such stock exchange or market as at the close of business of the relevant exchange or market on the relevant valuation day (or, if the relevant exchange or market is not open for business on the relevant valuation day, the securities will be valued as at the last day on which the relevant exchange or market was open for business) as shown in the relevant exchange's or market's recognised method of publication of prices for such securities (and where a security is listed, traded or quoted on more than one stock exchange or over-the-counter market, the Board may, in its absolute discretion, select any one of such exchanges or markets);
- securities issued by open-ended investment funds will be valued by reference to the prices or, in the case of securities in respect of which cancellation and bid prices are quoted, the lower of the cancellation and bid prices quoted as at the close of business on the relevant valuation date by the manager of the relevant open-ended fund;
- any securities that are not listed, traded or quoted on a stock exchange or over-the-counter market and which are not securities issued by open-ended investment funds will be valued at fair value based on observable market inputs wherever possible; and
- derivative securities will be valued at fair value based on observable market inputs wherever possible.

The unaudited NAV value per Ordinary Share will be calculated as at the close of business on each business day by the Administrator and announced through a Regulatory Information Service on the following business day. Such unaudited NAV will be calculated on the same basis as the calculation of the NAV per Ordinary Share for the purpose of the Company's financial statements.

For the purpose of calculating the NAV per Ordinary Share, the Subscription Shares will only be assumed to have been exercised if dilution of the unaudited NAV per Ordinary Share would occur (i.e. when the unaudited NAV per Ordinary Share is greater than 120p prior to dilution).

The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable.

Currency Hedging

The Company's accounts will be maintained in pounds sterling and dividends will be payable in pounds sterling. Due to its investment focus, substantially all of the Company's investments will be denominated and quoted in currencies other than sterling. The Company may, where appropriate and economic to do so, employ a policy of hedging against fluctuations in the rate of exchange between sterling and other currencies in which its investments are denominated.

Taxation

Information concerning the tax status of the Company and the taxation of Shareholders in the UK is contained in Part 4 of this document.

ISA, SIPP and SSAS Status of the Shares

The Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through the Public Offer or in the market. In addition, the Shares will qualify as an investment that may be held in a SIPP and a SSAS.

Investor Relations and Marketing

It is the intention of the Directors that the Company should participate in the Aberdeen Asset Management Group's investor relations and marketing programme for its London-listed, closed-end fund clients. The investment trusts and other closed-end funds that participate in the Marketing Programme co-fund, together with the Aberdeen Asset Management Group, the marketing activities undertaken on their behalf and the budget is currently based on a marketing promotion fee of 0.075% per annum of the gross assets of each participating investment trust or other closed-end fund. Investment trusts and other closed-end funds that participate in the Marketing Programme benefit from pooling with others to secure economies of scale.

The Directors also intend that the Shares should be capable of being acquired through an investment trust savings scheme operated by the Aberdeen Asset Management Group and the Company will pay for the administration costs of that scheme insofar as they are attributable to the Shares.

The Company will publish monthly fact sheets, which are expected to include details of the Company's performance, analysis of the Company's portfolio and other financial information, together with a brief report by the Investment Manager.

Following Admission, the Company will have its own dedicated website (www.latamincome.co.uk), which will typically include:

- the Company's profile (including profiles of its Directors and of the Investment Manager, details of the major Ordinary Shareholders and the Company's financial calendar);
- the latest closing mid-market price of the Ordinary Shares and the Subscription Shares and unaudited net asset value of the Ordinary Shares;
- access to other daily analytical data (including the volatility in the net asset value and market price of the Ordinary Shares);
- information on the Company's performance, up-dated daily; and
- access to the Company's monthly fact sheets, financial reports and other announcements concerning the Company, as well as reports prepared by the Investment Manager.

Duration of the Company

The Company does not have a fixed life.

PART 2

DETAILS OF THE ISSUE

Introduction

The Issue consists of:

- a placing and an offer for subscription of up to a maximum of 100,000,000 Ordinary Shares (together with Subscription Shares on a one for 10 basis) at 100p per Ordinary Share (and with no additional cost for the Subscription Shares); and
- an issue to the Manager of up to a maximum of 10,000,000 Subscription Shares at 10.5p per Subscription Share.

Neither the Placing nor the Public Offer is being underwritten and, if the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Issue will not proceed unless the Company publishes a supplementary prospectus containing an amended working capital statement. The decision whether to proceed with the Issue and publish a supplementary prospectus in such circumstances will be at the absolute discretion, and subject to the unanimous agreement, of the Directors, the Investment Manager and Canaccord Genuity.

The issue of the Subscription Shares will mean that, in effect, the equivalent of 20% of the issued Ordinary Shares is under option at Admission.

The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company. Similarly, the Subscription Shares will, on Admission, rank *pari passu* in all respects.

The Placing

Canaccord Genuity has agreed to use its reasonable endeavours to procure commitments to subscribe for Ordinary Shares (with Subscription Shares on a one for 10 basis) at 100p per Ordinary Share (and no additional cost for the Subscription Shares) pursuant to the Placing on the terms and subject to the conditions set out in the Placing and Offer Agreement and is seeking such commitments from institutional investors, private client fund managers and private client brokers.

Applications to subscribe for Ordinary Shares pursuant to the Placing will only be accepted on the terms of, and by executing and returning to Canaccord Genuity (in accordance with the instructions in it), a commitment letter on or before 5.00 p.m. on Friday, 30 July 2010. Unless otherwise agreed with Canaccord Genuity, settlement of Placing commitments (subject to scaling back) will be on a delivery versus payment basis through CREST on the Admission Date.

Details of the Placing and Offer Agreement are set out in paragraph 8.1 of Part 5 of this document.

The Public Offer

Ordinary Shares (with Subscription Shares on a one for 10 basis) at 100p per Ordinary Share (and with no additional cost for the Subscription Shares) are also being made available to the public (other than certain overseas investors) through the Offer for Subscription. Applications under the Public Offer must be for a minimum aggregate amount of 1,000 Ordinary Shares and thereafter in multiples of 1,000 Ordinary Shares.

The Ordinary Shares and Subscription Shares will be qualifying investments for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through an offer to the public (such as the Public Offer) or in the market. **Any person wishing to apply for Ordinary Shares under the Public Offer through an ISA should contact their ISA manager as soon as possible.**

The terms and conditions of application under the Public Offer and the procedure for applying for Ordinary Shares (with Subscription Shares on a one for 10 basis) under the Public Offer are set out in Parts 7 and 8 respectively of this document and an application form for use under the Public Offer is attached at the end of this document.

Payment must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account on the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Application Form), must be made payable to "Computershare Investor Services PLC Acceptance A/C Aberdeen Latin American Income Fund Limited" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping endorsing the cheque/banker's draft to such effect.

Completed Application Forms accompanied by a cheque or banker's draft for the full amount due must be posted to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by 5.00 p.m. on Friday, 30 July 2010, at which time and date the Public Offer will close.

Issue of Subscription Shares to the Manager

The Company has entered into an agreement with the Manager in terms of which the Manager has agreed to purchase for cash one Subscription Share for every one Subscription Share issued pursuant to the Placing and Public Offer at 10.5p per Subscription Share. Accordingly, the Manager will purchase up to 10,000,000 Subscription Shares pursuant to the Aberdeen Subscription Share Agreement.

The Aberdeen Subscription Share Agreement includes lock-in arrangements restricting the Manager's ability to sell the Subscription Shares acquired by it pursuant to the Aberdeen Subscription Share Agreement whilst the Management Agreement subsists.

The Directors believe the issue of Subscription Shares to the Manager pursuant to the Aberdeen Subscription Share Agreement and its agreement to the lock-in arrangements demonstrates the Manager's belief that, over the longer term, the Company will deliver capital growth to Ordinary Shareholders as well as revenue returns.

Details of the Aberdeen Subscription Share Agreement (including certain customary and other exceptions to which the lock-in arrangements are subject) are set out in paragraph 8.2 of Part 5 of this document. A summary of the factors taken into account in determining the issue price of the Subscription Shares pursuant to the Aberdeen Subscription Share Agreement is set out in paragraph 9 of Part 5 of this document.

Dealings and Settlement

Applications have been made to the UK Listing Authority for the Shares issued and to be issued pursuant to the Issue to be admitted to the Official List and to the London Stock Exchange for the Shares to be admitted to trading on its Main Market. It is expected that Admission will occur, and that dealings in the Shares will commence, on Monday, 16 August 2010.

The Shares will be issued with effect from Monday, 16 August 2010, fully paid and in registered form, and may be issued in uncertificated form or in certificated form. Shares issued in uncertificated form will be credited to the relevant CREST accounts following Admission, which is expected to take place on Monday, 16 August 2010. Temporary documents of title will not be issued pending the despatch of

definitive certificates for Shares issued in certificated form, which is expected to take place by Monday, 23 August 2010. Dealings in Shares in advance of the crediting of the relevant CREST accounts or the issue of certificates will be at the risk of the persons concerned.

Overseas Investors

The making of the Public Offer to persons not resident in, or who are outside, the United Kingdom may be affected by the laws or regulatory requirements of relevant jurisdictions. Persons not resident or who are outside the United Kingdom and who wish to invest in the Company are therefore referred to the section headed “Important Information” on pages 15 to 17 of this document and to paragraph 8 of Part 7 of this document. **Investors who are in any doubt as to their position are strongly advised to consult their own professional advisers.**

Announcements Regarding the Issue

The result of the Issue and the basis of allocation under the Placing and Public Offer are expected to be announced by the Company through a Regulatory Information Service on by Friday, 13 August 2010 and, in any event, prior to Admission. Dealings in the Shares issued pursuant to the Issue will not be permitted prior to Admission.

Conditions of the Issue

The Issue is conditional on, among other things, the Placing and Offer Agreement not being terminated in accordance with its terms at any time prior to Admission and Admission occurring by 8.00 a.m. on Monday, 16 August 2010 (or such later date as the Company, the Investment Manager and Canaccord Genuity may agree, being in any event not later than Friday, 27 August 2010). Furthermore, if the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Issue will not proceed unless the Company publishes a supplementary prospectus containing an amended working capital statement based on a revised Minimum Net Proceeds figure. The decision whether to proceed with the Issue and publish a supplementary prospectus in such circumstances will be at the absolute discretion, and subject to the unanimous agreement, of the Directors, the Investment Manager and Canaccord Genuity. Persons who have applied for Ordinary Shares prior to publication of any supplementary prospectus and who wish to exercise their statutory withdrawal rights will be able to do so in accordance with the instructions set out in any such supplementary prospectus.

The offer to issue Ordinary Shares and Subscription Shares pursuant to the Placing and Public Offer will be revoked if Admission does not occur by 8.00 a.m. on Monday, 16 August 2010 (or such later date as the Company and Canaccord Genuity may agree, being in any event not later than Friday, 27 August 2010) or, if earlier, on the date on which the Placing and Public Offer ceases to be capable of becoming conditional. Any such revocation will be announced by the Company through a Regulatory Information Service as soon as practicable after the Company has become aware of the occurrence of the event that has resulted in such revocation.

Scaling Back

In the event that the Placing and Public Offer are over-subscribed, the maximum number of Ordinary Shares available under the Placing and Public Offer will be allocated in such manner as Canaccord Genuity shall, in its absolute discretion, determine after consultation with the Company and the Investment Manager.

To the extent that the subscription monies received by the Company in relation to any application for Ordinary Shares, whether through the Placing or under the Public Offer, exceed the aggregate value, at their Issue Price, of the Ordinary Shares issued pursuant to such application, the balance of such sum will be returned by cheque to the applicant concerned.

Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply, the Company and its agents, Canaccord Genuity or the Receiving Agent, may require evidence of the identity of each investor in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

PART 3

PARTICULARS OF THE SUBSCRIPTION SHARES

The rights attaching to the Subscription Shares are set out in the Articles and are summarised in this Part 3. Further details of the Articles are set out in paragraph 3 of Part 4 of this document.

1. Conversion Rights

- 1.1 A registered holder for the time being of Subscription Shares (a “**Subscription Shareholder**”) shall have rights to convert all or any of such Subscription Shares into fully paid Ordinary Shares on the basis of one Ordinary Share for every Subscription Share so converted (“**Subscription Rights**”) on 31 December in any of the years 2013 to 2015 (both inclusive) (a “**Subscription Date**”) at the price of 120p per Ordinary Share (the “**Subscription Price**”) payable in full in cash on conversion. The number of Ordinary Shares resulting from the exercise of the Subscription Rights and/or the Subscription Price will be subject to adjustment as provided in paragraph 2 of this Part 3. The Subscription Shares registered in a Subscription Shareholder’s name will be evidenced by a Subscription Share certificate issued by the Company (in the case of any Subscription Shares that are in certificated form) or in accordance with and subject to the provisions of the Uncertificated Regulations and the Jersey Regulations and the facilities and requirements of CREST (in the case of any Subscription Shares that are in uncertificated form).
- 1.2 In order to exercise the Subscription Rights in respect of any Subscription Shares held in certificated form on any Subscription Date, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other evidence as the Directors may reasonably require as proof of the title of the person exercising the Subscription Rights), having completed the notice of exercise of Subscription Rights on the reverse of the relevant Subscription Share certificate(s) (or by giving such other notice of exercise of Subscription Rights as the Directors may, in their discretion, accept) (a “**Certificated Subscription Notice**”) at the office of the registrar for the time being of the Company (the “**Registrar**”) on or within 28 days prior to the relevant Subscription Date (but not later than 5.00 p.m. on that date) accompanied by a remittance for the aggregate Subscription Price payable for the Ordinary Shares resulting from the exercise of the Subscription Rights. The Directors may accept as valid a Certificated Subscription Notice which is received after the relevant Subscription Date, provided it is accompanied by the correct remittance, as described above.
- 1.3 In order to exercise the Subscription Rights in respect of any Subscription Shares held in uncertificated form on any Subscription Date, the Subscription Shareholder must procure that the Company or any sponsoring system-participant acting on behalf of the Company receives, at any time on or within 28 days prior to the relevant Subscription Date (but not later than 5.00 p.m. on that date):
 - (i) a properly authenticated dematerialised instruction:
 - (a) in the form from time to time prescribed by the Directors and having the effect determined by the Directors from time to time (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of CREST); and
 - (b) that is addressed to the Company, is attributable to the system-member who is the holder of the Subscription Shares concerned and that specifies (in accordance with the form prescribed by the Directors in sub-paragraph (i)(a) above) the number of Subscription Shares in respect of which the Subscription Rights are to be exercised; and
 - (ii) payment in settlement of the aggregate Subscription Price for the Ordinary Shares resulting from the exercise of the Subscription Rights, such payment to be made through CREST in accordance with its rules, or by any other means permitted by the Directors;

provided always that:

- (1) subject always to the facilities and requirements of CREST, the Directors may, in their discretion, permit the holder of any Subscription Shares in uncertificated form to exercise their Subscription Rights by such other means as the Directors may approve;
- (2) the Directors may, in their discretion, require, in addition to receipt of a properly authenticated dematerialised instruction as referred to in sub-paragraph (i) above, the holder of any Subscription Shares in uncertificated form to complete and deliver to the Registrar on or within the 28 days prior to the relevant Subscription Date a notice in such form as may from time to time be prescribed by the Directors; and
- (3) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person;

and, for the purposes of this Part 3, an “**Uncertificated Subscription Notice**” means the properly authenticated dematerialised instruction referred to in this paragraph 1.3 or any other notice that the Directors may permit to be given in substitution for such dematerialised instruction and together with (in either case) any other additional notice or information that the Directors may require to be given in order for the Subscription Rights to be exercised.

- 1.4 Once received by the Company, a Subscription Notice may not be withdrawn save with the consent of the Directors. The Directors may require, as a condition of exercise of any Subscription Rights, that the beneficial owner of the relevant Subscription Shares certifies that such exercise is not by or on behalf of, or with a view to a transfer of the Ordinary Shares resulting from the exercise of such Subscription Rights to, a US Person or delivers such other certifications as to nationality or residence as they deem necessary or desirable in the best interests of the Company. Exercising Subscription Shareholders must also comply with any applicable legal requirements.
- 1.5 Not earlier than 56 days nor later than 28 days before each Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Rights and, in respect of Subscription Shares held in uncertificated form, stating the form of Uncertificated Subscription Notice prescribed by the Directors in relation to the relevant Subscription Date. Failure by any holder to receive such notice shall not prejudice their rights, or those of any other holder, to the Subscription Rights in respect of their Subscription Shares.
- 1.6 Ordinary Shares resulting from the exercise of Subscription Rights will be registered in the name(s) of the person(s) in whose name(s) the Subscription Shares are registered at the date of such exercise or (subject as provided by law and to payment of stamp duty, stamp duty reserve tax or any like tax as may be applicable) to such other persons as may be named in the Subscription Notice not later than 14 days after, and with effect from, the relevant Subscription Date. Unless the Directors otherwise determine, or unless the Uncertificated Regulations, the facilities and requirements of CREST or the Jersey Regulations otherwise require, the Ordinary Shares resulting from an exercise of Subscription Rights shall be in certificated form (where the Subscription Shares in respect of which the Subscription Rights were exercised were in certificated form on the relevant Subscription Date) and in uncertificated form (where the Subscription Shares in respect of which the Subscription Rights were exercised were in uncertificated form on the relevant Subscription Date).
- 1.7 Certificates for Ordinary Shares resulting from an exercise of Subscription Rights in accordance with paragraph 1.6 of this Part 3 which are in certificated form will be issued free of charge and despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant Subscription Date to the person(s) in whose name(s) the Ordinary Shares have been registered pursuant to paragraph 1.6 of this Part 3 (or, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of a holder of Subscription Shares in certificated form on the relevant Subscription Date exercising the Subscription Rights conferred by some, but not all,

of such Subscription Shares, the Company shall, at the same time as the issue of the Ordinary Share certificate, issue a new Subscription Share certificate in the name of the registered holder for the balance of such Subscription Shares. Ordinary Shares resulting from an exercise of Subscription Rights which are in uncertificated form in accordance with paragraph 1.6 of this Part 3 will be credited to the relevant account within CREST of the Subscription Shareholders entitled thereto.

- 1.8 Ordinary Shares resulting from the exercise of Subscription Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date which is prior to the relevant Subscription Date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and thereafter and *pari passu* in all other respects with the Ordinary Shares in issue on the relevant Subscription Date, provided that, on any conversion falling to be made pursuant to sub-paragraph 6.1(vi) of this Part 3, the resulting Ordinary Shares to be issued shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of conversion but, subject thereto, will rank in full for all other dividends and distributions and *pari passu* in all other respects with the Ordinary Shares then in issue.
- 1.9 So long as the Ordinary Shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's Main Market, the Company will apply to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares resulting from any exercise of Subscription Rights to be admitted to the Official List of the UK Listing Authority and to trading on the Main Market, respectively, and the Company will use all reasonable endeavours to obtain such admissions as soon as practicable and, in any event, not later than 14 days after the relevant Subscription Date (or the date on which any exercise of Subscription Rights becomes effective if that date is not a Subscription Date).
- 1.10 If, immediately after any Subscription Date (other than the final Subscription Date) and after taking account of any Subscription Rights exercised on that date, Subscription Rights shall have been exercised or cancelled in respect of 75% or more of the Subscription Shares originally issued by the Company (subject to adjustment of the number of Subscription Shares in accordance with paragraph 2 of this Part 3) (excluding any Subscription Shares purchased by the Company or any of its subsidiaries but including any further Subscription Shares issued in accordance with the Articles), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 1.10 (the "**Early Subscription Trustee**") upon the expiry of 21 days from the date of such notice (the "**Notice Period**") and for this purpose the Notice Period shall expire at 5.00 p.m. on the 21st day. Such notice shall give in its terms the holders of the Subscription Shares then outstanding a final opportunity to exercise their Subscription Rights in the manner provided, *mutatis mutandis*, in paragraph 1.2 or 1.3 (as appropriate) of this Part 3 as though such 21st day were a Subscription Date. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in the Early Subscription Trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by the Early Subscription Trustee will exceed the costs of exercising the Subscription Rights, shall within the period of 14 days following the expiry of the Notice Period either:
 - (i) exercise the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and had been exercised and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, the costs of exercising the Subscription Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that individual entitlements of under £5.00 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Rights within the period of 14 days following such expiry as set out in this paragraph 1.10 (and the Early Subscription Trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse and all outstanding Subscription Shares shall automatically be converted into Deferred Shares.

- 1.11 Within seven days following the final Subscription Date the Company shall appoint a trustee (the “**Final Subscription Trustee**”) who, provided that in the Final Subscription Trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by the Final Subscription Trustee will exceed the costs of exercising the Subscription Rights, shall within the period of 14 days following the final Subscription Date either:
- (i) exercise all the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised on the final Subscription Date and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute *pro rata* the proceeds of any such sale or acceptance of any such offer less, in either case, the costs of exercising the Subscription Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the final Subscription Date, provided that individual entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Rights within the period of 14 days following the final Subscription Date as set out in this paragraph 1.11 (and the Final Subscription Trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse and all outstanding Subscription Shares shall automatically be converted into Deferred Shares.

- 1.12 The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- 1.13 The Subscription Shares and the Ordinary Shares arising on exercise of the Subscription Rights have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, and the rules and regulations of the US Securities and Exchange Commission promulgated there under. Each Subscription Share certificate will bear a legend to the effect that the Subscription Shares and the Ordinary Shares resulting from the exercise of Subscription Rights have not been and will not be so registered, and that the Subscription Shares may not be exercised for cash in the US unless registered under the US Securities Act or an exemption from such registration requirements is available. Accordingly, the Subscription Notice is required to contain, among other things, a representation and warranty by the person exercising the Subscription Rights that they are outside the United States in an “offshore transaction” within the meaning of Regulation S under the US Securities Act, failing which the Company may refuse to authorise the conversion of the Subscription Shares to which the Subscription Notice relates, except in certain limited circumstances.

2. Adjustments of Subscription Rights

- 2.1 The Subscription Price (and the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2.
- 2.2 If and whenever there shall be an alteration in the number of Ordinary Shares in issue as a result of a consolidation or sub-division of Ordinary Shares, the Subscription Price in force immediately prior to such alteration shall be adjusted, subject to paragraph 2.7 of this Part 3, by multiplying it by a fraction of which the numerator shall be the aggregate number of Ordinary Shares in issue immediately prior to such alteration and the denominator shall be the aggregate number of Ordinary Shares in issue immediately after such alteration, and such adjustment shall become effective on the date such alteration takes effect.
- 2.3 If and whenever the Company shall allot to Ordinary Shareholders any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend), the Subscription Price in force immediately prior to such allotment shall be adjusted, subject to paragraph 2.7 of this Part 3, by multiplying it by a fraction of which the numerator shall be the aggregate number of Ordinary Shares in issue immediately prior to such allotment and the denominator shall be the aggregate number of Ordinary Shares in issue immediately after such allotment, and such adjustment shall become effective on the date such allotment is made (or, if later, the date, or last date, on which any conditions to which such allotment is subject, are satisfied or waived).
- 2.4 If, on a date (or by reference to a record date) on or before the final Subscription Date, the Company makes any offer or invitation to the holders of Ordinary Shares (whether by rights issue or otherwise but not being an offer to which sub-paragraph 6.1(v) of this Part 3 applies or an offer made in connection with scrip dividend arrangements) or any offer or invitation is made to such holders otherwise than by the Company (not being an offer to which sub-paragraph 6.1(vi) of this Part 3 applies), then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms on which the same could have been exercised if they had then been exercisable, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that such offer or invitation is made but the Subscription Price shall be adjusted, subject to paragraph 2.7 of this Part 3:
- (i) in the case of an offer of additional Ordinary Shares for subscription by way of rights at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the Subscription Price in force immediately before such announcement by:

$$\frac{A + B}{A + C}$$

where:

A = means the aggregate number of Ordinary Shares in issue on the date of such announcement;

B = the aggregate number of Ordinary Shares which the aggregate of the amount payable for the total number of additional Ordinary Shares comprised in such rights issue would purchase at such market price; and

C = the aggregate number of Ordinary Shares offered for subscription;

and such adjustment shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.4; and

- (ii) in any other case, in such manner as the Directors shall determine, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment as so determined in accordance with this paragraph 2.4 is fair and reasonable.

Any such adjustment shall become effective, in the case of sub-paragraph (i) above, as at the date of allotment of the additional Ordinary Shares which are the subject of the offer or invitation and, in the case of sub-paragraph (ii) above, as at the date determined by the Directors. For the purposes of this paragraph 2.4, “**market price**” means the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding the day on which the market price is to be ascertained but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant Dealing Days, *pari passu* as to dividends and other distributions with the Ordinary Shares in issue on those days.

- 2.5 If at any time a Subscription Shareholder shall become entitled to exercise their Subscription Rights pursuant to sub-paragraph 6.1(vi) of this Part 3, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by such amount as shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.5, in accordance with the following formula:

$$D = (E + F) - G$$

where:

D = the reduction in the Subscription Price;

E = the Subscription Price ruling immediately before such reduction;

F = the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive Dealing Days ending on the Dealing Day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

G = the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive Dealing Days ending on the Dealing Day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made;

provided that:

- (a) no adjustment shall be made in the Subscription Price where the value of G exceeds the aggregate value of E and F;
- (b) the Subscription Price shall be further adjusted to take account of the market value of the Subscription Shares (which shall be deemed to be equal to the value of F) having regard, *inter alia*, to the time value of money in such manner as the Directors shall determine and as the Financial Adviser shall report in writing to the Directors that, in its opinion, such further adjustment as so determined is fair and reasonable.

Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in sub-paragraph 6.1(vi) of this Part 3, the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as are acting in concert with or controlled by the offeror as detailed in sub-paragraph 6.1 (vi) of this Part 3.

- 2.6 For the purpose of determining whether sub-paragraph 6.1(viii) of this Part 3 shall apply and, accordingly, whether each holder of a Subscription Share is to be treated as if their Subscription Rights had been exercisable and had been exercised as provided in that sub-paragraph, the Subscription Price which would have been payable on such exercise (but not otherwise) shall be reduced by such amount as shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.6, in accordance with the following formula:

$$H = (I + J) - K$$

where:

H = the reduction in the Subscription Price;

I = the Subscription Price ruling immediately before such reduction;

J = the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive Dealing Days ending on the Dealing Day immediately preceding the earliest of the following dates:

- (i) the date of an announcement by the Directors of their intention to convene an extraordinary general meeting for the purpose of passing a resolution to wind up the Company;
- (ii) the date of the notice of an extraordinary general meeting convened for the purpose of passing a resolution to wind up the Company;
- (iii) the date of commencement of the winding-up of the Company by the court; and
- (iv) the date of suspension by the London Stock Exchange of dealings in the Subscription Shares prior to the making of such announcement by the Directors;

K = shall be the amount per Ordinary Share as determined by the Directors, with confirmation in writing from the Financial Adviser to the Directors that, in its opinion, such determination is fair and reasonable, which each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with sub-paragraph 6.1(viii) of this Part 3, on the assumption that all Subscription Rights then unexercised had been exercised in full at the Subscription Price (as adjusted, if appropriate, in accordance with this paragraph 2.6) and the subscription moneys in respect thereof had been received in full by the Company;

provided that:

- (a) no adjustment shall be made in the Subscription Price where the value of K exceeds the aggregate value of I and J;
- (b) the Subscription Price shall be further adjusted to take account of the market value of the Subscription Shares (which shall be deemed to be equal to the value of J) having regard, *inter alia*, to the time value of money in such manner as the Directors shall determine, and as the Financial Adviser shall report in writing to the Directors that, in its opinion, such further adjustment as so determined is fair and reasonable.

- 2.7 No adjustment will be made to the Subscription Price pursuant to this paragraph 2 (other than where adjustment is required by reason of, and to reflect, a consolidation of Ordinary Shares as referred to in paragraph 2.2 of this Part 3) if it would result in an increase in the Subscription Price and, in any event, no such adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward in accordance with this paragraph 2.7) be less than 1.0% of the Subscription Price then in force and on any adjustment the adjusted Subscription

Price will be rounded down to the nearest 1.0p. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account on any subsequent adjustment pursuant to this paragraph 2.

- 2.8 Whenever the Subscription Price is adjusted in accordance with this paragraph 2 by reason of a consolidation of Ordinary Shares as referred to in paragraph 2.2 of this Part 3, the number of Ordinary Shares for which each holder of Subscription Shares is entitled to subscribe will be reduced accordingly. Whenever the Subscription Price is adjusted pursuant to this paragraph 2 other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2.2 of this Part 3, the Company shall issue, credited as fully paid, additional Subscription Shares to each holder of Subscription Shares at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him multiplied by the following fraction:

$$\frac{L - M}{M}$$

where:

L = the Subscription Price immediately before such adjustment: and

M = the Subscription Price immediately after such adjustment.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares and, if required, the aggregate number of Subscription Shares to be allotted to each Subscription Shareholder pursuant to such adjustment shall be rounded down to the nearest whole number of Subscription Shares. Unless the Directors otherwise determine, or unless the Uncertificated Regulations, the rules of CREST or the Jersey Regulations otherwise require, the additional Subscription Shares issued pursuant to this paragraph 2.8 shall be allotted in certificated form (where the Subscription Shares in respect of which the Subscription Rights were exercised were in certificated form on the relevant Subscription Date) and in uncertificated form (where the Subscription Shares in respect of which the Subscription Rights were exercised were in uncertificated form on the relevant Subscription Date).

- 2.9 The Company shall send a written notice of any adjustment made pursuant to this paragraph 2 to Subscription Shareholders within 28 days of any such adjustment becoming effective together, in the case of any additional Subscription Shares issued in certificated form, with the relevant Subscription Share certificate for such additional Subscription Shares. The Company shall procure that, in the case of any additional Subscription Shares issued in uncertificated form, appropriate instructions are given to enable such additional Subscription Shares to be credited in uncertificated form to the relevant account within CREST of the Subscription Shareholders entitled thereto.

3. Income Rights

The Subscription Shares carry no rights to receive dividends or other income distributions, whether out of the revenue or other profits of the Company or otherwise.

4. Capital Rights

Subject to sub-paragraph 6.1(viii) of this Part 3, the Subscription Shares carry no rights to receive any payment out of the assets of the Company on a return of capital on liquidation (whether for the purpose of reorganisation, amalgamation or simple dissolution) or otherwise.

5. Voting Rights and General Meetings

Whether or not the Subscription Rights shall have expired, the Subscription Shares shall not confer on the holders thereof the right to attend, speak or vote at any general meeting of the Company and references in the Articles to “members”, “shareholders” and “holders” in relation to receiving notice of, attending or voting at general meetings of the Company (other than a separate class meeting convened in accordance with Articles) shall be construed accordingly.

6. Protective Provisions

6.1 So long as any Subscription Rights remain exercisable:

- (i) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (a) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares; or
 - (b) on or by reference to a record date falling within the period of six weeks ending on any Subscription Date make any such consolidation or sub-division as is referred to in paragraph 2.2 of this Part 3, any such allotment as is referred to in paragraph 2.3 of this Part 3 or any such offer or invitation as is referred to in paragraph 2.4 of this Part 3 (except by extending to Subscription Shareholders or procuring the extension to Subscription Shareholders of any such offer or invitation as may be made by a third party);
- (ii) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (a) in any way modify the rights attached to its existing Ordinary Shares as a class; or
 - (b) subject to paragraph 6.2 of this Part 3, create or issue any new class of share capital except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital;

provided that nothing in this sub-paragraph (ii) shall restrict the right of the Company to increase, sub-divide or consolidate its share capital and further provided that, notwithstanding sub-paragraphs (a) and (b) above:

- (1) for so long as the Company has only two classes of share capital, being the Ordinary Shares and the Subscription Shares, any modification of the rights of the Ordinary Shares is not to be regarded as a modification of the rights attached to the Ordinary Shares as a class; and
- (2) any rights as regards return of capital shall not be regarded as more advantageous than those of the Ordinary Shares;

if, in either case, such modification or the creation or issue of any such shares is made in connection with or in contemplation of a winding-up of the Company, provided that, for the purposes of calculating the sum (if any) due to Subscription Shareholders under sub-paragraph (viii) below, the Directors shall have regard both to the rights of the Ordinary Shares immediately prior to such modification and after such modification and to the amount which the Subscription Shareholder would have received had they been the holder of the Ordinary Shares to which they would have become entitled as provided in sub-paragraph (viii) below and had they exercised any right of election conferred on such Ordinary Shares or the shares so created or issued;

- (iii) the Company shall not (except (1) with the sanction of a special resolution of the Subscription Shareholders, (2) in connection with a purchase of its own shares made in accordance with the Jersey Company Law, the Articles and the Listing Rules, (3) in connection with the payment of a dividend or interim dividend made in accordance with the Jersey Company Law or (4) a reduction in accordance with the Jersey Company Law and not involving any payment to its Shareholders) reduce its stated capital account or any uncalled or unpaid liability in respect of any of its share capital;
- (iv) the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, any Ordinary Shares, which, together with the aggregate number of any Ordinary Shares over which options or rights of subscription (including, for this purpose, the conversion rights of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20% of the Ordinary Shares then in issue;
- (v) if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares for the purchase by the Company of any of its Ordinary Shares (whether by tender offer or otherwise), the Company shall simultaneously give notice thereof to the Subscription Shareholders and each Subscription Shareholder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise their Subscription Rights on the terms on which the same could have been exercised (subject to any adjustment to the Subscription Price made in accordance with paragraph 2.4 of this Part 3) if they had been exercisable on the day immediately preceding the record date for such offer or invitation (and references to Subscription Date in this Part 3 shall be construed, where the context so requires, as if such day were a Subscription Date) and so as to take effect as if they had exercised their Subscription Rights immediately prior to the record date of such offer or invitation;
- (vi) subject to sub-paragraph (vii) below, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware, on or before the final Subscription Date, that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies and/or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware and each Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise their Subscription Rights on the terms on which the same could have been exercised (subject to any adjustment to the Subscription Price made in accordance with paragraph 2.5 of this Part 3) if they had been exercisable on the day on which the Company shall become aware as aforesaid (and references to Subscription Date in this Part 3 shall be construed, where the context so requires, as if such day were a Subscription Date) (and, if any part of the 30-day period referred to in this sub-paragraph (vi) falls before the first Subscription Date, the Subscription Rights shall nevertheless be deemed to be exercisable during all of that period for the purposes of this sub-paragraph (vi) and, if any part of such period falls after the final Subscription Date, the final Subscription Date shall be deemed to be the last Business Day of such 30-day period);
- (vii) if any offer as is referred to in sub-paragraph (vi) above shall be made where under such offer the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities conferring rights to subscribe for ordinary shares in the offeror (the “**exchange securities**”) in exchange for the Subscription Shares which the Financial Adviser shall consider in its opinion (acting as an expert and not as an arbitrator) to be fair and reasonable (having regard to the terms of the offer, the tax treatment of the exchange securities compared to that of the Subscription Shares and any other circumstances which may appear to the Financial Adviser to be relevant), then the Subscription Shareholders shall not be entitled to exercise their Subscription Rights on the

basis referred to in sub-paragraph (vi) above and any Director shall be irrevocably authorised as attorney for the Subscription Shareholders who have not accepted such offer of exchange securities:

- (a) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of exchange securities whereupon all the Subscription Rights shall lapse and each outstanding Subscription Share shall be converted into a Deferred Share; and
- (b) to do all such acts and things as may be necessary or appropriate in connection therewith;

subject, in the case of both (a) and (b) above, to the offer as is referred to in sub-paragraph (vi) above becoming or being declared wholly unconditional; and

(viii) if:

- (a) an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders); and
- (b) in such winding-up and on the basis that all Subscription Rights then unexercised had been exercised in full and the Subscription Price therefore (subject to any adjustment to the Subscription Price made in accordance with paragraph 2.4 of this Part 3) had been received in full by the Company, there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights, which would, on such basis, exceed in respect of each Ordinary Share a sum equal to such Subscription Price;

each Subscription Shareholder shall be treated as if immediately before the date of such order or resolution (as the case may be) their Subscription Rights had been exercisable and had been exercised in full on the terms on which the same could have been exercised (subject to any adjustment to the Subscription Price made in accordance with paragraph 2.6 of this Part 3) if they had been exercisable and had been exercised on the day immediately before the date of such order or resolution (as the case may be) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such a sum as they would have received had they been the holder of the Ordinary Shares to which they would have become entitled by virtue of such conversion after deducting a sum per Ordinary Share equal to the Subscription Price, provided that, if in connection with such winding up the holders of the Ordinary Shares approve in accordance with the Articles:

- (1) a distribution of assets *in specie* to the members;
- (2) the vesting in trustees of the whole or any part of the assets of the Company on trust for the benefit of the Ordinary Shareholders or any of them;
- (3) a transfer of the whole or part of the Company's assets to another investment fund (either closed-end or open-ended) in consideration for which shares or other securities will be issued by such fund for distribution among the Ordinary Shareholders or any of them; or
- (4) any similar arrangement;

then, for the purposes of this sub-paragraph (viii), the sum that the Subscription Shareholder would have received had they been the holder of the Ordinary Shares to which they would have become entitled by virtue of such exercise of their Subscription Rights shall be such sum as is determined by the Directors on such basis of valuation, and valued

at such date, as the Directors determine, with confirmation in writing from the Financial Adviser to the Directors that each such determination is fair and reasonable, and, subject to the foregoing, all Subscription Rights shall lapse on liquidation of the Company.

- 6.2 Notwithstanding any of the provisions of paragraph 6.1 of this Part 3, a qualifying C share issue shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all of the circumstances) that such issue should not have any material dilutive effect on the fully diluted net asset value attributable to each Ordinary Share. For the purpose of this paragraph 6.2, a “**qualifying C share issue**” means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted to Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.
- 6.3 Notwithstanding any of the provisions of paragraph 6.1 of this Part 3, the Company may, without the sanction of a special resolution of the Subscription Shareholders:
- (i) purchase any of its own share capital (whether by invitation, by private treaty or through the market); or
 - (ii) hold its Ordinary Shares in treasury and cancel or sell any such Ordinary Shares held in treasury.
- 6.4 The publication of a scheme of arrangement or conclusion of a legally binding agreement providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company (by whatever means) shall be deemed to be the making of an offer for the purposes of sub-paragraph 6.1(vi) of this Part 3.

7. Purchase of Subscription Shares

The Company and its subsidiaries shall have the right to purchase Subscription Shares in the market, by tender offer or by private treaty, provided that:

- (i) in the case of any purchase of Subscription Shares in the market or by private treaty, such purchase may only be made if the price to be paid does not exceed any maximum price specified in the Listing Rules and, if no such price is specified, 5% above the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for the five consecutive Dealing Days ending on the Dealing Day prior to the day such purchase is made; and
- (ii) if such purchases are by tender offer, such tender offer will be made available to all holders of Subscription Shares alike.

8. General

8.1 The Company shall send to all Subscription Shareholders:

- (i) a copy of every published annual report and accounts of the Company, and of every unaudited interim report of the Company, and any other document required by law to be annexed thereto; and
- (ii) a copy of every notice, circular or other document sent by the Company to Ordinary Shareholders;

in each case at the time of issue thereof to the Ordinary Shareholders.

- 8.2 Any determination or adjustment affecting the Subscription Shares made pursuant to the Articles by the Directors or the Financial Adviser shall be made by them as experts and not as arbitrators and any such determination or adjustment made or reported by them shall, in the absence of manifest error, be final and binding on the Company and each of the Subscription Shareholders.
- 8.3 If any Subscription Date would, but for the provisions of this paragraph 8.3, fall on a day which is not a Business Day, the relevant Subscription Date shall be the next following Business Day.
- 8.4 For the avoidance of doubt, the terms on which the Subscription Rights are exercisable or could have been exercised on any date for the purposes of this Part 3 shall take into account, insofar as applicable, any adjustments to the Subscription Rights made pursuant to paragraph 2 of this Part 3.
- 8.5 In this Part 3, “**Deferred Shares**” means Deferred Shares of no par value in the capital of the Company from time to time and having the following rights:
- (i) the Deferred Shares may only be held in certificated form;
 - (ii) subject to sub-paragraph (vi) below, the Deferred Shares shall carry no rights to receive dividends or other income distributions, whether out of the revenue or other profits of the Company or otherwise;
 - (iii) the Deferred Shares carry no rights to receive any payment out of the assets of the Company on a return of capital on liquidation (whether for the purpose of reorganisation, amalgamation or simple dissolution) or otherwise;
 - (iv) the Deferred Shares shall not confer on the holders thereof the right to attend, speak or vote at any general meeting of the Company and references in the Articles to “members”, “shareholders” and “holders” in relation to receiving notice of, attending or voting at general meetings of the Company shall be construed accordingly;
 - (v) conversion of Subscription Shares into Deferred Shares in accordance with this Part 3 shall be deemed to confer an irrevocable authority on the Company to redeem (in accordance with and subject to the provisions of the Jersey Company Law and the Articles) such shares for an aggregate consideration of 1p for every 1,000,000 Deferred Shares held by each registered holder thereof and, immediately upon any such conversion, the Company shall redeem all of the Deferred Shares on such terms (and the Company shall not be obliged to issue share certificates to the Deferred Shareholders in respect of the Deferred Shares and shall not be obliged to account to any Deferred Shareholder for the redemption moneys in respect of such shares and such redemption moneys shall be retained for the benefit of the Company unless such Deferred Shareholder applies to the Company in writing requesting payment of such redemption moneys within one month of such conversion and the aggregate amount of such redemption moneys is at least £5.00);
 - (vi) the Deferred Shares shall confer a preferred entitlement on a winding up of the Company of 1p for every 1,000,000 Deferred Shares in priority to the rights of the holders of the Ordinary Shares; and
 - (vii) on redemption deferred share capital comprised in the authorised but unissued share capital shall be redesignated as ordinary share capital without further resolution or consent.
- 8.6 For the purposes of this Part 3:
- (i) “**Business Day**” means a day (other than a Saturday or Sunday) on which clearing banks in London and Jersey are open for business;
 - (ii) “**Dealing Day**” means a day on which dealings take place on the London Stock Exchange;
 - (iii) “**Financial Adviser**” means such financial adviser as may from time to time be appointed by the Directors for these purposes;

- (iv) “**Jersey Regulations**” means the Companies (Uncertified Securities) (Jersey) Order 1999, including any modification there to or any regulations in substitution therefore;
- (v) “**Subscription Notice**” means either a Certificated Subscription Notice or an Uncertificated Subscription Notice; and
- (vi) “**Uncertificated Regulations**” means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including any modification thereto or any regulations in substitution therefor.

PART 4

TAXATION

The information in this Part 4, which is intended as a general guide only, is based on current legislation and practice regarding Jersey and United Kingdom taxation and may be subject to change. It summarises advice received by the Directors as to the position of Ordinary Shareholders and Subscription Shareholders who are resident or ordinarily resident in Jersey or the United Kingdom for tax purposes and who hold their Ordinary Shares or Subscription Shares as an investment. Any change in the Company's tax status or in taxation legislation in Jersey or the United Kingdom, or any other tax jurisdiction affecting Ordinary Shareholders or Subscription Shareholders, could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Ordinary Shareholders or Subscription Shareholders.

Investors who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than Jersey or the United Kingdom or hold their Ordinary Shares or Subscription Shares otherwise than as an investment, are strongly recommended to consult their professional adviser.

Jersey Taxation

The Company

A company is resident in Jersey for tax purposes if it is either incorporated or managed or controlled in Jersey. The Company is liable to Jersey income tax at a rate of 0%. Capital gains are not subject to tax in Jersey.

In late 2009, it was reported that concerns had been raised by some members of the ECOFIN Code of Conduct group as to whether the current tax regime for companies in Jersey could be interpreted as being outside the spirit of the EU Code of Conduct for Business Taxation. The Treasury and Resources Minister of the States of Jersey confirmed in his budget speech on 8 December 2009 that the tax regime in Jersey has not been found to be non-compliant with the Code of Conduct. The Minister has also announced a review of business taxation in Jersey. Although the Minister stated in his budget speech that he understood the fundamental importance of tax neutrality to Jersey's financial service industry and the requirement that this be maintained, the outcome of this review cannot at this time be predicted. Following the review there is, therefore, the possibility that the current tax regime applicable in Jersey may be amended and, as a result, certain companies which are currently subject to tax at the zero rate could be subject to taxation in Jersey at a rate of more than 0%.

Jersey is proposing to introduce legislation to provide an exemption from taxation for "eligible investment schemes". The law is not yet final, but if a general rate above 0% is introduced, the Company may be able to take advantage of this exemption. A small annual fee will be payable.

The States of Jersey introduced a Goods and Services Tax ("GST") with effect from 6 May 2008. The Company has opted out of the GST regime by applying to become an "international services entity" ("ISE") as provided by the Goods and Services Tax (Jersey) Law 2007. ISE status is obtained upon meeting certain requirements and paying a prescribed annual fee. As an ISE, the Company is exempted both from registering for GST and from accounting for GST on supplies made and received in Jersey solely for the purpose of its business.

Shareholders

Any Shareholders who are resident for tax purposes in Jersey will incur income tax on any dividends paid on the Ordinary Shares. The attention of Jersey resident investors is also drawn to Article 134A of the Income Tax (Jersey) Law 1961 (as amended), the effect of which may be to render such a resident liable to income tax on any undistributed income or profits of the Company.

Jersey does not tax capital gains and consequently no Jersey tax will be levied on the disposal of Shares by Shareholders.

Jersey does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there estate duties. No stamp duty is levied on the transfer *inter vivos*, exchange or repurchase of shares but there is a stamp duty payable when Jersey grants of probate and letters of administration are required. Stamp duty of up to 0.75% is payable on the grant of probate or letters of administration in Jersey in respect of a deceased natural person (i) who dies domiciled in Jersey, on the value of the entire estate (including any securities or interests therein) and (ii) otherwise, on the value of so much of the estate (including any securities therein), if any, as is situated in Jersey.

UK Taxation

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the management and control of the Company is not exercised in the United Kingdom so that it is not resident in the United Kingdom for taxation purposes and so that it does not carry on any trade in the United Kingdom (whether or not through a permanent establishment situated there). Accordingly, the Company will not be liable for United Kingdom taxation on its income or gains, save in so far as UK tax is withheld on certain UK interest income at source. However, to the extent that the Company invests in the quoted Eurobonds of UK companies, interest should normally be received without deduction of tax.

UK-resident Shareholders

Dividends

UK-resident Ordinary Shareholders will receive dividends without deduction of Jersey tax. UK resident individual Ordinary Shareholders will be liable to income tax on the dividends received.

UK-resident individual Ordinary Shareholders who own less than 10% of the issued Ordinary Shares will be entitled to tax credits in respect of dividends paid by the Company. The tax credits will be 10% of the aggregate of the dividend and the tax credit itself (equivalent to one-ninth of the cash dividend). UK-resident individual Ordinary Shareholders, including those who hold their Ordinary Shares through an ISA, who are not liable to income tax in respect of their dividends, will not be entitled to reclaim any part of the tax credit. The income tax charge in respect of the dividends for lower and basic rate taxpayers will be at the rate of 10% and such Ordinary Shareholders will have no further liability to tax on their dividends. A higher rate tax payer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum at the top slice of their income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5%, against which they can offset the 10% tax credit.

A new additional rate of income tax of 50% applies with effect from 6 April 2010 to UK resident individuals with taxable income in excess of £150,000 per annum. Accordingly, an additional rate tax payer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum at the top slice of their income, it falls above the threshold for the additional rate of income tax) at the rate of 42.5% against which they can offset the 10% tax credit.

No UK tax credit will be attached to dividends received by any other Ordinary Shareholders.

Dividends paid by the Company to UK-resident corporate Shareholders will be exempt from UK corporation tax, provided the Shareholders meet certain conditions.

Gains Arising on Sale or Other Disposal

The Company, as a closed-end investment company, should not, as at the date of this document, be treated as an “offshore fund” for the purposes of United Kingdom taxation. Accordingly, the provisions of sections 757 to 764 of the Income and Corporation Taxes Act 1988 (the “**Taxes Act**”) and the Offshore Funds (Tax) Regulations 2009 should not apply. Any gains on disposals by UK-resident or ordinarily resident holders of the Shares may, depending on their individual circumstances, give rise to a liability to United Kingdom taxation on capital gains.

The base cost attributable to Ordinary Shares and Subscription Shares issued pursuant to the Issue must be apportioned between the Ordinary Shares and the Subscription Shares because they represent separate assets for UK taxation purposes, and that apportionment will have to be made on a basis that

is “just and reasonable”. The Directors have been advised that, under current HM Revenue & Customs (“HMRC”) practice, that basis should not be significantly different from the ratio which the market value of the Ordinary Shares bears to the market value of the Subscription Shares on the first day on which the Ordinary Shares and the Subscription Shares are dealt in separately (which is expected to be Monday, 16 August 2010).

The exercise of the rights conferred by the Subscription Shares will not constitute a disposal of the Subscription Shares (or any other asset) and will thus not itself give rise to a charge to taxation. The base cost that is attributable to the relevant Subscription Shares should be added to the amount paid on the exercise of the rights conferred by those Subscription Shares in computing the base cost of the Ordinary Shares acquired as a result of that exercise (and should thus be taken into account in computing any gain or loss arising on a subsequent disposal of Ordinary Shares).

Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with voluntary arrangements or clearance services, to whom special rules apply. No UK stamp duty, or stamp duty reserve tax, will be payable on the issue of the Shares. Regardless of whether Shares are held in certificated or uncertificated form, United Kingdom stamp duty (at the rate of 0.5% of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Shares executed within, or in certain cases brought into, the United Kingdom. Provided that the Shares are not registered in any register of the Company kept in the United Kingdom, any agreement to transfer the Shares will not be subject to United Kingdom stamp duty reserve tax.

Other United Kingdom Tax Considerations

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 under which the income accruing to the Company may be attributed to Shareholders and may (in certain circumstances) be liable to UK income tax in the hands of the Shareholder. However, the provisions do not apply if such Shareholder can satisfy HMRC that, either:

- (i) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of their investment in the Company; or
- (ii) the investment was a *bona fide* commercial transaction and was not designed for the purpose of avoiding UK taxation.

As it is probable that the Company will be owned by a majority of persons resident in the UK, the legislation applying to controlled foreign companies may apply to any corporate Shareholders who are resident in the UK. Under these rules, part of any undistributed income accruing to the Company may be attributed to such Shareholder, and may in certain circumstances be chargeable to UK corporation tax in the hands of the Shareholder. However, this will only apply if the apportionment of that Shareholder (when aggregated with persons connected or associated with them) is at least 25% of the Company’s relevant profits.

In the event that the Company would be treated as “close” if it were resident in the UK, then part of any chargeable gain accruing to the Company may be attributed to such a Shareholder and may (in certain circumstances) be liable to UK tax on capital gains in the hands of the Shareholder. The part attributable to the Shareholder corresponds to the Shareholder’s proportionate interest in the Company. This paragraph applies only to Shareholders who are resident or ordinarily resident in the UK and whose interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one-tenth.

ISAs

Both the Ordinary Shares and the Subscription Shares will be eligible to be held in the stocks and shares component of an ISA, subject to applicable subscription limits and provided the ISA manager has acquired the Shares by purchase through the Public Offer or in the market. Gains on, and dividends received in respect of, Shares held within an ISA are exempt from capital gains tax and income tax.

It is the intention of the Directors that the Company will operate so as to ensure that the Shares continue to qualify for inclusion in an ISA.

SIPPs and SSASs

Ordinary Shares and Subscription Shares acquired pursuant to the Placing or the Public Offer or through the market will be permitted investments for SIPPs and SSASs.

PART 5

ADDITIONAL INFORMATION

1. Incorporation, History and Conduct of Business

- 1.1 The Company was incorporated with limited liability in Jersey as a closed-end investment company under the Jersey Company Law with registered number 106012 on 30 June 2010. The Company, which is domiciled in Jersey, operates under the Jersey Company Law and orders made thereunder. In addition, the Company constitutes and is regulated as a collective investment fund under the Jersey Funds Law and orders made thereunder. The Company holds a certificate under Article 8 of the Jersey Funds Law issued by the JFSC (the JFSC is protected by the Jersey Funds Law against liability arising from the discharge of its functions under that law). On Admission, the Company will be a listed fund (as defined in the JFSC's Jersey Listed Fund Guide). Further information in relation to the regulatory treatment of listed funds (as defined in that guide) domiciled in Jersey may be found on the website of the JFSC at www.jerseyfsc.org. The Company is not regulated by the FSA or any other equivalent regulator in the European Economic Area.
- 1.2 The Company has its registered office and principal place of business at No.1 Seaton Place, St Helier, Jersey JE4 8YJ, Channel Islands. The Company's telephone number at its registered office is +44 (0) 1534 758 847.
- 1.3 The memorandum of association of the Company provides that the Company shall have all the powers of a natural person and its capacity shall be unlimited. The Company intends to carry on the business of an investment holding company.
- 1.4 As at the date of this document, the Company has not commenced operations and no financial statements in respect of the Company have been made up.
- 1.5 There has been no significant change in the financial or trading position of the Company since its incorporation.
- 1.6 Since the Company's incorporation, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had a significant effect on the financial position or profitability of the Company.
- 1.7 Details of the Company's capitalisation are set out in paragraph 2 of this Part 5. As at the date of this document, the Company had no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness. The Company has the power to borrow, subject to the limit imposed by the Articles described in paragraph 3.9 of this Part 5. Details of the Company's borrowing policy are set under the sub-heading "Investment Policy" in Part 1 of this document.
- 1.8 The Company has no subsidiary or parent undertakings, associated companies or employees and neither owns nor leases any premises.
- 1.9 The Company is of the opinion that, taking into account Minimum Net Proceeds, the working capital available to the Company is sufficient for its present requirements, that is for the period of at least 12 months from the date of this document.

2. Share Capital

- 2.1 The Company is a no par value company. Subject to the Articles, the Company is authorised to issue:
 - (i) an unlimited number of Ordinary Shares;
 - (ii) an unlimited number of Subscription Shares; and
 - (iii) an unlimited number of Deferred Shares.

On the Company's incorporation, two Ordinary Shares were issued to the subscribers to the memorandum of association of the Company (being Central One Limited and Central Two Limited, both nominee companies of Appleby). These Ordinary Shares will be made available, fully paid, under the Placing.

2.2 It is expected that the Ordinary Shares and Subscription Shares to be issued pursuant to the Issue will be issued pursuant to a resolution of the Board prior to Monday, 16 August 2010. The Subscription Shares issued pursuant to the Placing and Public Offer will be issued for an aggregate consideration of £1, which shall be paid by the Manager. On Admission, the Company will have a maximum of 100,000,000 Ordinary Shares and 20,000,000 Subscription Shares in issue, all of which will be fully paid.

2.3 On 14 July 2010, conditional upon Admission, the Directors were authorised by special resolution, in accordance with the Articles of Association, to allot (or, in the case of Ordinary Shares held in treasury, sell) for cash, or a non pre-emptive basis:

(i) Ordinary Shares:

(a) pursuant to the Placing and Public Offer; and

(b) in any other case, up to an aggregate number equal to 10% of the Ordinary Shares in issue immediately following Admission; and

(ii) Subscription Shares pursuant to the Issue;

provided that such authority shall expire on 31 January 2012 or, if earlier, at the first annual general meeting of the Company held on or after 1 January 2011 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting, save that the Company may, before such expiry, make offers or agreements which would or might require Ordinary Shares to be allotted and the Directors may allot Ordinary Shares in pursuance of such offer or agreement notwithstanding that such authority has expired.

2.4 On 14 July 2010, conditional upon Admission, the Company took authority by special resolution, in accordance with the Jersey Company Law, to make market purchases of fully paid Ordinary Shares, and, at its discretion, to hold any such Ordinary Shares as treasury shares, provided that:

(i) the maximum number of Ordinary Shares authorised to be purchased is 14.99% of the Ordinary Shares in issue immediately following Admission;

(ii) the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of:

(a) 105% of the average of the middle market quotations for an Ordinary Share taken from the Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased; and

(b) the higher of (1) the price of the last independent trade and (2) the highest current independent bid for Ordinary Shares on the Main Market;

(iii) the minimum price which may be paid for an Ordinary Share is 1p; and

(iv) such authority shall expire on 31 January 2012 or, if earlier, at the first annual general meeting of the Company held on or after 1 January 2011 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting.

The Company is permitted to fund the payments for purchases of Ordinary Shares in any manner permitted by the Jersey Company Law and the Directors must reasonably believe that the Company meets the solvency tests prescribed by the Jersey Company Law before making such purchases.

2.5 On 14 July 2010, conditional upon Admission, the Company took authority by special resolution, in accordance with the Jersey Company Law, to make market purchases of fully paid Subscription Shares, provided that:

- (i) the maximum number of Subscription Shares authorised to be purchased is 14.99% of the Subscription Shares in issue immediately following Admission;
- (ii) the maximum price which may be paid for a Subscription Share is an amount equal to the higher of:
 - (a) 105% of the average of the middle market quotations for a Subscription Share taken from the Official List for the five business days immediately preceding the date on which the Subscription Share is purchased; and
 - (b) the higher of (1) the price of the last independent trade and (2) the highest current independent bid for Subscription Shares on the Main Market;
- (iii) the minimum price which may be paid for a Subscription Share is 1p; and
- (iv) such authority shall expire on 31 January 2012 or, if earlier, at the first annual general meeting of the Company held on or after 1 January 2011 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting.

The Company is permitted to fund the payments for purchases of Subscription Shares in any manner permitted by the Jersey Company Law and the Directors must reasonably believe that the Company meets the solvency tests prescribed by the Jersey Company Law before making such purchases.

2.6 Since the Company's incorporation, save for the Ordinary Shares issued to the subscribers to the memorandum of association of the Company referred to in paragraph 2.1 of this Part 5, no share or loan capital of the Company has been issued or, save in connection with the Issue, agreed to be issued.

2.7 As at the date of this document, save in connection with the Issue:

- (i) the Company had no shares which did not represent capital;
- (ii) no shares in the Company were held by or on behalf of the Company;
- (iii) no convertible securities, exchangeable securities or securities with subscription rights had been issued by the Company;
- (iv) there were no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital; and
- (v) no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.

2.8 The market makers in the Ordinary Shares and Subscription Shares on Admission will include Canaccord Genuity.

3. Articles of Association

The rights attaching to the Subscription Shares as set out in the Articles are summarised in Part 3 of this of this document. The Articles also contain provisions, *inter alia*, to the following effect:

3.1 Issue of Shares

- 3.1.1 The Company shall not, without the previous sanction of a special resolution of the Company passed at a general meeting convened and held in accordance with the provisions of the Articles, allot any further shares (other than shares which neither as respects dividends nor as respects capital carry any right to participate beyond a specified amount in a distribution), or rights to subscribe for, or to convert or exchange into, such shares, or

sell shares which immediately before the sale are held by the Company as treasury shares, (“**equity securities**”) for cash without first offering the same in proportion to their existing holding to:

- (i) existing holders of that class of equity securities; and
- (ii) holders of other equity securities who are entitled to be offered them;

provided that this shall not apply where the Company is undertaking a rights issue or open offer, with respect to equity securities representing fractional entitlements or to equity securities which the Company considers necessary or expedient to exclude from the offer on account of the laws or regulatory requirements of a territory other than Jersey.

3.1.2 Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share in the Company (a “**share**”) may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine.

3.1.3 Subject to the Articles, the unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they think proper provided that no such allotment shall be made on terms which materially prejudice the interests of any existing holders in relation to their holdings of shares in the Company.

3.1.4 The Company may on any issue of shares pay such brokerage or commissions as may be lawful.

3.1.5 No person shall be recognised by the Company as holding any shares upon any trust and the Company shall be bound by or recognise any equitable, contingent, future or partial interest in any share.

3.2 ***Voting Rights***

Subject to paragraph 3.7 of this Part 5 and to any special rights or restrictions for the time being attached to any class of shares, on a show of hands every registered holder of shares (a “**shareholder**”) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every shareholder present in person (or, being a corporation by representative) or by proxy shall be entitled to one vote in respect of each share held by him. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the shares.

3.3 ***Dividends and Reserves***

3.3.1 Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors, but the Company in general meeting may declare a smaller dividend and the declaration of the Directors as to the profits shall be conclusive.

3.3.2 No dividend shall be paid unless the Company has sufficient financial resources in accordance with the Jersey Company Law.

3.3.3 The Directors may, if they think fit, from time to time pay the members such interim dividends as appear to the Directors to be justified by the financial resources of the Company available for distribution in accordance with the Jersey Company Law.

3.3.4 All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No unclaimed dividend shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

- 3.3.5 The Directors are also empowered to set aside out of profits of the Company such sums as they think proper as reserves before recommending any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

3.4 *Transfer of Shares*

3.4.1 The Directors may determine that shares be issued in certificated or uncertificated form. Where shares are held in certificated form, the following shall apply to the transfer of shares held in such form. The instrument of transfer of a share shall be in writing in any form which the Directors may approve signed by or on behalf of the transferor. The Directors may refuse to register any transfer of shares prohibited under the provisions referred to in paragraph 3.7 of this Part 5 or unless the instrument of transfer is lodged at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If it comes to the notice of the Directors that any Shares:

- (i) are or may be owned or held directly or beneficially by any person whose ownership or holding of those Shares might in the sole and conclusive determination of the Directors cause the assets of the Company to be considered “plan assets” within the meaning of the regulations adopted under the United States Employee Retirement Income Security Act 1974; or
- (ii) are or may be owned or held directly or beneficially by any person to whom a transfer of Shares or whose ownership or holding of any Shares might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940;

the Directors may serve a notice (a “**Transfer Notice**”) upon the person appearing in the register as the holder (the “**Vendor**”) of the Shares (the “**Relevant Shares**”) requiring the Vendor within 21 days to transfer the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within sub-paragraph (i) or (ii) above and whose ownership or holding of such shares would not result in the aggregate number of US Persons who are beneficial owners or holders of Shares or other securities of the Company being 75 or more (an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

3.4.2 Subject to such of the restrictions of the Articles as may be applicable, where shares are held in uncertificated form, a member may transfer such shares in accordance with the Companies (Uncertificated Securities) (Jersey) Order 1999 and the Directors shall have power to implement such arrangements as they may in their absolute discretion think fit for such transfer subject always to such order.

3.4.3 The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year.

3.5 *Variation of Rights*

Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy or by a duly authorised representative (if a corporation) one-third in number of the issued shares of the class (but at any adjourned meeting of such holders where a quorum as defined above is not present, those members who are present in person or by proxy shall be a quorum).

The special rights conferred upon the holders of shares or any shares or class of shares issued with preferred, deferred, or other special rights shall not be deemed to be varied by the exercise of any powers under the disclosure provisions requiring shareholders to disclose an interest in the shares as referred to in paragraph 3.7 of this Part 5.

3.6 *Alteration of Capital and Purchase of Shares*

The Company may from time to time by special resolution alter its share capital as stated in its memorandum of association and purchase its own shares in any of the ways permitted or provided for under the Jersey Company Law and in accordance with any relevant restrictions on companies whose ordinary shares are listed in the Official List or traded on the London Stock Exchange.

3.7 *Disclosure of Share Ownership*

3.7.1 The provisions of Chapter 5 of the Disclosure Rules and Transparency Rules, which relate to the requirement of persons to disclose their interests in shares, shall apply to the Company on the basis that its Home State (as defined in such rules) is the United Kingdom and as if it was not a “non-UK issuer” for the purposes of Chapter 5 of such rules, and the provisions of Chapter 5 of such rules shall be deemed to be incorporated into the Articles and shall bind the Company and Shareholders (other than any depositary or custodian for Shares issued in uncertificated form).

3.7.2 The Directors may serve notice on any shareholder requiring that shareholder to disclose to the Company the identity of any person (other than the shareholder) who has any interest in the shares held by the shareholder and the nature of such interest. Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors may determine. The Directors may be required to exercise the aforementioned powers on the requisition of members holding not less than one-tenth of such of the shares in the capital of the Company as carry at the date of such requisition the right of voting at general meetings. If any member has been duly served with a notice and is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days from service of the notice or 14 days if the shares concerned represent 0.25% or more in number of the issued shares of the relevant class), the Directors may in their absolute discretion serve a direction notice on the member. The direction notice may direct that in respect of the shares, in respect of which the default has occurred (the “**default shares**”) and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings or to exercise any other right conferred by membership in relation to meetings or of the holder of any class of share. Where the default shares represent at least 0.25% in number of the class of shares concerned the direction notice may additionally direct that any dividends on such shares will be retained by the Company (without interest), and that no transfer of the shares (other than a transfer approved under the Articles) shall be registered until the default is rectified in accordance with the Articles.

3.8 *General Meetings*

3.8.1 At least 14 days’ notice (or such longer notice as may be approved by the Directors) specifying the place, the day and the hour of the meeting, and in case of special business, the general nature of such business (and, in the case of an annual general meeting, specifying the meeting as such) shall be given. A general meeting is deemed to have been duly called on short notice if it is so agreed (i) in the case of an annual general meeting, by all shareholders entitled to attend and vote thereat or (ii) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights of the shareholders who have that right. Notices calling a meeting of the Company or of any class meeting of the Company are required to state with reasonable prominence that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a shareholder. The accidental omission to give, or the non-receipt of, notice will not invalidate proceedings at a general meeting.

- 3.8.2 A “special resolution” is a resolution of the Company passed by a majority of not less than 75% of the shareholders who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company or at a separate meeting of the holders of any class of share of the Company.

3.9 ***Borrowing Powers***

- 3.9.1 The Company will comply with all borrowing restrictions applicable to an investment company listed on the stock exchange(s) on which the shares are listed and subject thereto the Directors shall restrict the borrowing of the Company so that at the time of any borrowing the aggregate amount remaining undischarged of all monies borrowed by the Company inclusive of any fixed or minimum premium payable on final repayment shall not, except with the consent of the Company in general meeting, exceed 50% of the Company’s net assets.
- 3.9.2 The Directors and the Manager shall exercise all and any powers of the Company to borrow money subject to and in accordance with the following limitations and conditions:
- (i) subject to any applicable requirement of law, interest may be charged against the income of the Company or against the capital or partly one and partly the other as the Directors may from time to time determine; and
 - (ii) no such borrowing may be made from the Manager and/or any connected person unless the terms of such borrowing are in line with those for the time being offered by the relevant lender to other similar borrowers for similar sums in the same currency and for the relevant term, but not otherwise, and in such a case the relevant lender shall not be liable to account for any profits or benefits made or derived from or in connection with such borrowing.
- 3.9.3 Any person lending money to the Company shall be entitled to assume that the Directors and the Manager are acting in accordance with the Articles and shall not be concerned to enquire whether such provisions have in fact been complied with.
- 3.9.4 Any amounts guaranteed by the Company shall be counted as borrowing by the Company for the purposes of the limit on borrowing set out in paragraph 3.9.1 of this Part 5.

3.10 ***Directors***

3.10.1 *Number and Residency*

The number of Directors shall not be less than two and shall not be subject to any maximum. A majority of the Directors shall not be resident in the United Kingdom or Ireland.

3.10.2 *Appointment, Retirement and Disqualification*

3.10.2.1 All Directors shall submit themselves for election by shareholders at the first opportunity after their appointment, and shall not remain in office for longer than three years since their last election or re-election without submitting themselves for re-election. At each annual general meeting, the Directors subject to retirement shall retire from office. On retiring a Director who is re-elected or deemed to have been re-elected will continue in office without a break. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and any Director who has been, or who by the time of the next annual general meeting will have been, in office for three years. In so far as the number of Directors retiring as calculated above is less than one-third of the Directors or if their number is not three or a multiple of three the number nearest to but not exceeding one-third of the Directors who have been the longest in office shall also retire. As between two or more Directors who have been in office an equal length of time, the Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from the date of his last election or appointment when he has previously vacated office. A retiring director shall be eligible for re-election.

3.10.2.2 The Company may from time to time by ordinary resolution remove any Director before expiration of his period of office and may by ordinary resolution appoint another person in his stead. The Directors may from time to time appoint one or more Directors but any Director so appointed shall hold office until the next annual general meeting of the Company when they shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

3.10.3 *Directors' Interests*

3.10.3.1 Save as mentioned in paragraph 3.10.3.2 of this Part 5, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Company).

3.10.3.2 A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (i) the giving of any security, guarantee or indemnity in respect of money lent to or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or the giving of security;
- (iii) where the Company or its subsidiaries is offering securities in which offer the Director is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
- (iv) any contract, transaction, arrangement or proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in 1.0% or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
- (vi) any proposal for the purchase or maintenance for any Director of insurance against any liability.

3.10.3.3 Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor to the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

3.10.3.4 Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

3.10.4 *Remuneration*

The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £250,000 per annum (or such greater sum as the Company in general meeting shall from time to time determine by ordinary resolution). The Directors shall also be entitled to be paid all expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the business of the Company.

3.10.5 *Other*

3.10.5.1 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

3.10.5.2 The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they think fit.

3.10.5.3 A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of such appointment are arranged or any contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.

3.11 *Distribution of Assets upon a Winding-up*

3.11.1 On a winding-up the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the number of shares held at the commencement of the winding-up, subject to the rights of any shares which may be issued with special rights or privileges.

3.11.2 On a winding-up the liquidator may, with the authority of an ordinary resolution, divide among the members in specie the whole or any part of the assets of the Company, and may set such value as he deems fair upon any one or more class of property, and may determine the method of division of assets between members or different classes of members. The liquidator may with like authority vest any part of the assets in trustees upon such trusts for the benefit of members as he shall think fit but no member shall be compelled to accept any assets in respect of which there is any liability.

3.11.3 Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred to or sold to another company the liquidator may, with the sanction of an ordinary resolution, receive in compensation or part compensation shares, policies or other like interests in the transferee for distribution among the members or may enter into any other arrangement whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

4. **Mandatory Bids, Squeeze-out and Sell-out Rules**

4.1 *Mandatory Bid*

The City Code on Takeovers and Mergers applies to the Company. Under that code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) to make cash offers for all classes of equity Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for any relevant Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such a mandatory

cash offer would also arise on the acquisition of Shares by a person holding (together with its concert parties, if any) Shares carrying at least 30% but not more than 50% of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

4.2 ***Squeeze-out Rules***

Under the Jersey Company Law, if a person who has made a general offer to acquire Ordinary Shares (the “**offeror**”) were to acquire, or contract to acquire, 90% of the Ordinary Shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror’s favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the Jersey Company Law must, in general, be the same as the consideration that was available under the general offer.

4.3 ***Sell-out Rules***

4.3.1 The Jersey Company Law gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 4.2 of this Part 5. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds or has agreed to acquire not less than 90% of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder’s Ordinary Shares.

4.3.2 The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

5. **Directors**

5.1 As at the date of this document, none of the Directors had any interest in the share capital of the Company.

5.2 The Directors intend to apply for Ordinary Shares (with Subscription Shares on a one for 10 basis) under the Public Offer as follows:

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>% of Issued Ordinary Share Capital¹</i>	<i>No. of Subscription Shares</i>	<i>% of Issued Subscription Share Capital¹</i>
R Prosser ² (<i>Chairman</i>)	15,000	0.02	1,500	0.01
M Adams	10,000	0.01	1,000	0.01
J Arnold	20,000	0.02	2,000	0.01
G Baird	—	—	—	—
M Gilbert	25,000	0.03	2,500	0.01

Notes:

¹ *On the assumption that the Issue is fully subscribed*

² *To be held through personal pension plan*

All of the Ordinary Shares and Subscription Shares acquired by the Directors under the Public Offer will be beneficially held, directly or indirectly. Save as disclosed in this paragraph 5.2, upon Admission, none of the Directors will have:

- (i) any interest in the share capital of the Company; or
- (ii) any options over shares in the Company’s capital.

- 5.3 Each of the Directors was appointed as a director of the Company on 30 June 2010, save for Mr Baird who was appointed on 9 July 2010. There are no existing or proposed service contracts between any of the Directors and the Company. Each of the Directors has entered into a letter of appointment with the Company (subject to re-election at the first annual general meeting of the Company following his appointment and his re-election on retirement at any subsequent annual general meeting of the Company at which he is required to retire by rotation or, in the case of Mr Gilbert, at each annual general meeting of the Company), terminable on three months' notice. The Directors are entitled to the remuneration referred to in paragraph 5.4 of this Part 5, payable quarterly in arrears, and will be entitled to out-of-pocket expenses and other expenses incurred in the proper performance of their duties as directors of the Company. The Directors are not entitled to any compensation or benefits upon termination of their office as directors of the Company.
- 5.4 Conditional upon Admission, the Directors will be entitled to aggregate annual remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted to:
- (i) in the case of Mr Prosser (the chairman), £25,000;
 - (ii) in the case of Mr Arnold (chairman of the audit committee), £20,000; and
 - (iii) in the case of each of Mr Adams and Mr Baird, £17,500;
- or such higher amount(s) as the Company may from time to time determine. Mr Gilbert has agreed to waive any entitlement to a fee in respect of his appointment as a non-executive director of the Company. The aggregate amount of remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted to the Directors for the current financial period ending 31 August 2011 is estimated to be approximately £90,000.
- 5.5 There are no commission or profit sharing arrangements between the Company and the Directors. Similarly, none of the Directors is entitled to pension, retirement or similar benefits.
- 5.6 Mr Gilbert is Chief Executive of the Aberdeen Asset Management Group. Details of the management agreement between the Company and the Manager, which is a member of the Aberdeen Group, and of the delegation agreement between the Manager, the Investment Manager, which is also a member of the Aberdeen Group, and the Company are set out in paragraph 7 of this Part 5. Details of the agreement between the Company and the Manager pursuant to which the Manager will acquire Subscription Shares at their Issue Price and of the placing and offer agreement between the Company, Aberdeen Asset Management and Canaccord Genuity are set out in paragraphs 8.2 and 8.1 respectively of this Part 5. Save as referred to in this paragraph 5.6, as at the date of this document, there were no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties.
- 5.7 The names of those companies and partnerships of which the Directors have been members of the administrative, management or supervisory bodies or partners at any time during the five years immediately preceding the date of this document (apart from their directorships of the Company and the subsidiaries of any companies of which the Directors are or have been members of the administrative, management or supervisory bodies) are as follows:

5.7.1 *Richard Prosser (Chairman)*

Current directorships and partnerships: 250 Euston Road Property Management Limited; 250 Euston Road Property Trustees No 1 Ltd; 250 Euston Road Property Trustees No 2 Ltd; 5 Hilary Street Limited; Acromas Trustees Limited; Actis Paradise Jersey Limited; Alpha Airports Group (Channel Islands) Limited; Ampudian Company Limited; Aorist Limited; Appleby Trust (Jersey) Limited; ASM 10 Limited; ASM 11 Limited; ASM 12 Limited; ASM 2 Limited; ASM 3 Limited; ASM 5 Limited; ASM 6 Limited; ASM 9 Limited; ASM Limited; ASM4 Limited Corisanda Limited; BAM PPP & DIF Investment JV Limited; Bergensis Investments Limited; Big Shed Limited; Billingham Manor Farm Limited; Biodola Investments Limited; Birds Eye Iglo Employee Trustees Limited;

Biscayne Management Services Limited; Bluebutton Financing Limited; Bluebutton Properties Limited; Bordeaux Limited; BRE/Brick Limited; Brian Bourne Limited; Broad Realty Limited; Brompton Company Limited; Brougham Limited; Castle Street Trustee No 1 Limited; Castle Street Trustee No 2 Limited; Challenor Investments Limited; Charles Darwin Holdings Limited; Charles Darwin Trustee No 1 Limited; Charles Darwin Trustee No 2 Limited; Chasse Maree Limited; Chekov Limited; Cloche Investments Limited; CLOF (Broadway) Jersey Nominee A Limited; CLOF (Broadway) Jersey Nominee B Limited; Cobbler Funding Limited; Cole Properties Limited; College Green (Jersey) Limited; Comet Properties Limited; Conegate (Jersey) Limited; Cordon Bleu Limited; Cotswold Holdings Limited; Cranshaws Limited; Cruachan Limited; Dallila Limited; E.L. Properties Limited; Edam Holdings Limited; Emperor Trustee One Limited; Emperor Trustee Two Limited; Epilatys Limited; Eskadi Trustee Limited; Farnham Properties Limited; Fiala Limited; Flaghead Company Limited; FS GP (Jersey) Co Limited; FS Management (Jersey) Co Limited; FS Media Holding Co (Jersey) Limited; FTSE – Hedge Investible Index Fund; Gambade Limited; GEBT (Jersey) Limited; Geogen Limited; Glamis Property Holdings Limited; Goya Limited; Grail Securities Limited; Guineafowl Limited; Gulf Shore Capital Holdings Limited; Guzzlers Limited; Haighall Holdings Limited; Halmahera Invest Limited; Handelsmann International B.V. Limited; Hazelmere Capital Limited; HC Solutions Limited; HCREP Holdings Limited; Heyleigh Limited; Issoudun Holdings Limited; Jersey Compound Limited; JTVje Limited; Lakesfield Limited; Lamont Property (Jersey) Limited; Lenticular Holdings Limited; Lighthouse Properties Limited; Lime Phoenix Limited; Liton Limited; Logie Limited; London & Capital Structured Products Fund PCC; Luristan Company Limited; M & C Saatchi Agency (ESOP) Limited; M2 Capital Partners Jersey Limited; Margaux Aviation Limited; Maurice Rizk Investment Company Limited; MickNick Investments Limited; Midatlantic Holdings Limited; Mirabella V Limited; Mirabella Yachts Limited; MPS2 Limited; MPS3 Limited; MPS4 Limited; MPS5 Limited; MPS6 Limited; New Horizon Company Estates Limited; Noble Venture Finance General Partner Limited; Noble Venture II Nominees Limited; NRA Limited; NRA2 Limited; Numidia Corporation NV; NVF Equity Limited; OM Property Holdings Limited; Omis Limited; Parkeallen Holdings Limited; Parkside Securities Limited; Pasida Holdings Limited; Pauillac Property Limited; Phoenix Spree Deutschland Limited; Platanus Limited; Pollywog Properties Limited; Polonaise Limited; Premdor (Jersey) Limited; Quesk Holdings Limited; R & S Investment Limited; Radford Holdings Limited; Ralco Consultants Limited; Ramada Holdings Limited; Red and White Holdings Limited; Rila Property Development Holdings Limited; Riverside Pride Hill Trustee No 1 Limited; Riverside Pride Hill Trustee No 2 Limited; Ruelle Pinel Farm Limited; Sapphire Enterprises Limited; Sarache Limited; Sauternes Shipping Limited; Seatem Group (CI) Limited; Seatem Group N.V.; Seeshell Limited; Shelborne International Limited; Sherbeck Limited; SKS 1 Limited; Snake River Holdings Limited; Spectrum House Holdings Limited; Stockport Retail (Jersey) Limited; Stockport Retail Trustee No 1 Limited; Stockport Retail Trustee No 2 Limited; Stratton Capital Holdings Limited; Stratton Properties Limited; SUN-Apollo Ventures Limited; SUN-Apollo Ventures Limited (CIS) Limited; Suncroft Overseas Limited; Sycamore Holdings Limited; T.M. & F. (Overseas) Limited; T.S.1. Limited; TNC Holdings Limited; Tritax Brindleyplace (7, 8 & 10) Trustee Ltd; Tritax Caribbean 1 Limited; Valentine Investments Limited; VRS 2 Limited; VRS Limited; Wengen Farms Limited; Willsun Investments Company; Windsor (USA) Inc.; Windsor Trust & Developments Limited; Woodsford Square Properties Limited.

Previous directorships and partnerships: 1 Redcap Investments Limited; 65 King Street Limited; A & S Properties Limited; Aberdeen warrants (Jersey) Limited; Africorp Limited; Alpha Airports Group (Jersey) Limited; Appleby Holdings (Jersey) Limited; Asada Investments Limited; Beghins Shoes Limited; Berkeley Square Limited; BRE/Berkeley Jersey 1 Limited; BRE/Berkeley Jersey 2 Limited; Breakers Gorey Limited; Brebis Limited; Broad Street Contract Services (Jersey) limited; Broadway Unit Trust; BT & T Asset management Holding (Jersey) Limited; Calm Blue Sea Limited; Carestream health (Near East) Limited; Chester Row Holdings Limited; Cirino Holdings Limited; Close

Enterprises Limited; Cobbler Funding No 1 Limited; Cobbler Funding No 2 Limited; Cobbler Funding No 3 Limited; Cobbler Funding No 4 Limited; Cobbler Funding No 5 Limited; Cobbler Funding No 6 Limited; Cobbler Funding No 7 Limited; Commercial Intelligence (Jersey) Limited; Corisanada Limited; Criston Holdings Limited; Dollfyne Limited; Drake Bideford Limited; Drake Trustee 1 Limited; Drake Trustee 2 Limited; Dynamiq Accommodation and Travel Services Limited; Eiger Investments Limited; Ellan Consultants Limited; Ernie Le Feuvre Limited; European Monthly Income Trust Limited; Faraway Properties Limited; Faxborough Limited; Felklaw Holdings Limited; Fertiview.com Limited; Folknor Investments Limited; General Consultants Group Limited; Gibside way (Jersey) Limited; Glan Aeron Limited; Glenview Limited; Gulf Shore Capital Holdings Limited; Hallmead Investments Limited; Heathermeade Limited; Helvezia Limited; Hilo Holdings (Jersey) Limited; Homestead Properties Limited; Imajica Holdings Limited; Jersey Royal Company Limited; Jersey Royal Land Holdings Limited; JFTU (Property) Limited; JRPH (One) Limited; Kabyn Limited; Keeton Limited; Knavesmire Trustee No 1 Limited; Knavesmire Trustee No 2 Limited; L M Property Investments Limited; Land Holdings Limited; Ledron Limited; Les Buttes Holdings Limited; Lime Phoenix Close Limited; Liton Limited; Lord SPV Management (Jersey) Limited; Lydiate Limited; Lysander Investments Limited; M D Southend Limited; Manakin Limited; Marc £ Limited; Marencio Investment Limited; Marisa Investment Limited; Maritimes Group Employee Benefit Trustee Limited; Mayhew Limited; Montpelier Holdings Limited; Mountain Capital Management Limited; MPS 7 Limited; MVH Trading Limited; Newbury Trustee No 1 Limited; Newbury Trustee No 2 Limited; Novaco Holdings Limited N.R.A. 3 Limited; Ophelia Investments Limited; Osprey Smaller Companies Income Fund Ltd; Percurio Holdings Limited; Poinsettia Limited; Polden & Bihan Properties Jersey Limited; Prygate International Limited; Regus Jersey Limited; Renovo Limited; Rue Des haies Limited; S.& Y. Holdings Limited; S>A> Films Limited; Salas Limited; Shelley Court Holdings Limited; Siwel Investments Limited; Solaris Holdings Limited; SPI Partners Limited; Start Abroad (Jersey) Limited; Struka Limited Partnership; Struka LTD; Styal Road Trustee No 1 Limited; Styal Road Trustee No 2 Limited; SUN Breweries (C,I,S) Limited; SUN Management Limited; SUN Ventures Limited; Sunek Limited; Switch Holdings Limited; Team Nominees Limited; TNC Holdings Limited; Trademark Investments Limited; Transfert Limited; Ultimo Portfolio Holdings Limited; Ultimo Portfolio Investment Limited; Unititan Cement Limited; V.R.S. 3 Limited; Valentine Company Limited; Valfleury Investment Limited; Venmead Real Estate Limited; Vienard Limited; Wagamama (Jersey) Limited; Wood Street (Jersey) Limited; Zelda Yachts Limited.

5.7.2 *Martin Adams*

Current directorships and partnerships: ARC Capital Holdings Limited; Armadillo Investments Limited (in voluntary solvent liquidation); BRX Research and Development Company Limited (in voluntary solvent liquidation); Kubera Cross-Border Fund Limited; Metage Funds Limited; Metage Special Emerging Markets Fund Limited; Terra Catalyst Fund; Vietnam Investment Advisors Limited; Vietnam Value Fund Limited; VFMC Limited.

Previous directorships and partnerships: Beta Viet Nam Fund Limited; Equator Exploration Limited; The First Hungary Fund Limited; Indotel Limited; Mekong Capital Limited; NABI Bus Industries Rt.

5.7.3 *Jeremy Arnold*

Current directorships and partnerships: Apax Guernsey Holdco. Pcc Limited; Apax Partners Guernsey Limited; BlackRock (Channel Islands) Limited; Ilford Trustees (Jersey) Limited; Insurance Development Holdings AG; Jersey Electricity plc; Jodine Investments Ltd; Newton Offshore Strategy Fund Limited; Nexen Energy International Holdings Limited; Nimbus Holdings Limited; Pelas Limited.

Previous directorships and partnerships: Gibson Investments Limited; Indigolighthouse Postal Limited; Landsteinar (CI) Limited; Lesis Fund Limited; Mosaic Property (GP) Limited; Ogier Fiduciary Services (Jersey) Limited; Osprey Holding (No. 10) Limited.

5.7.4 George Baird

Current directorships and partnerships: Activum SG Capital Management Ltd; AI Airports International Ltd; Geiger Counter Ltd.; Henderson Financial Opportunities Fund Ltd.; Invesco Leveraged High Yield Fund Ltd.; Izurium Capital Advisers Ltd; LXB Retail Properties Plc; PI Power International Ltd; Saltus European Debt Strategies Ltd.; ThreadGreen Industrial Ltd.

Past directorships and partnerships: Economic Lifestyle Property Investment Company Limited.

5.7.5 Martin Gilbert

Current directorships and partnerships: Aberdeen Asian Smaller Companies Investment Trust PLC; Aberdeen Asia-Pacific Income Investment Company Limited; Aberdeen Asset Management PLC; Aberdeen Commonwealth Income Fund Inc; Aberdeen Emerging Asia Investment Trust Limited; Aberdeen Football Club plc; Aberdeen Global; Argosy Asset Management Luxembourg SA; Balgranach Properties Limited; Bogey One Limited; Chaucer Holdings PLC; Dynmark International Limited; Entier Limited; Firstgroup PLC; Jersey Phoenix Trust Limited; Maryculter House Hotel Limited; Mountwest 480 Limited; New Asia (Isle of Man) Limited; PFDH Limited; Primary Health Properties PLC; St. Julegar Limited; Talltray Limited; Templar Hotels Limited; Tenon Nominees Limited; The Enhanced Zero Trust PLC (in voluntary solvent liquidation); The First Australia Prime Income Fund Inc; The Peters Fraser & Dunlop Group Limited; Thefirstcall Limited; World Media Rights Limited

Previous directorships and partnerships: Aberdeen Emerging Economies Investment Trust PLC; Aberdeen Fund Managers Ireland Limited; Aberdeen Growth Opportunities VCT 2 PLC; Aberdeen Growth Opportunities VCT plc; Aberdeen Growth VCT I PLC; ADC Zeros 2005 PLC; Fund Distribution Limited; Murray Johnstone International Limited; Pointon York Nominees Limited; The Turkey Trust Public Limited Company.

5.8 Save as disclosed in relation to current and previous directorships and solvent liquidations in paragraph 5.7 of this Part 5, as at the date of this document, none of the Directors:

- (i) had been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years immediately preceding the date of this document;
- (ii) had any convictions in relation to fraudulent offences in the five years immediately preceding the date of this document;
- (iii) had been associated with any bankruptcies, receiverships or liquidations in the five years immediately preceding the date of this document;
- (iv) had been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or
- (v) had been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer in the five years immediately preceding the date of this document.

6. Substantial Share Interests

6.1 As at the date of this document, save for the Manager which will hold 50% of the issued Subscription Shares on Admission, the Company was not aware of any person who, directly or indirectly, will be interested in 3.0% or more of the Company's issued share capital or voting rights upon Admission.

- 6.2 The Company's major shareholders will not have different voting rights from other Shareholders. The voting rights attached to the Ordinary Shares are described in paragraph 3.2 of this Part 5.
- 6.3 As at the date of this document, the Company was not aware of any person who, directly or indirectly, jointly or severally, exercised or could exercise control over the Company or will or could exercise control over the Company upon Admission.
- 6.4 As at the date of this document, the Company was not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

7. Management, Investment Management, Administration and Custody Arrangements

7.1 Management

- 7.1.1 By a management agreement dated 14 July 2010 between (i) the Company and (ii) Aberdeen Private Wealth Management Limited, the Company has appointed the Manager to act as manager and under the terms of the agreement has delegated to the Manager responsibility for investment management, company secretarial and administration (including accounting) services in accordance with the investment policies, restrictions and guidelines set out in that agreement. Under the terms of the Management Agreement, the Manager is authorised to delegate the investment management and administration functions to any associate of the Manager (which includes the Investment Manager).

The Manager is entitled to an investment management fee of 1.0% per annum of the net asset value of the Company calculated and accrued daily and paid quarterly in arrears provided that any fee for any commencing or terminating period shall be the pro-rated amount. In addition, the Manager is entitled to an administration fee of £100,000 per annum, which will increase annually in line with any increases in RPI.

The Management Agreement contains usual indemnity provisions in favour of the Manager (and any associate of the Manager or third party to whom the Manager has properly delegated its duties under the Management Agreement) against all claims and demands except where there has been fraud, negligence or wilful default on the part of the Manager (or any associate of the Manager or third party to whom the Manager has properly delegated its duties under the Management Agreement).

The Management Agreement may be terminated by either party by giving not less than 12 months' notice in writing. Either party may terminate the Management Agreement forthwith by notice if the other party goes into liquidation, commits a material breach of its obligations under the Management Agreement without rectifying the breach upon 30 days' notice thereof or ceases to be appropriately regulated in Jersey. Upon termination, the Manager will be entitled to all fees accrued to the date of termination and, in the event of summary termination without giving the full prescribed period of notice, a compensation payment in respect of the unexpired portion of the notice period save where such termination is due to the Manager's liquidation, insolvency or material breach or the Manager becoming resident in the UK, losing its registration in Jersey under the FSL or ceasing to be a subsidiary of Aberdeen Asset Management.

- 7.1.2 The Manager may provide services to other clients (including investment companies), including clients which may invest in similar securities as the Company may invest in, and, in providing such services, may use information obtained by the Manager which is used in managing the Company. In the event of a conflict of interest arising, the Manager will take reasonable steps to ensure that it is resolved fairly, in accordance with Management Agreement. The activities of the Manager, in its capacity as the Company's manager, are subject to the overall policies, supervision and review of the Directors. For the purposes of this paragraph 7.1.2, references to the "Manager" include associates of the Manager (including the Investment Manager).

7.1.3 The Manager was incorporated with limited liability in Jersey under the Jersey Company Law with registered number 41628 on 18 August 1988. The Manager operates under the Jersey Company Law and orders made thereunder. The Manager has its registered office and principal place of business at No. 1 Seaton Place, St Helier, Jersey JE4 8YJ. The Manager's telephone number at its principal place of business is +44 (0) 1534 758 847. The Manager is regulated by the JFSC.

7.2 *Investment Management*

7.2.1 By an investment management agreement dated 14 July 2010 between (i) the Manager, (ii) Aberdeen Asset Managers Limited and (iii) the Company, the Manager has delegated its investment management responsibilities under the Management Agreement to the Investment Manager. Under the terms of the Investment Management Agreement, the Investment Manager has agreed to carry out such services subject to the overall supervision of the Manager and the Company. The Manager is responsible for the fees payable to the Investment Manager under the Investment Management Agreement. The Investment Management Agreement will immediately terminate upon the termination of the Management Agreement. Under the terms of the Investment Management Agreement, the Company has agreed to indemnify the Investment Manager and its associates against all claims and demands made in respect of the Investment Manager's services under the Investment Management Agreement save to the extent that the loss suffered results from the Investment Manager's negligence, wilful default or fraud.

7.2.2 The Investment Manager may provide investment management and other services to other clients (including investment companies), including clients who may invest in similar securities as the Company may invest in, and, in providing such services, may use information obtained by the Investment Manager which is used in managing the Company's investments. In the event of a conflict of interest arising, the Investment Manager will take reasonable steps to ensure that it is resolved fairly, in accordance with Investment Management Agreement. For the purposes of this paragraph 7.2.2, references to the "Investment Manager" include associates of the Investment Manager.

7.2.3 The Investment Manager was incorporated and registered in Scotland as a private company limited by shares under the laws of Scotland with registered number SC108419 on 23 December 1987. The Investment Manager operates under the Companies Act 2006 and regulations made under thereunder. The Investment Manager has its registered office at 10 Queens Terrace, Aberdeen AB10 1YG and its principal place of business at Bow Bells House, 1 Bread Street, London EC4M 9HH. The Investment Manager's telephone number at its principal place of business is +44 (0) 20 7463 6000. The Investment Manager is regulated in the United Kingdom by the FSA.

7.3 *Administration*

By a delegation agreement dated 14 July 2010 between (i) the Manager, (ii) Aberdeen Asset Managers and (iii) the Company, the Manager has delegated its company secretarial and administration (including accounting) responsibilities under the Management Agreement to Aberdeen Asset Managers. Aberdeen Asset Managers intends to provide the administration (including accounting) services to the Company in accordance with the terms of a global administrative agreement between Aberdeen Asset Managers and the Administrator pursuant to which the Administrator provides administrative services to funds under management within the Aberdeen Asset Management Group, including the Company. The Manager shall be responsible for any fees payable to Aberdeen Asset Managers in respect of the services it provides (whether directly or through the Administrator) to the Company.

7.4 *Custody*

7.4.1 By a custody agreement dated 14 July 2010 between (i) the Company and (ii) BNP Parties Securities Services S.A., the Company has appointed the Custodian to provide custodian services to the Company, including settlement and safe-keeping of the Company's

securities. The Custody Agreement may be terminated by either party by giving not less than 90 days' notice in writing. The Custodian is entitled to fees payable by reference to the Custodian's standard tariff in force from time to time.

7.4.2 The Custodian may, at its discretion, appoint and remove sub-custodians to perform any part of the Custodian's services. The Custodian has agreed to notify, from time to time, the Company, or its Manager, of the sub-custodians used. The Custodian shall exercise reasonable care in the selection and monitoring of sub-custodians.

7.4.3 The Custodian was incorporated and registered in France, with registered number FR60552108011 on 17 April 1936. It is a "société anonyme" and operates under French company law and regulations made thereunder. The Custodian is a wholly-owned subsidiary of BNP Paribas, which is also the ultimate parent entity. The Custodian has its registered office and principal place of business at BNP Paribas Securities Services S.A. Jersey Branch, Liberté House, 19-23 La Motte Street, St Helier JE4 5RL. The Custodian's telephone number at its principal place of business is +44 (0) 1534 813 800. The Custodian is regulated in Jersey by the JFSC.

8. Issue Arrangements

8.1 By a placing and offer for subscription agreement dated 14 July 2010 between (i) the Company, (ii) Aberdeen Asset Management and (iii) Canaccord Genuity, Canaccord Genuity has agreed, subject to the conditions referred to below, (a) to act as sponsor in connection with the application for Admission and (b) as agent of the Company, to use its reasonable endeavours to procure subscribers for a maximum of 100,000,000 Ordinary Shares at 100p per share (and up to 10,000,000 Subscription Shares for no additional consideration) under the Placing. The issue of Shares pursuant to the Placing and Public Offer has not been underwritten. The Placing and Public Offer are conditional on, among other things, Admission occurring by 8.00 a.m. on Monday, 16 August 2010 (or such later date as the Company and Canaccord Genuity may agree, being in any event not later than Friday, 27 August 2010).

Conditional on Admission, the Company will pay to Canaccord Genuity a fee equal to the aggregate of 1.25% of the aggregate value, at their Issue Price, of the Ordinary Shares issued under the Placing and Public Offer. In addition, conditional on Admission, the Company will pay to Canaccord Genuity a fee of £150,000. The Company will also pay all other costs and expenses incurred in connection with the Placing and Public Offer and the application for Admission, including Canaccord Genuity's out-of-pocket expenses and legal fees.

Under the Placing and Offer Agreement, which may be terminated by Canaccord Genuity in certain circumstances prior to Admission (including by reason of *force majeure*), the Company and Aberdeen Asset Management have given certain warranties and indemnities (which are standard for this type of agreement) to Canaccord Genuity concerning, *inter alia*, the accuracy of the information contained in this document.

8.2 By a subscription and lock-in agreement dated 14 July 2010 between (i) the Company and (ii) Aberdeen Private Wealth Management, Aberdeen Private Wealth Management has agreed to purchase for cash such number of Subscription Shares as shall confer rights to subscribe for such number of Ordinary Shares as shall represent 10% of the Ordinary Shares in issue on Admission at a price of 10.5p per Subscription Share.

Under the terms of the Aberdeen Subscription Share Agreement, the Manager has agreed that, subject to certain exceptions and unless the Management Agreement is terminated, it will not transfer, dispose of or otherwise effect any reduction in its interest (whether legal or beneficial) in any Subscription Shares purchased by it pursuant to the Aberdeen Subscription Share Agreement (the "**Restricted Subscription Shares**") other than to a member of the Aberdeen Asset Management Group or to any director, officer or employee of the Investment Manager or any other member of the Aberdeen Asset Management Group subject to receipt of appropriate confirmations from the transferee to be bound by the terms of the Aberdeen Subscription Share Agreement and subject further to the prior approval of the Company (such approval not to be

unreasonably withheld or delayed) or agree to do any of the foregoing without the Company's consent. The exceptions referred to include customary exceptions, such as in the circumstances where a general offer is made to all holders of Subscription Shares or in the event of a court order being made in respect of the Subscription Shares, and also where the Company and Aberdeen agree to a sale with a view to the Company continuing to satisfy the Listing Rules' requirement for at least 25% of the Subscription Shares to be held in public hands.

In addition, the Manager has agreed whilst the Management Agreement subsists to notify the Company of any intention to dispose of Ordinary Shares acquired upon the exercise of the Restricted Subscription Shares. Under the terms of the Aberdeen Subscription Share Agreement, if the proposed disposal price cannot be matched by an appointed broker, then the proposed sale will be permitted provided that the disposal takes place within 10 days of the quote which could not be matched.

The Company and the Manager have also agreed that, in the event that the Management Agreement is terminated prior to the final subscription date for the Subscription Shares, the Company will have the right to cancel all of the Restricted Subscription Shares then outstanding subject to the Company paying to the Subscription Shareholders, as compensation for such cancellation, in respect of each Restricted Subscription Share held an amount equal to the average of the middle market quotations for one Subscription Share for the 60 consecutive London Stock Exchange dealing days ending on the dealing day immediately preceding the date of the announcement of the termination of the Management Agreement or, if applicable and earlier, the date of the first announcement of the intention to terminate the Management Agreement or of the possibility of such termination.

- 8.3 The currency of the Issue is pounds sterling.
- 8.4 Multiple applications are permitted under the Public Offer.
- 8.5 If the Issue is fully subscribed:
 - (i) the gross proceeds of the Issue would be £100.0 million;
 - (ii) the gross proceeds of the issue of Subscription Shares pursuant to the Aberdeen Subscription Share Agreement would be £1.1 million;
 - (iii) the total expenses payable by the Company in connection with the Issue (including the commission and fee referred to in paragraph 8.1 of this Part 5) are estimated to amount to approximately £1.8 million; and
 - (iv) the net proceeds of the Issue would therefore be approximately £99.3 million, which would be available to the Company for investment in accordance with its investment policy.
- 8.6 If only 50,000,000 Ordinary Shares and 10,000,000 Subscription Shares are issued pursuant to the Issue:
 - (i) the gross proceeds of the Placing and Public Offer would be £50.0 million;
 - (ii) the gross proceeds of the issue of Subscription Shares pursuant to the Aberdeen Subscription Share Agreement would be £0.5 million;
 - (iii) the total expenses payable by the Company in connection with the Issue (including the commission and fee referred to in paragraph 8.1 of this Part 5) are estimated to amount to approximately £1.1 million; and
 - (iv) the net proceeds of the Issue would therefore be approximately £49.4 million, which would be available to the Company for investment in accordance with its investment policy.
- 8.7 On completion of the Issue, the assets of the Company will increase by the net proceeds of the Issue and, following the completion of the Issue, it is expected that the Company will derive earnings from such assets in the form of dividends and interest and, therefore, the Issue will be earnings enhancing.

9. Calculation of the Issue Price of the Subscription Shares for the Purpose of the Aberdeen Subscription Share Agreement

The fair value of a Subscription Share of 10.5p was calculated by Canaccord Genuity as at 24 May 2010 using the standard Black-Scholes pricing formula, as amended by Merton for dividend payments and by Galai and Schneller for dilution (source: "Pricing Subscription Shares and the Value of the Firm", *Journal of Finance* Volume 33 Number 5 December 1978):

- (i) taking as the market price of an Ordinary Share, 100p;
- (ii) taking as the stock price volatility, 26.3%;
- (iii) using to calculate the risk free rate, the gross redemption yield on Treasury 4¾% 2015 government stock on an annual basis as at 24 May 2010 adjusted to represent a continuously compounded basis;
- (iv) taking as the yield on an Ordinary Share, 4.25% (being the minimum initial gross yield which the Company will aim to provide Shareholders with based on the Issue Price) adjusted to represent a continuously compounded basis; and
- (v) assuming that the Subscription Share has a life of approximately 5.4 years.

In determining the level of the stock price volatility, Canaccord Genuity had regard, in particular, to:

- (a) the respective volatilities of the equities and sovereign debt elements associated with the Company's proposed underlying investment exposure and, in particular:
 - (i) in determining the equities volatility component, the volatilities of the MSCI EM Latin America 10/40 Index (in sterling terms) and a comparable open-ended equities fund run by the GEM Equities Team were evaluated; and
 - (ii) in determining the sovereign debt volatility component, the volatilities of the JPM GBI EM Global Latin American Bond Index (in sterling terms) and a comparable open-ended bond fund run by the GEM Debt Team were evaluated;

with all comparable volatilities being evaluated on a total return basis and over a range of time periods;

- (b) the Directors' intention to operate an active discount management policy through the use of share buy-backs, the objective being to maintain the price at which the Ordinary Shares trade relative to their underlying fully diluted net asset value at a discount of no more than 5%; and
- (c) the Company's aim to provide Shareholders with an initial yield of not less than 4.25% (based on the Issue Price) and to grow its dividends over time, and the level of that yield relative to the yield on the MSCI EM Latin American 10/40 Index and other comparable London-traded closed-end funds investing in the Latin American region.

The issue price of a Subscription Share for the purposes of the Aberdeen Subscription Share Agreement is the fair value of a Subscription Share calculated by Canaccord Genuity as at 24 May 2010 on the basis described in this paragraph 9.

10. Material Contracts

10.1 Save for the Management Agreement, the Investment Management Agreement, the Administration Agreement, the Custody Agreement, the Placing and Offer Agreement and the Aberdeen Subscription Share Agreement, the Company has not:

- (i) entered into any material contract (not being a contract entered into in the ordinary course of business) since its incorporation; or
- (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

10.2 The Company is proposing to enter into an unsecured multi-currency revolving credit facility of up to 10% of the net asset value of the Company at the time of draw down (subject to a maximum facility of £10 million) (the “**Facility**”) and has received indicative terms from a bank with a Aa1/Stable and AA-/Stable credit rating by Moody’s and Standard & Poor’s respectively (the “**Lending Bank**”). Based on those indicative terms:

- (i) there will be an arrangement fee based on the maximum value of the Facility and a commitment fee payable by the Company by reference to the undrawn portion of the Facility;
- (ii) interest would be payable at a floating rate equal to the interbank offered rate for the currency borrowed determined for the relevant interest period plus a lending margin of 1.3% plus mandatory costs;
- (iii) the Company would be required to bear any increased costs of the Lending Bank in maintaining the Facility by reason, *inter alia*, of any change of law;
- (iv) the Facility would be available for a period of up to 364 days but would be repayable on demand in certain limited circumstances, including an event of default (e.g. the Company failing to pay principal or interest when due);
- (v) the Company would be required to enter into a facility agreement which would include customary financial covenants, including restricting the amount of borrowings by the Company to 25% of the adjusted total assets of the Company less its current and long term liabilities, the value of its unquoted securities (if any) and the value of the Company’s investments in excess of certain maximum amounts of exposure by country and issuer.

11. Further Information on Aberdeen’s Investment Performance

The Aberdeen-managed funds shown in the table below are the largest, most representative (having regard to the Company’s investment policy) existing funds managed by the Investment Manager with a five-year track record and illustrate the Investment Manager’s track record.

	Equities Performance (NAV Total Return)							
	<i>3 Months</i>		<i>1 Year</i>		<i>3 Years</i>		<i>5 Years</i>	
	%	Quartile ¹	%	Quartile ¹	%	Quartile ¹	%	Quartile ¹
Representative Aberdeen								
Latin America Fund	3.8	1st	54.6	1st	13.7	1st	28.3	1st
Lipper Global Equity								
Emerging Markets								
Latin America	2.2	—	44.6	—	6.8	—	20.8	—
MSCI EM Latin								
America 10/40 Index	3.1	—	45.1	—	14.6	—	28.3	—

	Fixed Income Performance (NAV Total Return)							
	<i>3 Months</i>		<i>1 Year</i>		<i>3 Years</i>		<i>5 Years</i>	
	%	Quartile ²	%	Quartile ²	%	Quartile ²	%	Quartile ²
Aberdeen Global – Emerging								
Markets Bond A2 Acc	6.9	1st	40.4	1st	15.4	2nd	13.4	1st
JP Morgan EMBI Global								
Diversified	6.6	—	30.8	—	18.4	—	13.1	—
Lipper Global Bond								
Emerging Markets Global	3.3	—	25.3	—	13.6	—	10.7	—
Lipper Global Bond								
Emerging Markets								
Latin America	6.2	—	31.1	—	18.6	—	12.5	—

Sources: Lipper, Russell Mellon

Basis: Total return to 31 May 2010, NAV to NAV, net of annual charges, gross income reinvested, GBP

Notes:

¹ Quartiles if the fund was in the Lipper Global Equity EM Latin America universe

² Quartiles based on Lipper Global Bond Emerging Markets Global universe

12. Miscellaneous

- 12.1 The unaudited net asset value per Ordinary Share will be reported on a fully diluted basis reflecting the potential dilution from exercise of exercise of the Subscription Shares when such net asset value prior to dilution is above 120p. The dilutive effect of the Subscription Shares, on the assumption that there remains one Subscription Shares in issue for every five Ordinary Shares, is effectively to attribute 83.3% of capital growth above 120p to Ordinary Shareholders and 16.7% of capital growth above 120p to Subscription Shareholders.
- 12.2 Certain information contained in this document has been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 12.3 Other than its entry into the Management Agreement, the Investment Management Agreement, the Administration Agreement and the Aberdeen Subscription Share Agreement, the Company has not, since its date of incorporation, entered into any related party transactions which are material to the Company.
- 12.4 Save as disclosed in paragraphs 5.6, 7, 8.1 and 8.2 of this Part 5, no persons involved in the Issue or Subscription have any interests that are material to the Placing and Public Offer.
- 12.5 No application is being made for the Ordinary Shares or Subscription Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.
- 12.6 The publication or delivery of this document shall not under any circumstances imply that the information contained in this document is correct as at any time subsequent to the date of this document or that there has not been any change in the affairs of the Company since that date.

13. Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of the Company and at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St Paul's Churchyard, London EC4M 8AL, during normal business hours on any weekday (Saturdays and public holidays excepted) until Monday, 16 August 2010:

- (i) the memorandum and articles of association of the Company;
- (ii) the Directors' letters of appointment referred to in paragraph 5.3 of this Part 5; and
- (iii) the agreements summarised in paragraphs 7.1.1, 7.2.1, 7.3, 7.4.1, 8.1 and 8.2 of this Part 5; and
- (iv) the Jersey Listed Fund Guide published by the JFSC.

14. Availability of this Prospectus

Copies of this document are available for viewing, free of charge during normal business hours, at The Document Viewing Facility, The Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14, and at the Company's registered office at No. 1 Seaton Place, St Helier, Jersey JE4 8YJ. Copies of this document may also be collected, free of charge during normal business hours, from the Company at its registered office at No. 1 Seaton Place, St Helier, Jersey JE4 8YJ, and, from the date of this document up to Monday, 16 August 2010, from Canaccord Genuity Limited, 7th Floor Cardinal Place, 80 Victoria Street, London SW1E 5JL.

PART 6

DEFINITIONS

“Aberdeen Asset Management”	Aberdeen Asset Management PLC
“Aberdeen Asset Management Group”, “Aberdeen Group” or “Aberdeen”	Aberdeen Asset Management and its subsidiary undertakings from time to time
“Aberdeen Asset Managers” or “Investment Manager”	Aberdeen Asset Managers Limited
“Aberdeen Private Wealth Management” or “Manager”	Aberdeen Private Wealth Management Limited
“Aberdeen Subscription Share Agreement”	the subscription and lock-in agreement between the Company and Aberdeen Private Wealth Management, details of which agreement are set out in paragraph 8.2 of Part 5 of this document
“Administration Agreement”	the delegation agreement between the Manager, Aberdeen Asset Managers and the Company, details of which agreement are set out in paragraph 7.3 of Part 5 of this document
“Administrator”	BNP Paribas Fund Services UK Limited
“Admission”	admission of the Ordinary Shares and the Subscription Shares to the Official List and to trading on the London Stock Exchange’s Main Market becoming effective in accordance with the Listing Rules and the LSE Admission Standards respectively
“ADRs”	American depositary receipts
“AIC Code”	the AIC Code of Corporate Governance and the AIC Corporate Governance Guide for Investment Companies
“Application Form”	the application form comprising four pages for use in connection with the Public Offer set out at the end of this document
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“Benchmark Index”	the benchmark against which the Company will measure its performance, being at the date of this document a composite index weighted as to 60% MSCI EM Latin American 10/40 Index and 40% JPMorgan Emerging Markets Bond Index Global Diversified (Latin America Carve Out)
“Board”	the board of directors of the Company (or any duly authorised committee thereof) from time to time
“Canaccord Genuity”	Canaccord Genuity Limited
“CEEMEA”	Central Eastern Europe, Middle East & Africa
“certificated form”	not in uncertificated form

“Company”	Aberdeen Latin American Income Fund Limited
“CREST”	the computerised settlement system enabling securities to be held otherwise than by certificates and transferred otherwise than by written instrument and operated by Euroclear UK & Ireland Limited
“CREST member account ID”	the identification code or number attached to any member account in CREST
“CREST participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Custodian”	BNP Parties Securities Services S.A. Jersey Branch
“Custody Agreement”	the custody agreement between the Company and the Custodian, details of which agreement are set out in paragraph 7.4.1 of Part 5 of this document
“Directors”	the directors of the Company from time to time
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FSA under section 72 of the Financial Services and Markets Act 2000
“EU”	European Union
“FSA”	Financial Services Authority
“FSL”	Financial Services (Jersey) Law 1998 (as amended)
“GAAP”	generally accepted accounting principles
“GDP”	gross domestic product
“GDRs”	global depositary receipts
“GEM Debt Team”	Aberdeen’s Global Emerging Market Debt team
“GEM Equity Team”	Aberdeen’s Global Emerging Market Equity team
“IFRS”	international financial reporting standards
“Investment Management Agreement”	the investment management agreement between the Manager, the Investment Manager and the Company, details of which agreement are set out in paragraph 7.2.1 of Part 5 of this document
“Investment Team”	the GEM Equity Team and the GEM Debt Team
“ISA”	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended)
“Issue”	the issue of Ordinary Shares and Subscription Shares pursuant to the Placing, the Offer for Subscription and the Aberdeen Subscription Share Agreement
“Issue Costs”	the costs incidental to the formation of the Company and the Issue which will be borne by the Company and paid on or around Admission

“Issue Price”	in relation to the Ordinary Shares, 100p per Ordinary Share and, in relation to the Subscription Shares subscribed for by Aberdeen Asset Management, 10.5p per Subscription Share
“Jersey Company Law”	Companies (Jersey) Law 1991 (as amended)
“Jersey Funds Law”	Collective Investment Funds (Jersey) Law 1988 (as amended)
“JFSC”	Jersey Financial Services Commission
“JPMorgan Emerging Markets Bond Index Global Diversified (Latin America Carve Out)”	the Latin American bonds included in the JPMorgan Emerging Markets Bond Index Global Diversified
“Listing Rules”	the listing rules made by the FSA under section 73A of the Financial Services and Markets Act 2000
“London Stock Exchange”	London Stock Exchange plc
“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List
“Main Market” or “London Stock Exchange’s Main Market”	the London Stock Exchange’s market for larger and established companies
“Management Agreement”	the management agreement between the Company and the Manager, details of which agreement are set out in paragraph 7.1.1 of Part 5 of this document
“Marketing Programme”	the Aberdeen Asset Management Group’s investor relations and marketing programme for its London-listed, closed-end fund clients
“Minimum Net Proceeds”	the minimum gross proceeds of the Issue less the Issue Costs, being £49 million
“net asset value” or “NAV”	in relation to an Ordinary Share (and save in relation to the audited net asset value per Ordinary Share), the net asset value calculated on the basis that the fair value of the Subscription Shares is deemed to be nil and the Subscription Shares are assumed to have been exercised if dilution of the net asset value would occur (i.e. when the unaudited net asset value per Ordinary Share is greater than 120p)
“Offer for Subscription” or “Public Offer”	the offer for subscription to the public for up to 100,000,000 Ordinary Shares (and up to 10,000,000 Subscription Shares) on the terms and subject to the conditions set out in this document
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
“Ordinary Shareholders”	holders of Ordinary Shares

“Ordinary Shares”	ordinary shares of no par value in the capital of the Company
“Placing”	the arrangements put in place by Canaccord Genuity, on the terms and subject to the conditions set out in the Placing and Offer Agreement, for the conditional placing of up to 100,000,000 Ordinary Shares (and up to 10,000,000 Subscription Shares) described in this document
“Placing and Offer Agreement”	the conditional placing and offer for subscription agreement between the Company, Aberdeen Asset Management and Canaccord Genuity, details of which agreement are set out in paragraph 8.1 of Part 5 of this document
“Prospectus”	this document relating to the Company prepared in accordance with the Prospectus Rules
“Prospectus Rules”	the prospectus rules made by the FSA under section 73A of the Financial Services and Markets Act 2000
“Receiving Agent”	Computershare Investor Services PLC
“Registrar”	Computershare Investor Services (Jersey) Limited
“Regulatory Information Service” or “RIS”	a regulatory information service that is on the list of regulatory information services maintained by the FSA
“RPI”	UK retail prices index (all items)
“Shareholders”	holders of Ordinary Shares and/or Subscription Shares (as the context may require)
“Shares”	Ordinary Share and/or Subscription Shares (as the context may require)
“SIPP”	a self-invested personal pension (as defined in the Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (SI 2001 No 117))
“SSAS”	a small self-administered scheme (as defined in the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations (SI 1991 No 1614))
“sterling” or “£”	the lawful currency of the United Kingdom
“Subscription Shareholders”	the holders of Subscription Shares
“Subscription Shares”	subscription shares of no par value in the capital of the Company, each of which will confer the right to convert into one Ordinary Share at a price of 120p on 31 December in any of the years 2013 to 2015 (inclusive)
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council and applicable to the Company from time to time

“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purpose of admissions to the Official List
“uncertificated form”	recorded in the Company’s register of members as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state or other political sub-division of the United States of America and the District of Columbia
“US Person”	a “US Person” as such term is defined in Regulation S under the US Securities Act of 1933 (as amended), or in regulations adopted under the US Commodity Exchange Act of 1922 (as amended)

PART 7

TERMS AND CONDITIONS OF APPLICATION UNDER THE PUBLIC OFFER

1. Introduction

If you apply for Ordinary Shares (with Subscription Shares on a one for 10 basis) under the Public Offer, you will be agreeing with the Company, Canaccord Genuity and the Receiving Agent as set out in this Part 7.

2. Offer to Acquire Ordinary Shares (with Subscription Shares on a One for 10 Basis)

Your application must be made on the Application Form attached at the end of this document or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (i) offer to subscribe for the number of Ordinary Shares specified in section 1 of your Application Form (or such lesser number(s) for which your application is accepted) on the terms, and subject to the conditions, set out in this document (including this Part 7) and the memorandum and articles of association of the Company;
- (ii) agree that:
 - (a) in consideration of the Company and Canaccord Genuity agreeing that they will not, prior to Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document; and
 - (b) subject always to your statutory right of withdrawal in the event of the publication of a supplementary prospectus by the Company;

your application may not be revoked by you until after Friday, 27 August 2010 and shall not be revoked by you after Admission and that this paragraph 2 shall constitute a collateral contract between you, the Company and Canaccord Genuity which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;

- (iii) warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have any Ordinary Shares applied for in uncertificated form credited to a CREST account or to receive (a) certificate(s) for any Ordinary Shares applied for in certificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot and issue such Ordinary Shares and Subscription Shares and may allot and issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- (iv) agree that the crediting to a CREST account of any Ordinary Shares and Subscription Shares in uncertificated form to which you may become entitled may be delayed by, and that any certificate in respect of any Ordinary Shares and Subscription Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled and monies returnable may be retained by, the Receiving Agent:
 - (a) pending clearance of your remittance;

- (b) pending investigation of any suspected breach of the warranties contained in sub-paragraphs 6(i), (ii), (vi), (viii) or (ix) of this Part 7 or any other suspected breach of the terms and conditions of application set out in this Part 7; or
- (c) pending any verification of identity which is, or which the Company, Canaccord Genuity or the Receiving Agent considers may be, required for the purposes of the Money Laundering (Jersey) Order 2008 (as amended) and any other regulations applicable thereto;

and any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;

- (v) agree, on the request of the Company, Canaccord Genuity or the Receiving Agent, to disclose promptly in writing to them such information as the Company, Canaccord Genuity or the Receiving Agent may request in connection with your application and authorise the Company, Canaccord Genuity and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- (vi) agree that, if evidence of identity satisfactory to the Company, Canaccord Genuity and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Canaccord Genuity following a request therefore, the Company or Canaccord Genuity may terminate the agreement with you to allot and issue Ordinary Shares and Subscription Shares and, in such case, the Ordinary Shares and Subscription Shares which would otherwise have been allotted or issued to you may be re-allotted and re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
- (vii) agree that you are not applying on behalf of a person engaged in money laundering;
- (viii) undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form;
- (ix) undertake to pay interest at the rate described in paragraph 3.3 of this Part 7 if the remittance accompanying your Application Form is not honoured on first presentation;
- (x) authorise the Receiving Agent to credit the CREST account specified in section 5 of the Application Form with the number(s) of Ordinary Shares and Subscription Shares for which your application is accepted or, if that section is not completed, send (a) definitive certificate(s) in respect of the number(s) of Ordinary Shares and Subscription Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- (xi) agree that, in the event of any difficulties or delays in the admission of the Ordinary Shares and Subscription Shares to CREST or the use of CREST in relation to the Placing and Public Offer, the Company and Canaccord Genuity may agree that all of the Ordinary Shares and Subscription Shares should be issued in certificated form;
- (xii) authorise the Receiving Agent to send, at your risk, a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form;
- (xiii) confirm that you have read and complied with paragraph 8.2 of this Part 7;
- (xiv) consent to the processing of personal data given in relation to your application and acknowledge and accept that the Receiving Agent may, in order to fulfil its duties to the Company and comply with regulatory requirements:
 - (a) retain such personal data for prescribed periods after the repurchase or transfer of the Shares subscribed for;

- (b) transfer such information to HM Revenue and Customs and the Administrator of Income Tax, the Directors, the Manager, the Investment Manager, the Custodian, Canaccord Genuity and any legal adviser or any agent of the Company entitled to receive such information; and
 - (c) transfer such personal data to any person or entity to which the Receiving Agent has a legal obligation to disclose such information; and
- (xv) agree that your Application Form is addressed to the Company and Canaccord Genuity.

3. Acceptance of Applications

- 3.1 Canaccord Genuity may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) either:
- (i) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
 - (ii) by notifying acceptance to the Receiving Agent.
- 3.2 The basis of allocation will be determined by Canaccord Genuity in consultation with the Company and subject to the terms of this document. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application in this Part 7 or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with them in some other manner to apply in accordance with the terms and conditions of application in this Part 7. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 5.00 p.m. on Friday, 30 July 2010.
- 3.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. Canaccord Genuity may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if any cheque accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by Canaccord Genuity to be the interest on the amount of the cheque from the date on which the basis of allocation under the Public Offer is publicly announced until the date of receipt of cleared funds. The rate of interest will be then published bank base rate of a clearing bank selected by Canaccord Genuity plus 2% per annum.
- 3.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 1,000 Ordinary Shares, or applications which are more than 1,000 Ordinary Shares but not a multiple of 1,000 Ordinary Shares.

4. Conditions

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Public Offer will be conditional upon:
- (i) the Minimum Net Proceeds being raised or, if the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds, the Company publishing a supplementary prospectus containing an amended working capital statement based on a revised Minimum Net Proceeds figure (and the decision whether to proceed with the Issue and publish a supplementary prospectus if the Issue proceeds (after estimated Issue Costs) would be less than the Minimum Net Proceeds will be at the absolute discretion, and subject to the unanimous agreement, of the Directors, the Investment Manager and Canaccord Genuity);

- (ii) Admission occurring by 8.00 a.m. on Monday, 16 August 2010 (or such later time or date, not being later than Friday, 27 August 2010, as the Company and Canaccord Genuity may agree); and
 - (iii) the Placing and Offer Agreement referred to in paragraph 8.1 of Part 5 of this document becoming unconditional and the obligations of Canaccord Genuity thereunder not being terminated.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. Return of Application Monies

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6. Warranties

By completing an Application Form, you:

- (i) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 7 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (ii) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Canaccord Genuity or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Public Offer in respect of your application;
- (iii) confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;
- (iv) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- (v) acknowledge that no person is authorised in connection with the Public Offer to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Canaccord Genuity;
- (vi) warrant that you are not under the age of 18 on the date of your application;

- (vii) agree that all documents and monies sent by post to, by or on behalf of the Company, Canaccord Genuity or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- (viii) warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services); and
- (ix) confirm that you have reviewed the restrictions contained in paragraph 8 of this Part 7 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

7. Money Laundering

7.1 You agree that, in order to ensure compliance with the Money Laundering (Jersey) Order 2008 (as amended) and any other regulations applicable thereto, the Company, Canaccord Genuity or the Receiving Agent may, at its absolute discretion, require verification of identity from any person lodging an Application Form who either:

- (i) tenders payment by way of cheque or banker's draft drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
- (ii) appears to the Receiving Agent to be acting on behalf of some other person (in which case verifications of identity of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.

7.2 Without prejudice to the generality of paragraph 7.1 of this Part 7, verification of the identity of applicants will be required if the aggregate value of the Ordinary Shares and Subscription Shares applied for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £10,000). If the aggregate value of the Ordinary Shares and Subscription Shares which you are applying for, whether in one or more applications, exceeds €15,000, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Application Form is completed.

8. Overseas Investors

8.1 If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wish to make an application for Ordinary Shares and Subscription Shares under the Public Offer, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

8.2 Neither the Ordinary Shares nor the Subscription Shares have been or will be registered under the laws of Australia, Canada, Japan or the Republic of Ireland, under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) or with any securities regulatory authority of any state or other political sub-division of the United States. Accordingly, neither the Ordinary Shares nor the Subscription Shares may be offered, sold or delivered, directly or indirectly, within Australia, Canada or Japan or to, or for the account or benefit of, US Persons, except in transactions that are exempt from the registration requirements under the Securities Act. If you apply for Ordinary Shares (with Subscription Shares on a one for 10 basis) you will, unless the Company and Canaccord Genuity agree otherwise in writing, be deemed to represent and warrant

to the Company that you are not a US Person and that you are not subscribing for such Ordinary Shares and Subscription Shares for the account of any US Person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares or Subscription Shares in the United States or to any US Person. No application will be accepted if it bears an address in the United States.

9. Miscellaneous

- 9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares, the Subscription Shares and the Public Offer.
- 9.2 The rights and remedies of the Company, Canaccord Genuity and the Receiving Agent pursuant to this Part 7 are in addition to any rights and remedies, which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.3 The Company reserves the right to delay the closing time of the Public Offer from 5.00 p.m. on Friday, 30 July 2010 by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Canaccord Genuity, in consultation with the Company, determines subject, and having regard, to the Listing Rules, the Prospectus Rules and any other requirements of the UK Listing Authority.
- 9.4 Canaccord Genuity may terminate the Public Offer in its absolute discretion at any time prior to Admission. If such right is exercised, the Public Offer will lapse and any monies will be returned to you without interest.
- 9.5 You agree that Canaccord Genuity is acting for the Company in connection with the Placing and Public Offer and for no-one else and that Canaccord Genuity will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the Issue Price or concerning the suitability of Ordinary Shares and/or Subscription Shares for you or otherwise in relation to the Public Offer.
- 9.6 You authorise the Receiving Agent, Canaccord Genuity or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of the Ordinary Shares (with Subscription Shares on a one for 10 basis) for which your application is accepted into your name(s) and authorise any representatives of the Receiving Agent or of Canaccord Genuity to execute and/or complete any document required therefore.
- 9.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Public Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Canaccord Genuity or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8 The dates and times referred to in this Part 7 may be altered by the Company so as to be consistent with the Placing and Offer Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9 Save where the context requires otherwise, terms used in this Part 7 bear the same meaning as where used elsewhere in this document.
- 9.10 No commissions are available to intermediaries applying under the Public Offer on behalf of clients.

PART 8

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Before completing the Application Form, ALL APPLICANTS should read notes 1-5, 7, 8 and 9 of this Part 8. JOINT APPLICANTS should also read note 6 of this Part 8.

1. Application

Fill in (in figures) in the box in section 1 of the Application Form the number of Ordinary Shares that you wish to apply for under the Public Offer. Your application must be for a minimum of 1,000 Ordinary Shares and thereafter in multiples of 1,000 Ordinary Shares. One Subscription Share will be issued to you for every 10 Ordinary Shares for which your application is accepted.

2. Personal Details

Fill in (in BLOCK CAPITALS) the full name and address of the applicant. If your application is being made jointly with other persons, please read note 6 of this Part 8 before completing section 2 of the Application Form.

3. Signature

The applicant named in section 2 of the Application Form must date and sign section 3 of the Application Form.

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

4. How to Pay

The aggregate value of your application is the number inserted in the box in section 1 of the Application Form, expressed in sterling. Payment must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account on the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Application Form) must be made payable to "Computershare Investor Services PLC Acceptance A/C Aberdeen Latin American Income Fund Limited" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping endorsing the cheque/banker's draft to such effect. The cheque or banker's draft must accompany your Application Form, which must be posted to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 5.00 p.m. on Friday, 30 July 2010.

If you use a building society cheque or banker's draft you should ensure that the building society or bank issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. Your cheque or banker's draft must be drawn in sterling on an account at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

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

5. CREST

If you wish to register your Ordinary Shares and any Subscription Shares directly into your CREST account you should insert the relevant details in section 5 of the Application Form. If you do not complete section 5, you will receive your Ordinary Shares and any Subscription Shares in certificated form.

6. Joint Applicants

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

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address in section 2 of the Application Form.

7. Contact Telephone Number

Insert in section 7 of the Application Form a daytime contact telephone number, including STD, (and, if different from the person named in section 2 of the Application Form, the name of the person to contact) in case of any queries regarding your application.

8. Verification of Identity

Section 8 of the Application Form only applies if the aggregate value of the Ordinary Shares and any Subscription Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £10,000). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

8.1 *Professional Adviser or Intermediary*

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

8.2 *Reliable Introducer*

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) €15,000, you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form **unless** you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

8.3 *Applicant Identity Information*

Section 8.3 of the Application Form need only be completed where the aggregate value of the Ordinary Shares and any Subscription Shares which you are applying for, whether in one or more applications, exceeds €15,000 and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another

reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

9. Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by no later than 5.00 p.m. on Friday, 30 July 2010. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 5.00 p.m. on the relevant date may be rejected and returned to the first-named applicant.

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APPLICATION FORM FOR THE PUBLIC OFFER

Please return this form, duly completed, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received no later than 5.00 p.m. on Friday, 30 July 2010).

IMPORTANT: Before completing this form, you should read the notes set out in Part 8 of the Prospectus. All applicants must complete sections 1 to 4 of this Application Form. Joint applicants should also complete section 6 of this Application Form. If your application is for more than €15,000 (or its equivalent, being approximately £10,000), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.

If you have a query concerning completion of this Application Form, please call Computershare Investor Services PLC on 0870 873 5812 (or, if outside the UK, +44 (0) 870 873 5812). However, you should note that the Receiving Agent cannot give you any investment or other financial advice. If you require such advice, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

To: Aberdeen Latin American Income Fund Limited

1. Application

I/We, the person(s) detailed in section(s) 2 and, in the case of joint applicants, 6 below, offer to subscribe for the number of Ordinary Shares specified in the box below at 100p per share subject to the terms and conditions of application set out in Part 7 of the Prospectus and subject to the memorandum and articles of association of the Company.

	<i>(Write, in figures, the number of Ordinary Shares that you wish to apply for – a minimum of 1,000 and thereafter in multiples of 1,000)</i>
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2. Personal Details (Complete in BLOCK CAPITALS)

<i>(Mr, Mrs, Miss, Ms or title)</i>	<i>(Surname)</i>
<i>(Forename(s), in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>

3. Signature

<i>(Signature)</i>	<i>(Date)</i> 2010
--------------------	--------------------

4. *(Pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in sterling equal to the number shown in the box in section 1 above, made payable to "Computershare Investor Services PLC Acceptance A/c Aberdeen Latin American Income Fund Limited" and crossed "A/C Payee". Your payment must relate solely to this application. No receipt will be issued. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.)*
- ☐

5. **CREST Details (Only complete this section 5 if you wish to register the Ordinary Shares and any Subscription Shares issued pursuant to your application directly into your CREST account)**

<i>(CREST Participant ID)</i>	<i>(CREST Member Account ID)</i>
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6. **Joint Applicants** (*Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete in BLOCK CAPITALS and sign this section 6*)

(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)
(Surname)	(Surname)	(Surname)
(Forename(s), in full)	(Forename(s), in full)	(Forename(s), in full)
(Address)	(Address)	(Address)
(Post code)	(Post code)	(Post code)
(Signature)	(Signature)	(Signature)

7. **Contact Telephone Number**

(Telephone number)	(Insert a daytime contact telephone number (and, if different from the person named in section 2 above, the name of the person to contact) in case of any queries regarding your application)
(Contact name)	

8. **Verification of Identity** (*If the value of the Ordinary Shares and any Subscription Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £10,000), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed*)

- 8.1 **Professional Advisers and Intermediaries** (*This section 8.1 should be completed if an application for Ordinary Shares and any Subscription Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser*)

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

Declaration by the professional adviser or intermediary

To: Aberdeen Latin American Income Fund Limited, Computershare Investor Services PLC and Canaccord Genuity Limited

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

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

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

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

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date)	2010	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

8.2 **Reliable Introducer** (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this form)

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

Declaration by the firm

To: Aberdeen Latin American Income Fund Limited, Computershare Investor Services PLC and Canaccord Genuity Limited

With reference to the applicant(s) detailed in section(s) 2 and, in the case of joint applicants, 6 above, all persons signing sections 3 and 6 above and the payor identified in section 4 above if not also an applicant holder (collectively the “**relevant persons**”), we hereby declare that:

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

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

(Date)	2010	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

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

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

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

8.3 **Applicant Identity Information** (Only complete this section 8.3 if your application has a value greater than €15,000 (or its equivalent, being approximately £10,000) and neither of sections 8.1 and 8.2 can be completed).

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

		Tick here for documents provided				Payor
		Applicant				
		1	2	3	4	
A. For each applicant who is an individual enclose:						
(i)	a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii)	certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 2 and, in the case of joint applicants, section 6 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii)	if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv)	details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
B. For each holder being a company (a "holder company") enclose:						
(i)	a certified copy of the certificate of incorporation of the holder company; and					
(ii)	the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii)	a statement as to the nature of the holder company's business, signed by a director; and					
(iv)	a list of the names and residential addresses of each director of the holder company; and					
(v)	for each director provide documents and information similar to that mentioned in A above; and					
(vi)	a copy of the authorised signatory list for the holder company; and					
(vii)	a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)						
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:						
(i)	a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii)	a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii)	the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv)	enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.					
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:						
(i)	if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii)	if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii)	an explanation of the relationship between the payor and the applicant(s).					

