

**Aberdeen European
Infrastructure GP Limited**

**Annual Report and Audited
Financial Statements**

For the year ended 31 December 2017

Company Number 7477742

THURSDAY



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ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

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ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:

M S Amin
G D Cohen
I H Y Wong

REGISTERED OFFICE:

Bow Bells House
1 Bread Street
London
EC4M 9HH

**SECRETARY AND
ADMINISTRATOR:**

State Street (Guernsey) Limited
PO Box 543
First Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 6HJ

INDEPENDENT AUDITOR:

KPMG Channel Islands Limited
Gategny Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 1WR

BANKER:

Lloyds Bank International Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 6HJ

INVESTMENT MANAGER:

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London
EC4M 9HH

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2017

The Directors present their annual report and audited financial statements for Aberdeen European Infrastructure GP Limited (the "Company") for the year ended 31 December 2017.

The Company qualifies as a small company in accordance with Section 381-382 of the Companies Act 2006 (the "Act") and the Report of the Directors has therefore been prepared taking into consideration the provisions of Part 15 of the Act. The Company has taken advantage of exemptions available to small sized entities as defined in the Act.

In preparing this report, the Directors have taken advantage of the small companies exemption provided by Section 418 of the Act and have not prepared a strategic report.

Principal activity

The Company's principal activity during the year was to act as General Partner to Aberdeen European Infrastructure Partners LP ("AEIPLP" or the "Fund"). The Company remains committed to the business of the Fund and will continue to act as General Partner in the future.

On 14 August 2017, Aberdeen Asset Management PLC ("AAM PLC"), the Company's previous ultimate parent undertaking, was party to an all-share merger with Standard Life PLC ("SL PLC"), at which point the Company's ultimate parent undertaking became Standard Life Aberdeen PLC ("SLA PLC" or, together with its subsidiaries, "the Standard Life Aberdeen Group"). As a result the Company is a subsidiary of the Standard Life Aberdeen Group.

Principal risks and uncertainties

The Standard Life Aberdeen Group, of which the Company is part, has an established Enterprise Risk Management framework, integrating oversight of strategic planning, operational management of the business and internal control.

The principal risks and uncertainties facing the Company are integrated into the principal risks of the merged group under SLA PLC and are therefore not managed separately. Accordingly, the principal risks and uncertainties of the Standard Life Aberdeen Group, which include those of the Company, are discussed fully in the SLA PLC Annual Report and Accounts which does not form part of this report.

The list below does however provide a summary of the key risks facing the Company which are also common to the Standard Life Aberdeen Group. Further details on each of the risks, together with how they link to the new strategy, how they have evolved over the period and how they are managed can be found in the Standard Life Aberdeen Group accounts.

The principal risks to which the Company is most specifically exposed can be categorised as follows:

Operational risk: IT failure and security including cyber risk; third party oversight; and process execution failure.

Key performance indicators

Given the straightforward nature of the business, the Directors believe that analysis using key performance indicators is not necessary or appropriate to understand the development, performance or financial position of the Company.

Business review

The Company's total comprehensive income for the year was GBPnil (2016: GBPnil). No dividends were paid during the year (2016: GBPnil).

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

For the year ended 31 December 2017

Directors

The Directors at the date of this report are as stated on page 1 and all served during the year, unless otherwise stated.

Audit information

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Independent Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Independent Auditor is aware of that information.

Independent Auditor

Following the merger of AAM PLC and SL PLC, KPMG Channel Islands Limited was appointed as auditor of the Company for periods beginning on or after 1 January 2017.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Report of the Directors and the audited financial statements in accordance with applicable law and regulations.

The Act requires the Directors to prepare financial statements for each financial year. Under the Act, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). Under the Act the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but do so.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Directors to ensure that the financial statements comply with the Act and IFRSs. They are responsible for such internal control as they deem is necessary to enable the preparation of financial statements that are free from material misstatement. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board,



I H Y Wong

Director

11 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

Opinion

We have audited the financial statements of Aberdeen European Infrastructure GP Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED
(CONTINUED)**

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

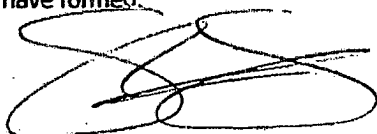
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven D. Stormonth (Senior Statutory Auditor)
for and on behalf of KPMG Channel Islands Limited, Statutory Auditor
Chartered Accountants
Gategny court, Gategny Esplanade
St Peter Port, Guernsey, GY1 1WR
Date: 12 JULY 2018

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2017

| | <i>Note</i> | 2017 GBP | 2016 GBP |
|------------------------------------------------|-------------|---------------------|---------------------|
| INCOME | | | |
| General Partner's Share | | 914,471 | 1,857,056 |
| Foreign exchange gain | | 160 | 310 |
| Total income | | <u>914,631</u> | <u>1,857,366</u> |
| EXPENSES | | | |
| Administration fees | | 14,121 | 13,508 |
| Audit remuneration | 3 | 5,500 | 5,150 |
| Management fees | | 899,887 | 1,835,015 |
| Professional fees | | (7,982) | 3,000 |
| Other operating expenses | | 3,105 | 693 |
| Total expenses | | <u>914,631</u> | <u>1,857,366</u> |
| Profit on ordinary activities before tax | | - | - |
| Tax | | - | - |
| Profit on ordinary activities after tax | | - | - |
| Total comprehensive income for the year | | <u>-</u> | <u>-</u> |
| Attributable to Equity holder: | | | |
| Total comprehensive income for the year | | <u>-</u> | <u>-</u> |

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2017 and 2016 relate to continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

STATEMENT OF FINANCIAL POSITION As at 31 December 2017

| | <i>Notes</i> | 2017 GBP | 2016 GBP |
|-------------------------------------|--------------|---------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Equity securities - unlisted | 4 | 1 | 1 |
| Current assets | | | |
| Receivables | 5 | 7,170 | 464,045 |
| Cash and cash equivalents | | 460,380 | 469,824 |
| Total current assets | | 467,550 | 933,869 |
| Total assets | | 467,551 | 933,870 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 6 | 1,000 | 1,000 |
| Retained earnings | | 1 | 1 |
| Total equity | | 1,001 | 1,001 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables and accruals | 7 | 466,550 | 932,869 |
| Total liabilities | | 466,550 | 932,869 |
| Total equity and liabilities | | 467,551 | 933,870 |

The financial statements were authorised for issue by the Board of Directors of the Company on 11 July 2018 and signed on its behalf by:



I H Y Wong
Director
11 July 2018

The notes on pages 10 to 18 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

| | Share capital GBP | Retained earnings GBP | Total equity GBP |
|-----------------------------------------|----------------------------------|--------------------------------------|---------------------------------|
| Balance at 1 January 2016 | 1,000 | 1 | 1,001 |
| Total comprehensive income for the year | - | - | - |
| Balance at 31 December 2016 | 1,000 | 1 | 1,001 |
| Total comprehensive income for the year | - | - | - |
| Balance at 31 December 2017 | 1,000 | 1 | 1,001 |

The notes on pages 10 to 18 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED**STATEMENT OF CASH FLOWS****For the year ended 31 December 2017**

| | 2017 GBP | 2016 GBP |
|-----------------------------------------------------------------------|---------------------|---------------------|
| Cash flows from operating activities | | |
| Adjusted for: | | |
| Total comprehensive income for the year | - | - |
| Decrease / (increase) in receivables | 456,875 | (48,583) |
| (Decrease) / increase in payables and accruals | (466,319) | 514,060 |
| Net cash flows (used in) / generated from operating activities | (9,444) | 465,477 |
| Net (decrease) / increase in cash and cash equivalents | (9,444) | 465,477 |
| Cash and cash equivalents at 1 January | 469,824 | 4,347 |
| Cash and cash equivalents at 31 December | 460,380 | 469,824 |

The notes on pages 10 to 18 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

The Company is domiciled in the United Kingdom. The address of its registered office is Bow Bells House, 1 Bread Street, London, EC4M 9HH.

The Company's business activities, together with expected future developments and key risks facing the Company, are detailed in the Report of the Directors.

The financial statements were authorised for issue by the Board of Directors of the Company on 11 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared on a going concern basis and in accordance with IFRSs. The financial statements have been prepared under the historical cost convention.

(a) Standards and amendments to existing standards effective 1 January 2017

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that have a material impact on the Company's financial results.

(b) New standards, amendments and interpretations effective after 1 January 2017 and not early adopted

The standards detailed beneath are effective for accounting periods beginning on or after 1 January 2018. They will have no recognition or measurement impact on the Statement of Comprehensive Income or Statement of Financial Position. The disclosure impact on the financial statements is yet to be assessed:

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and liabilities. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement and requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost.

IFRS 15, 'Revenue from Contracts with Customers', specifies how a company should recognise revenue, as well as requiring those companies to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Going concern

The Company holds positive net assets and has a positive cash position. The Board believes that the Company holds adequate financial resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

2.3 Foreign currency translation

(a) Functional and presentation currency

The Board of Directors consider Pound Sterling ("GBP") as the functional and presentation currency of the Company. This is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. Although the Company receives fee income and pays management fees to the Investment Manager in Euro ("EUR"), other operating expenditure and the share capital of the Company are denominated in GBP.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

2.4 Financial assets

Equity securities - Unlisted

(a) Classification

The Company classifies its investments in equity securities as financial assets at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

(b) Recognition, derecognition and measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Subsequent to initial recognition these financial assets are measured at fair value. Gains and losses arising from changes in the fair value are presented in the Statement of Comprehensive Income in the period they arise.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Receivables

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. As at 31 December 2017 and 2016, the carrying amounts of the receivables approximate to their fair value.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash balances that are freely available with a maturity of three months or less. As at 31 December 2017 and 2016, the carrying amounts of cash and cash equivalents approximate to their fair value.

2.7 Payables and accruals

Payables and accruals are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged, cancelled or expires. As at 31 December 2017 and 2016, the carrying amounts of the payables and accruals approximate to their fair value.

2.8 General Partner's Share / General Partner's Share receivable

In accordance with Clauses 9.1 and 9.2 of the Amended and Restated Limited Partnership Agreement (the "LPA") dated 1 May 2014, the Company is entitled to receive a General Partner's Share ("GPS") and there shall be allocated to the Company as a first charge on the Net Income and Capital Gains of the Fund.

GPS is recognised when the right to receive payment is established. General Partner's Share is initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

The GPS is calculated as follows:

- (i) in respect of the period from the Closing Date up to and including the date on which the Investment Period ends, 1.00% per annum of Total Commitments; and
- (ii) in respect of the period from the end of the Investment Period up to and including the tenth anniversary of the Closing Date, 1.00% per annum of Invested Capital; and
- (iii) in respect of the period from the tenth anniversary of the Closing Date up to and including the twenty-fifth anniversary of the Closing Date, 0.65% per annum of Invested Capital.

The GPS shall be reduced by deducting an amount equal to 100% of any transaction fees, abort fees and other fees earned by the General Partner, Investment Manager or any associate of either.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2017**

2.9 Expenses

Expenses are recognised on an accruals basis.

Management fees represent the Company's share of the General Partner fees payable to Aberdeen Fund Managers Limited in lieu of the provision of services as the Investment Manager to the Fund. Management fees are limited to any surplus income after all expenses have been settled.

2.10 Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2.11 Critical accounting estimates and judgements

Management have not used any significant accounting estimates or judgements when preparing the financial statements.

3. EXPENSES

3.1 Audit remuneration

Fees charged by the Company's Independent Auditor for the audit of the Company's annual accounts for the year ended 31 December 2017 were GBP5,400 (2016: GBP5,150).

3.2 Staff costs

The Company has no employees. The Directors of the Company waived their right to receive Directors' remuneration.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2017 GBP | 2016 GBP |
|------------------------------|---------------------|---------------------|
| Equity securities - unlisted | <u>1</u> | <u>1</u> |

The Company owns one Membership Share in Aberdeen Infrastructure II - A.B.A. and Aberdeen Infrastructure II - B.B.A.

5. RECEIVABLES

| | 2017 GBP | 2016 GBP |
|----------------------------------|---------------------|---------------------|
| GPS receivable | - | 457,151 |
| Amounts due from Group companies | <u>7,170</u> | <u>6,894</u> |
| | <u>7,170</u> | <u>464,045</u> |

Amounts due from Group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

6. SHARE CAPITAL

| | 2017 GBP | 2016 GBP |
|-------------------------------------------------|---------------------|---------------------|
| Authorised | | |
| Unlimited ordinary shares of GBP1 nominal value | <u>unlimited</u> | <u>unlimited</u> |
| Issued and fully paid | | |
| 1,000 ordinary shares of GBP1 nominal value | <u>1,000</u> | <u>1,000</u> |

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

7. PAYABLES AND ACCRUALS

| | 2017 GBP | 2016 GBP |
|--------------------------------|---------------------|---------------------|
| Administration fees | 3,373 | 3,124 |
| Audit fees | 5,400 | 5,000 |
| Amounts due to Group companies | 457,777 | 915,745 |
| Professional fees | - | 9,000 |
| | <u>466,550</u> | <u>932,869</u> |

Amounts due to Group companies include management fees which are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. FINANCIAL RISK MANAGEMENT

8.1 Financial risk factors

The objective of the Company is to act as General Partner to the Fund. Certain activities could expose the Company to financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

8.1.1 Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors.

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

8.1 Financial risk factors (continued)

8.1.1 Market risk (continued)

(a) Price risk

Price risk arises from the Company's indirect exposure to the investments held by AEIPLP, to which it acts as General Partner, due to their valuation which is used in determining the management fee income received by the Company.

The performance of each investment is continually monitored and reflected, where appropriate, in the GPS earned.

(b) Interest rate risk

The Company is not directly affected by changes in interest rates; however, its management fees received from AEIPLP will fluctuate as changes in interest rates affect the valuation of AEIPLP.

(c) Currency risk

The Company receives its fee income and pays its management fees in EUR, thereby forming a natural cash flow hedge. The Company follows a policy of ensuring that all foreign currency financial assets are matched with borrowings in the same currency, thus ensuring minimal sensitivity to foreign exchange. The Company's assets and liabilities denominated in EUR at their carrying amount are summarised below:

| | 2017 EUR | 2016 EUR |
|-----------------------|---------------------|---------------------|
| Assets | | |
| Receivables | GBP 7,170 | GBP 464,045 |
| Liabilities | | |
| Payables and accruals | GBP 457,777 | GBP 915,745 |

The table below summarises the sensitivity of the Company's monetary assets and liabilities to changes in foreign exchange movements at 31 December 2017 and 2016. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to GBP, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

| | 2017 EUR | 2016 EUR |
|-----------------------|---------------------|---------------------|
| Assets | | |
| Receivables | GBP 359 | GBP 23,202 |
| Liabilities | | |
| Payables and accruals | GBP 22,889 | GBP 45,787 |

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

8.1 Financial risk factors (continued)

8.1.2 Credit risk

Credit risk is the risk of financial loss from a counter party's failure to settle financial obligations as they fall due. The Company's credit risk is concentrated because amounts due are solely from the Fund, however given the nature of the GP's relationship with the Fund and given its activities, the Directors consider that the risk of default is small. The maximum exposure to credit risk comprises of cash and cash equivalents and the carrying amount of the receivables as disclosed in Note 5.

8.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The Company receives a GPS on a quarterly basis and does not have significant ad hoc expenses to settle. The only significant expense that the Company is exposed to is the management fee which is limited to any surplus income after all expenses have been settled.

Any liabilities of the Company incurred in its capacity as general partner of the Fund are met out of the assets of the Fund in accordance with the amended and restated Limited Partnership Agreement dated 01 May 2014.

8.2 Capital risk management

The capital of the Company is represented by the net assets attributable to its Shareholder. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for its Shareholders and to maintain a strong capital base to support the development of the operating activities of the Company.

9. FINANCIAL INSTRUMENTS BY CATEGORY

| | Loans and receivables GBP | Designated at fair value through profit and loss GBP | Total GBP |
|-------------------------------|------------------------------------------|-----------------------------------------------------------------------------|----------------------|
| As at 31 December 2017 | | | |
| Assets | | | |
| Equity securities - unlisted | - | 1 | 1 |
| Receivables | 7,170 | - | 7,170 |
| Cash and cash equivalents | 460,380 | - | 460,380 |
| | 467,550 | 1 | 467,551 |

ABERDEEN EUROPEAN INFRASTRUCTURE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

9. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

| | Loans and receivables GBP | Designated at fair value through profit and loss GBP | Total GBP |
|-------------------------------|---------------------------------|------------------------------------------------------------------|----------------|
| As at 31 December 2016 | | | |
| Assets | | | |
| Equity securities - unlisted | - | 1 | 1 |
| Receivables | 464,045 | - | 464,045 |
| Cash and cash equivalents | 469,824 | - | 469,824 |
| | <u>933,869</u> | <u>1</u> | <u>933,870</u> |
| As at 31 December 2017 | | | |
| Liabilities | | | |
| Payables and accruals | | 466,550 | 466,550 |
| As at 31 December 2016 | | | |
| Liabilities | | | |
| Payables and accruals | | 932,869 | 932,869 |

10. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

During the year, the Company earned GPS amounting to GBP914,471 (2016: GBP1,857,056). At 31 December 2017, the Company was owed by the Fund GBPnil (2016: GBP457,151) in respect of GPS.

During the year, the Investment Manager earned GBP899,887 (2016: GBP1,835,015), of which GBP457,777 (2016: GBP915,745) was outstanding at year end.

An amount owed to the Company by Aberdeen European Infrastructure GP II Limited as at 31 December 2017 amounted to GBP7,170 (2016: GBP6,894).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

11. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Aberdeen Alternatives (Holdings) Limited and its ultimate parent company is SLA PLC, which is incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the Group accounts AAM PLC, which is the smallest group that the results are consolidated within, which are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG. From 14 August 2017 the results of the Company are also consolidated in the Group accounts of SLA PLC, which are available to the public and may be obtained from 30 Lothian Road, Edinburgh, EH1 2DH.

Aberdeen European Infrastructure Partners LP
Annual Report and Audited Financial
Statements

For the year ended 31 December 2017

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

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ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

SUMMARY OF OFFICERS AND PROFESSIONAL ADVISERS

GENERAL PARTNER: Aberdeen European Infrastructure GP Limited
Bow Bells House
1 Bread Street
London
EC4M 9HH

DIRECTORS OF THE GENERAL PARTNER: M S Amin
G D Cohen
I H Y Wong

REGISTERED OFFICE: Bow Bells House
1 Bread Street
London
EC4M 9HH

ADMINISTRATOR: State Street (Guernsey) Limited
P.O. Box 543
First Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 6HJ

BANKERS: Lloyds Bank International Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 6HJ

Barclays Bank
Le Marchant House
Le Truchot
St Peter Port
Guernsey
GY1 3BE

INDEPENDENT AUDITOR: PricewaterhouseCoopers CI LLP
P.O. Box 321
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 4ND

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

SUMMARY OF OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

INVESTMENT MANAGER: Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London
EC4M 9HH

DEPOSITARY: State Street Trustees Limited
525 Ferry Road
Crewe Toll
Edinburgh
EH5 2AW
Scotland

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

REPORT OF THE GENERAL PARTNER For the year ended 31 December 2017

The General Partner presents its annual report and audited financial statements for Aberdeen European Infrastructure Partners LP (the "Fund" or "Investment entity") for the year ended 31 December 2017.

Limited partnership

The Fund was established on 4 January 2011 and is registered as a limited partnership in England under the Limited Partnerships Act 1907.

The Fund is a registered closed-ended investment fund domiciled and established as a limited partnership under the laws of England. The General Partner is responsible for ensuring that the Fund is always operated and managed under the terms of the Limited Partnership Agreement ("LPA"). The General Partner has delegated these responsibilities to the Investment Manager.

Principal activity

The Fund was established to invest in primary social and economic infrastructure projects in the European Union (excluding the UK) which offer investors the opportunity to earn attractive risk adjusted returns with a low correlation to economic cycles and other investment classes for its projected 25 year life.

The Fund invests in social and economic infrastructure projects (e.g. health, defence, education, social housing, government accommodation, custodial facilities, roads, bridges, rail and waste management) underpinned by long-term secure government contracts characterised by stable, predictable, availability-based cash flows.

The Fund's objective is to generate significant long-term investment yield. It aims to achieve this objective by investing in a portfolio of high-quality, predominantly operational, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. The portfolio is expected to generate long-term, inflation-linked cash flows, principally driven by low-risk, availability-based contracts with government agencies.

Financial risk management

The key risks and uncertainties faced by the Fund are managed within the framework established for the Investment Manager. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Fund's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 9 to the financial statements. The Fund's liquidity risk management is delegated to the Investment Manager.

Results and review of business

The Fund's total comprehensive income for the year was EUR44,223,182 (2016: EUR49,772,064). Capital returned during the year amounted to EUR16,320,000 (2016: EUR34,068,180).

Statement of General Partner's responsibilities in respect of the financial statements

The General Partner is responsible for preparing the financial statements for each financial year which give a true and fair view, in accordance with applicable law (i.e. the Companies Act 2006 as applied to limited partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), the LPA and International Financial Reporting Standards as adopted by the European Union ("IFRSs"), of the state of affairs of the Fund and of the profit or loss of the Fund for that year.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

REPORT OF THE GENERAL PARTNER (CONTINUED) **For the year ended 31 December 2017**

Statement of General Partner's responsibilities in respect of the financial statements (continued)

In preparing these financial statements, the General Partner is also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Fund and enable the General Partner to ensure that the financial statements comply with applicable law, IFRSs and the LPA. The General Partner is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner confirms that it has complied with the above requirements in preparing the financial statements.

Audit information

As at the date of approval of the Report of the General Partner, the General Partner confirms that, so far as the General Partner is aware, there is no relevant audit information of which the Fund's Independent Auditor is unaware; and the General Partner has taken all the steps that ought to have been taken as a General Partner to be aware of any relevant audit information and to establish that the Fund's Independent Auditor is aware of that information.

Subsequent events

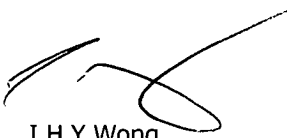
Management has evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 28 March 2018, the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.

Going concern

The General Partner considers that the Fund has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the General Partner has taken into account all available information about the foreseeable future and consequently the going concern basis is appropriate in preparing the financial statements.

Independent auditor

PricewaterhouseCoopers CI LLP have indicated their willingness to continue in office and a resolution to re-appoint the Independent Auditor will be put forward at the forthcoming Annual General Meeting.



I H Y Wong

Director

General Partner

28 March 2018

REPORT OF THE INVESTMENT MANAGER **For the year ended 31 December 2017**

Alternative Investment Fund Managers Directive

The EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") entered into force on 21 July 2011 and member states, including the United Kingdom, were required to transpose this into national law by 22 July 2013. The AIFMD has been implemented in the United Kingdom by a combination of the HM Treasury Regulations and FCA handbook rules.

The Investment Manager is the designated Alternative Investment Fund Manager ("AIFM") and is subject to regulation under the AIFMD. The AIFM has regular reporting responsibilities in accordance with the AIFMD. The Fund is considered to be an Alternative Investment Fund ("AIF") managed by the AIFM. Whilst the Investment Manager's registration as an AIFM has no direct regulatory bearing on the AIF, the AIFM has, together with the General Partner, agreed to make available certain information in order to assist the AIFM in complying with its responsibilities.

Report on the Activities of the Financial Year

A report on Activities of the Financial Year produced by the Investment Manager, exclusively available to relevant regulators and the Fund's Limited Partners upon request, contains an overview of i) investment activities during the year, ii) the portfolio at year end, and iii) the performance over the period. A request for this report should be made to the Investment Manager.

Material Changes and Periodic Risk Management

Material changes are discussed in the Fund's Limited Partner Reports which are issued separately to the Fund's Limited Partners on a quarterly basis.

In relation to Risk Management, please refer to Note 9 in the Notes to the Financial Statements for details regarding the Fund's exposure to certain Financial Risks which require disclosure under the AIFMD. Separately, Operational Risks are detailed in the Operational Risk Management Report which is available to relevant regulators and the Fund's Limited Partners upon request. Such a request should be made to the Investment Manager.

Remuneration Disclosure

Remuneration disclosure is required as per the AIFMD for remunerated Code staff. The Investment Manager has appropriate processes in place to identify and report on remuneration in accordance with the Code.

**Alternative Investment Fund Managers Directive (AIFMD)
Remuneration Disclosure AIF Annual Report and Accounts
Aberdeen European Infrastructure Partners LP**

Remuneration Policy

Please note, Aberdeen Asset Management PLC and Standard Life PLC merged on 14 August 2017. Existing remuneration policies remain in place for the remainder of the reporting period.

The AIFM, Aberdeen Fund Managers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Aberdeen Asset Management plc (Aberdeen).

The Remuneration Committee of Aberdeen Asset Management plc adopted an AIFM Remuneration Policy to ensure that the requirements of the Alternative Investment Fund Managers Directive (AIFMD) are fully adhered to by the Group. This policy applies to Aberdeen Fund Managers Limited and the Alternative Investment Funds (AIFs) it manages.

Aberdeen believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce.

Remuneration Philosophy

Aberdeen's Group Remuneration Policy reflects the Group's remuneration philosophy and has been designed to:

- Align the interests of staff with the sustained long-term interests of the AIFM, the AIFs, the business, shareholders, and other stakeholders;
- Focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside Aberdeen's and the AIFM and its AIF's risk appetite;
- Promote sound risk management and discourage risk taking that exceeds Aberdeen's level of tolerated risk, having regard to the investment profiles of the AIFM and its AIFs;
- Incorporate measures to avoid conflicts of interest; and
- Offer fixed remuneration and award incentives which are reasonable and competitive within the asset management sector.

Application

Remuneration covered by the AIFMD Directive shall apply to all fixed and variable components of remuneration, including salaries and discretionary payments.

The AIFMD remuneration principles apply to:

- any benefit of any type paid by the AIFM;
- any amount paid directly by the AIF itself, including carried interest, for the benefit of AIFMD Remuneration Identified Staff; and
- any transfer of units or shares of the AIF made for the benefit of AIFMD Remuneration Identified Staff.

Remuneration Governance

The Aberdeen Asset Management plc Board of Directors established a Remuneration Committee that operate on a group-wide basis and now continues under Standard Life Aberdeen plc Board of Directors

The Remuneration Committee is responsible for:

- Approving the Remuneration Policy;

- Approving the remuneration packages of Senior executives;
- Determining the size of any annual variable pay pool;
- Approving the design of Incentive plans;
- Considering the recruitment and redundancy of certain employees.

The Remuneration Committee consists of five individuals, all of whom are independent non-executive directors of both Standard Life Aberdeen plc's and Aberdeen Asset Management plc's Boards. The Remuneration Committee receives independent external advice from specialist remuneration consultants and operates under formal terms of reference, which are reviewed annually. The current composition of the Remuneration Committee and its terms of reference are available on request.

The Remuneration Committee meets on a regular basis to consider remuneration matters across the Group, (including at the AIFM). It receives appropriate input from the Chief Risk Officer (and group-wide PLC Board Risk and Capital Committee) to enable it to take into account the risk profile of Aberdeen, the AIFM and its AIFs when making decisions on remuneration.

The Group Remuneration Policy and its implementation is reviewed independently by the Chief Risk Officer on at least an annual basis to ensure that it is aligned with sound risk management.

The AIFM, in its supervisory function, adopts and periodically reviews the general principles of the AIFMD Remuneration Policy Statement and is responsible for its implementation, ensures that this statement is in line with local regulatory requirements, and does not promote excessive risk taking in light of the risk profiles of the AIFs under management.

The implementation of the AIFMD Remuneration Policy Statement is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the AIFM in its supervisory function.

Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account.

Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

Conflicts of interest

The Group's remuneration policies and processes contain a number of measures to avoid conflicts of interest.

- Compensation proposals are made by "Compensation Managers" who are usually Department Heads. No employee may determine their own remuneration. The Compensation Managers make proposals in accordance with guidelines which are set out in annual Compensation Manager Guidance approved by the Remuneration Committee.
- Employees engaged in control functions (e.g. Risk and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. Variable remuneration for control function employees is determined on the achievement of meeting their own functional objectives as set in their appraisal. The Group Remuneration Committee signs off the remuneration of senior staff, including those in the risk in control functions.
- Personal hedging strategies which may undermine the risk alignment of variable remuneration are not permissible (e.g. entering into an arrangement with a third party under which payments will be

linked to the person's remuneration or deferred consideration). The Group has very strict Personal Account dealing policies which prohibit dealing on a personal basis or by any connected party without prior consent from Compliance.

Determination of Remuneration and Benefits

As described above, the Company, acting through the Remuneration Committee determines remuneration under the Group Remuneration Policy and governance structure. Under this group-wide policy, remuneration and benefits are determined on the following basis:

| | |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Base salary</i> | Base salaries are reviewed annually, taking account of market salary levels, Group performance, individual performance, changes in responsibility and levels of increase for the broader employee population. |
| <i>Benefits</i> | The Group currently provides a range of fringe benefits to its employees, as appropriate in local markets, such as: medical insurance; disability insurance; life insurance; paid holiday; and international medical benefits assistance where appropriate. |
| <i>Pension</i> | Employer contributions are made to defined contribution pension arrangements or equivalent cash allowances are paid, subject to normal practice in the relevant country. (Legacy defined benefit plans from corporate acquisitions are closed to all future accrual at the earliest reasonable opportunity.) No discretionary pension benefits are paid. |
| <i>Variable Pay</i> | <p>Aberdeen's aggregate variable pay pool, in which all staff participate, is approved by the Remuneration Committee each year. The aggregate pool is normally capped at no more than 25% of pre-bonus operating profit, unless exceptional circumstances justify a higher cap.</p> <p>The pool is based on a range of key performance indicators (KPIs) linked to Aberdeen's strategy, which provides a rounded assessment of Aberdeen's performance. The Remuneration Committee reviews the KPIs each year, to ensure that they continue to reflect the priorities of the business.</p> <p>Aberdeen does not pay individual awards calculated on the basis of annual revenues. Instead proposals are discretionary and based on a number of factors including multi-year performance and non-financial metrics, such as teamwork along with compliance and risk awareness.</p> <p>A significant proportion of an individual's annual variable pay may be deferred into shares or other similar instruments which are correctly aligned with the nature of the risks of the AIFs in question.</p> |
| <i>Carried interest or similar arrangements</i> | In a small number of instances, Aberdeen may agree limited carried interest or similar arrangements which effectively link a proportion of staff pay to performance of a particular Fund. This is almost always done at the request of clients invested in the fund, to ensure alignment of interests, and is subject to specific review to ensure that any such arrangement does not encourage inappropriate risk taking. |

Clawback/Malus

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Guaranteed Variable Remuneration

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement.

AIFMD Identified Staff

Staff considered AIFMD Identified Staff are those categories of staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs that the AIFM manages.

AIFMD identified staff will include:-

- Senior Management;
- Risk takers;
- Staff engaged in control functions; and
- Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions

Employees engaged in control functions, (e.g. Risk, Compliance and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. The Internal Audit function evaluates the finance risk, control framework, business strategy and operating models independently and therefore the Global Head of Asset Management Audit reports to the Group Internal Audit Director, who reports directly to the Audit Committee Chairman. The Audit Committee Chairman approves the Group Internal Audit Director's remuneration and appraisal. The Group Internal Audit Director, in turn, approves the Global Head of Internal Audit's remuneration and appraisal. The Chief Risk Officer has a reporting line to the Risk Committee. The Group Remuneration Committee signs-off on entire review including senior staff, risk management and compliance functions (i.e. those in control functions). AIFMD Identified Staff (which includes control staff) are subject to the Group Remuneration Policy, elements of which may be revised, to be compliant with AIFMD. Control functions variable compensation is determined on the achievement of meeting their own functional objectives as set in their appraisal.

Personal Hedging

AIFMD Identified Staff are not permitted to undermine the risk alignment effects of the AIFMD Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

AIFMD Remuneration Policy

The Aberdeen AIFMD Remuneration Policy is available on request.

Employee remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Fund Managers Limited to its 'Identified Staff'

The 'Identified Staff' of Aberdeen Fund Managers Limited are those employees who are considered could have a material impact on the risk profile of Aberdeen Fund Managers Limited or the AIFs it manages (including Aberdeen European Infrastructure Partners LP). This broadly includes senior management, risk takers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question.

The reporting period runs from 01/10/16 to 30/09/17 inclusive.

| Aberdeen European Infrastructure Partners LP Reporting period: 01/10/16 – 30/09/17 | Headcount | Total Remuneration €'000 | AIF or UCITS proportion €'000 ⁴ |
|----------------------------------------------------------------------------------------------|------------------|------------------------------------|------------------------------------------------------|
| Aberdeen Fund Managers Limited staff ¹ | 113 | 20,908 | 372 |
| of which | | | |
| Fixed remuneration | | 15,008 | 267 |
| Variable remuneration | | 5,900 | 105 |
| Carried Interest | | NIL | |
| Aberdeen Fund Managers Limited 'Identified Staff' ² | 120 | 5,328 | 95 |
| of which | | | |
| Senior Management ³ | 21 | 1,356 | 24 |
| Other 'Identified Staff' | 99 | 3,972 | 71 |

* unaudited

- 1 As there are a number of individuals indirectly and directly employed by Aberdeen Fund Managers Limited this figure represents an apportioned amount of the Group's total remuneration costs for fixed and variable pay, apportioned to the relevant AIF on an AUM basis, plus any carried interest paid by the AIF. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.
- 2 The Identified Staff disclosure represents total compensation of those staff of the AIFM who are fully or partly involved in the activities of the AIFM, apportioned to the estimated time relevant to the AIFM based on their time in role during the reporting period and the AIFM's proportion of the Group's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Fund Managers Limited as an AIFM was 8.31%.
- 3 Senior management are defined in this table as AIFM Directors and members of the Aberdeen Asset Management plc Board, together with its Executive Committee, Asset Management Committee, Investment Management Committee and Group Product Development Committee.
- 4 This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the AIF allocated on an AUM basis.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

STRATEGIC REPORT

For the year ended 31 December 2017

The General Partner presents its strategic report on the Fund for the year ended 31 December 2017.

Results and review of business

The total comprehensive income for the year is set out in the Statement of Comprehensive Income on page 15. The General Partner considers the performance of the Fund during the year and its financial position at the end of the year, to be in line with the long term expected performance of the project, and its prospects for the future to be satisfactory.

Principal activity

The principal activity is investment holding. There has been no change in that activity during the year.

The Fund's objective is to generate significant long-term investment yield. It aims to achieve this objective from its investment in a portfolio of PFI/PPP assets held via its Subsidiary (please see Note 5 for further information), Cooperatief Aberdeen Infrastructure B.A. ("Coop AI B.A."). The portfolio is expected to generate long-term, inflation-linked cash flows, principally driven by low-risk, availability-based contracts with government agencies.

The General Partner has responsibility for ensuring the Fund is always operated and managed under the terms of the LPA. The General Partner has delegated these responsibilities to the Investment Manager.

Principal risks and uncertainties

The key risks and uncertainties faced by the Fund are managed within the framework established for the Investment Manager. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Fund's business. These risks are discussed, and supplementary qualitative and quantitative information are provided in Note 9 to the financial statements. The Fund's liquidity risk is managed by the Investment Manager.

Key performance indicators

The Fund is a feeder vehicle in which Stichting Depositary APG Infrastructure Pool 2011 acting in its capacity as depositary of APG Infrastructure Pool 2011 and Aberdeen Asset Management Plc, to ultimately invest in a portfolio of PFI/PPP assets. Given the straightforward nature of the business, the Directors of the General Partner are of the opinion that analysis using KPI's is not necessary for the understanding of the development, performance, or position of the business.

By order of the Board,



I H Y Wong
Director

General Partner

28 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE LIMITED PARTNERS OF ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen European Infrastructure Partners LP's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in net assets attributable to the Limited Partners for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the general partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the general partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the qualifying partnership's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

INDEPENDENT AUDITOR'S REPORT

TO THE LIMITED PARTNERS OF ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP (CONTINUED)

Reporting on other information (continued)

With respect to the Strategic Report and Report of the General Partner, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the General Partner

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the General Partner for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the General Partner.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of General Partner's responsibilities in respect of the financial statements set out on page 3 and 4, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the general partner is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the general partner either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinion, has been prepared for and only for the limited partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITOR'S REPORT

TO THE LIMITED PARTNERS OF ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Adrian Peacegood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey
28 March 2018

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2017

| | <i>Notes</i> | 2017 EUR | 2016 EUR |
|------------------------------------------------------------------------------------|--------------|--------------------------|--------------------------|
| Income | | | |
| Interest income | 3 | 4,528,266 | 3,748,976 |
| Other operating income | | - | 21,000 |
| Net changes in fair value of financial assets at fair value through profit or loss | 4 | 39,982,240 | 48,531,042 |
| Net foreign exchange gain | | 425 | 902 |
| Total income | | <u>44,510,931</u> | <u>52,301,920</u> |
| Expenses | | | |
| Administration fees | | 45,992 | 48,359 |
| Audit fees | | 42,986 | 34,023 |
| Depository fees | | 53,029 | 46,654 |
| Legal and professional fees | | 143,545 | 175,986 |
| General Partner's Share | 12 | - | 2,222,222 |
| Interest expenses | | 615 | 1,009 |
| Other operating expenses | | 1,582 | 1,603 |
| Total expenses | | <u>287,749</u> | <u>2,529,856</u> |
| Profit on ordinary activities | | <u>44,223,182</u> | <u>49,772,064</u> |
| Total comprehensive income for the year | | <u><u>44,223,182</u></u> | <u><u>49,772,064</u></u> |

The notes on pages 19 to 40 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

| | <i>Notes</i> | 2017 EUR | 2016 EUR |
|----------------------------------------------------------|--------------|---------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Investment in the Subsidiary | 4 | 232,153,945 | 200,564,217 |
| Loans and receivables | | | |
| Debt securities | 6 | 60,100,000 | 60,600,000 |
| Total non-current assets | | 292,253,945 | 261,164,217 |
| Current assets | | | |
| Receivables and prepayments | 7 | 7,015,165 | 1,768,649 |
| Cash and cash equivalents | | 65,612 | 5,415,548 |
| Total current assets | | 7,080,777 | 7,184,197 |
| Total assets attributable to the Limited Partners | | 299,334,722 | 268,348,414 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income | 2.9 | 1,463,008 | - |
| Current liabilities | | | |
| Deferred income | 2.9 | 2,100,000 | - |
| Payables and accruals | 8 | 128,732 | 608,614 |
| Total current liabilities | | 2,228,732 | 608,614 |
| Total liabilities | | 3,691,740 | 608,614 |
| Net assets attributable to the Limited Partners | | 295,642,982 | 267,739,800 |
| Limited Partners' interest represented by: | | | |
| Partners' capital | | 160,821,000 | 177,141,000 |
| Partners' current accounts | | 134,821,982 | 90,598,800 |
| | | 295,642,982 | 267,739,800 |

The financial statements were authorised for issue by the Board of Directors of the General Partner of the Fund and signed on its behalf by:


I H Y Wong

Director

28 March 2018

The notes on pages 19 to 40 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE LIMITED PARTNERS

For the year ended 31 December 2017

| | Partners' Capital | Partners' current accounts | Total |
|--------------------------------------------------------------------------|------------------------------|-------------------------------------------|--------------|
| | EUR | EUR | EUR |
| As at 1 January 2016 | 156,436,797 | 40,826,736 | 197,263,533 |
| Capital contributions | 54,772,383 | - | 54,772,383 |
| Return of capital | (34,068,180) | - | (34,068,180) |
| Total comprehensive income for the year | - | 49,772,064 | 49,772,064 |
| Increase in net assets attributable to the Limited Partners | 20,704,203 | 49,772,064 | 70,476,267 |
| As at 31 December 2016 | 177,141,000 | 90,598,800 | 267,739,800 |
| Return of capital | (16,320,000) | - | (16,320,000) |
| Total comprehensive income for the year | - | 44,223,182 | 44,223,182 |
| (Decrease) / increase in net assets attributable to the Limited Partners | (16,320,000) | 44,223,182 | 27,903,182 |
| As at 31 December 2017 | 160,821,000 | 134,821,982 | 295,642,982 |

The notes on pages 19 to 40 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

| | <i>Notes</i> | 2017 EUR | 2016 EUR |
|------------------------------------------------------------------------------------|--------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Total comprehensive income for the year | | 44,223,182 | 49,772,064 |
| Net changes in fair value of financial assets at fair value through profit or loss | 4 | (39,982,240) | (48,531,042) |
| Acquisitions of financial assets held at fair value through profit or loss | 4 | - | (51,272,433) |
| Disposals of financial assets held at fair value through profit or loss | 4 | 8,392,512 | 27,519,062 |
| Acquisitions of debt securities | 6 | - | (3,500,000) |
| Repayment of debt securities | 6 | 500,000 | 10,500,000 |
| (Increase) / decrease in receivables and prepayments | | (4,618,178) | 1,146 |
| Increase in intercompany loans receivable | | (628,338) | (201,368) |
| Increase / (decrease) in payables and accruals | | 3,083,126 | (30,381) |
| Net cash flows generated from / (used in) operating activities | | 10,970,064 | (15,742,952) |
| Cash flows from financing activities | | | |
| Capital contributions received | | - | 54,772,383 |
| Return of capital | 2.8 | (16,320,000) | (34,068,180) |
| Net cash flow (used in) / generated from financing activities | | (16,320,000) | 20,704,203 |
| Net (decrease) / increase in cash and cash equivalents | | (5,349,936) | 4,961,251 |
| Cash and cash equivalents at 1 January 2017 / 2016 | | 5,415,548 | 454,297 |
| Cash and cash equivalents at 31 December 2017 / 2016 | | 65,612 | 5,415,548 |

The notes on pages 19 to 40 form part of these financial statements.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2017**

1. GENERAL INFORMATION

The Fund is established as a limited partnership under the laws of England. The address of its registered office is Bow Bells House, 1 Bread Street, London, EC4M 9HH.

The principal activity of the Fund is to invest in primary social and economic infrastructure projects in the European Union (excluding the UK) which offer investors the opportunity to earn attractive risk adjusted returns with a low correlation to economic cycles and other investment classes for its projected 25 year life.

The Fund's investment activities are managed by the General Partner who has delegated these responsibilities to the Investment Manager, with the administration delegated to the Administrator.

The Fund's capital is represented by the net assets attributable to the Limited Partners.

Coop AI B.A. is the Subsidiary which the Fund has invested in. Aberdeen Infrastructure (HoldCo) B.V. ("AI (HoldCo) B.V.") is the subsidiary held by Coop AI B.A. (collectively the "Subsidiaries").

These financial statements were authorised for issue by the Board of Directors of the General Partner of the Fund on 28 March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with applicable law (i.e. the Companies Act 2006 as applied to limited partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), the LPA and International Financial Reporting Standards as adopted by the European Union. The General Partner has considered the presentational requirements of the UK Companies Act 2006 and amended the format so that the financial statements present each line item in a manner that reflects its nature. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis which assumes that the Fund will continue in operational existence for the foreseeable future. The General Partner is satisfied that it operates in such a way to ensure the Fund will continue to be a going concern, given its expected future cash flows from investing activities and its ability to call undrawn commitments (Note 14).

The Fund meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investment in the Subsidiary at fair value through profit and loss.

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the General Partner to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards and amendments to existing standards effective 1 January 2017

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Fund's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued on 24 July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the IFRS 9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The effective date in place for IFRS 9 is 1 January 2018. IFRS 9 also introduces a new expected credit loss impairment model. No material impact is expected from the application of the new impairment model. Pursuant to the issue and impending adoption of IFRS 9 (Financial Instruments), management have assessed the current classification of the financial instruments disclosed in the financial statements and have concluded that no change is required to be made as the classification of financial instruments as they currently stand is in line with the new standards recommendations.

IFRS 15, 'Revenue from Contracts with Customers', specifies how a company should recognise revenue, as well as requiring those companies to provide users of financial statements with more informative and relevant disclosures. It will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard provides a single, principles based five-step model to be applied to all contracts with customers. Pursuant to the issue and impending adoption of IFRS 15 (Revenue from Contracts with Customers), management have assessed the income streams disclosed in the financial statements and have concluded that no change is required to be made as the recognition methodology of income as it currently stands is in line with the new standards recommendations.

2.2 Investment entity

2.2.1. Investment entity

The Fund has multiple unrelated investors and holds multiple investments. Ownership interests in the Fund are in the form of limited partnership interests which are classified as liabilities under the provisions of IAS 32. The General Partner has determined that the Fund meets the definition of an investment entity per IFRS 10 as the following conditions exist:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Investment entity (continued)

2.2.1. Investment entity (continued)

- a) The Fund has obtained funds for the purpose of providing investors investment with professional investment management services;
- b) The Fund's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
- c) The investments are measured and evaluated on a fair value basis.

2.2.1.1 Investment entity status

In determining the Fund's status as an investment entity in accordance with IFRS 10, the General Partner considered the following:

- a) The Fund has raised commitments from a number of investors in order to raise capital to invest in infrastructure investments and to provide the investors with investment management services with respect to these infrastructure investments;
- b) The Fund intends to generate capital and income returns from its infrastructure investments which will, in turn, be distributed in accordance with the LPA to the Limited Partners; and
- c) The Fund evaluates its infrastructure investments' performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Fund met all three defining criteria, the General Partner has also assessed the business purpose of the Fund, the investment strategies for the infrastructure investments, the nature of any earnings from the infrastructure investments and the fair value models. The General Partner made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Fund.

2.2.2 Subsidiaries

Where the Fund is deemed to control an underlying portfolio company either directly or indirectly through a holding company subsidiary and whether the control be via voting rights or through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are not consolidated and are instead reflected at fair value through the profit or loss. As at 31 December 2017, the Fund is directly invested in one such portfolio company.

The Fund does not have any other direct subsidiaries other than those determined to be investment entities. Investment entity subsidiary investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10.

The Fund operates as an investment structure whereby the Fund (via its subsidiaries) invests and commits to invest into various portfolio companies through the Subsidiaries (described above). As at 31 December 2017, there were no outstanding capital commitment obligations with respect to specific portfolio company acquisitions and no amounts due to the portfolio companies for unsettled purchases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Investment entity (continued)

2.2.2 Subsidiaries (continued)

The Fund primarily invests into the portfolio companies by purchasing, indirectly through its investment entity subsidiaries, the ordinary equity and subordinated loan notes of these private finance initiative companies. The portfolio companies pay cash interest or accrue interest on the debt held by the investment entity subsidiaries, and repay debt based on the terms of the respective agreements. Cash dividends may be paid based on the portfolio company's operating results and are at the discretion of the Board of Directors of the respective portfolio companies which are then paid up to the Fund directly or through the relevant holding company. There are no amounts due or accrued for preferred dividend or in-kind returns based on any of the shareholder agreements.

Movements in the fair value of the Fund's underlying portfolio companies held via the investment entity subsidiaries and the existence of unfunded commitments may expose the Fund to potential gains or losses.

2.3 Foreign currency translation

(a) Functional and presentation currency

The operating and investing activities of the Fund are denominated in Euro. As such the performance of the Fund is measured and reported in Euro. The General Partner considers Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. The financial statements are presented in Euro, the Fund's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

Financial assets and financial liabilities are classified as held for trading or designated as at fair value through profit or loss by the General Partner at inception:

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

The Fund did not hold any financial assets or liabilities held for trading as at 31 December 2017 or 31 December 2016.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

The Fund's policy requires the Investment Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'Net changes in fair value of financial assets and liabilities at fair value through profit or loss' in the period in which they arise.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund's valuation technique for determining the fair value of its investment in the Subsidiary is the net present value of estimated future cash flows based on a discounted cash flow model.

The discounted cash flow model considers the total equity and debt investment made into the portfolio companies indirectly through the Fund's Subsidiaries. The value of the investment in the Subsidiary is represented by the residual value after the debt (which is accounted for as loans and receivables) is removed from the model and where portfolio investments are held through subsidiary holding companies, the net assets of the holding company are added to the value of the portfolio investment being assessed to produce the fair value of the holding company held by the Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and financial liabilities at fair value through profit or loss (continued)

(c) Fair value estimation (continued)

The discount rate used by the Fund is based on the risk-free rate of the economic environment in which portfolio companies operate and is adjusted with other factors such as liquidity, credit and market risk factors. The cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the portfolio companies.

2.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (i) those that the Fund intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; or
- (ii) those that the Fund upon initial recognition designates as available for sale; or
- (iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the Statement of Financial Position as 'Debt securities' and are representative of the debt that has been issued by the indirect subsidiary AI (HoldCo) B.V. and acquired by the Fund. Interest on loans is included in the Statement of Comprehensive Income and is reported as 'Interest income'. In case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the Statement of Comprehensive Income as 'Impairment to loans and receivables'. If in a subsequent period, there is objective evidence that the Fund will be able to collect all debt securities, the impairment to loans and receivables is reversed through the Statement of Comprehensive Income.

A provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due to be received. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or a fund of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest rate method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument - or, when appropriate, a shorter period - to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the General Partner estimates cash flows considering all contractual calculations which include all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.6 Receivables and prepayments

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Prepayments are amounts paid in advance and amortised over the relevant period.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash balances that are freely available and other short-term highly liquid investments with an original maturity of three months or less, and bank overdraft. As at 31 December 2017 and 31 December 2016, the carrying amounts of cash and cash equivalents approximate their fair value.

2.8 Distributions payable to the Limited Partners

Proposed distributions to the Limited Partners are recognised in the Statement of Comprehensive Income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when a proposed distribution is ratified at a General Partner's meeting. The distribution is recognised as a finance cost in the Statement of Comprehensive Income. Any capital returned is recognised in the Statement of Changes in Net Assets Attributable to the Limited Partners. Subject to Clause 10 of the LPA, all income and capital proceeds of the Fund shall be distributed between the Partners in order of priority (after payment of expenses and liabilities of the Fund) in accordance with Clause 14.1 of the LPA.

2.9 Payables and accruals and deferred income

Payables and accruals are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged or cancelled or expires. Deferred income relating to General Partner's Share is credited to the Statement of Comprehensive Income as the services are provided by the General Partner.

2.10 Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and debt securities at amortised cost.

2.11 Expense

Expenses are recognised on an accruals basis.

2.12 Taxation

The Fund is domiciled in England. Under the current laws of England, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. Any other tax liability arising on the activities of the Fund will be borne by the individual partners.

2.13 Net assets attributable to the Limited Partners

Ownership interests in the Fund are in the form of an interest in the net assets attributable to the Limited Partners. Net assets attributable to the Limited Partners are classified as a financial liability, due to a finite life and contractual payment provisions to each of the Limited Partners within the LPA.

Net assets attributable to Limited Partners' capital are carried at amortised cost.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 General Partner's Share

Under Clause 9 of the LPA, the General Partner shall be entitled to receive from the Fund an allocation as a first charge on net income and capital gains by way of a General Partner's Share ("GPS").

The GPS payables shall be reduced by deducting transaction fees, investment related fees, directors' fee etc., earned by the General Partner, Investment Manager or associates of either of them.

Further details on GPS is disclosed in Note 12.

2.15 Allocation of profits and losses

- a) Subject to clause 9.5(c) of the LPA, every Limited Partner has an interest in every asset of the Fund and, accordingly, all Income, Capital Gains and Capital Losses shall (after the allocation of the General Partner's Share) be allocated to the Partners so that the balances on their accounts shall reflect their respective entitlements to receive distributions in accordance with the provisions of Clause 10.1.
- b) If a particular allocation of Capital Gain and/or Income is assumed in computing the Tax Credits available to the Partners for the purpose of calculating when each Partner has received sums equal to the aggregate of amounts under Clause 10.1 then, notwithstanding any other provision of this Clause 9.5, such Capital Gain and/or Income shall be allocated in accordance with that assumption.
- c) The Investment Manager may in its discretion, allocate items of Income, Capital Gains, Capital Losses and Expenses to particular Investors up to the maximum amount available, with corresponding adjustments to the allocation of the other items.

Net income, net losses, capital gains and losses allocated to each Limited Partner shall be credited or debited to the Limited Partner's income or capital account. Accordingly, the General Partner has determined that all net increases or decreases on assets and liabilities categorised as fair value through profit or loss, will be booked through the capital account.

2.16 Undrawn committed capital

Undrawn committed capital from the Limited Partners is not shown on the Statement of Financial Position, as undrawn committed capital represents a loan commitment that is scoped out of IAS 39.

3. INTEREST INCOME

| | 2017 EUR | 2016 EUR |
|----------------------|---------------------|---------------------|
| From debt securities | 4,528,266 | 3,748,976 |

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net changes in financial assets at fair value through profit or loss

| | 2017 EUR | 2016 EUR |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|
| As at 1 January | 200,564,217 | 128,279,804 |
| Acquisitions | - | 51,272,433 |
| Disposals | (8,392,512) | (27,519,062) |
| Net changes in fair value of financial assets at fair value through profit or loss | 39,982,240 | 48,531,042 |
| As at 31 December | 232,153,945 | 200,564,217 |
| Change in unrealised gain for Level 3 assets held as at year end and included in net changes in fair value of financial assets at fair value through profit or loss | 39,982,240 | 48,531,042 |

| | 2017 Fair value EUR | % of net assets | 2016 Fair value EUR | % of net assets |
|------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| Investment in the Subsidiary | 232,153,945 | 78.53 | 200,564,217 | 74.91 |

5. SUBSIDIARIES

The Fund operates as an integrated structure whereby the Fund invests solely into the Subsidiaries. Total investments made by the Fund into the Subsidiary during the year ended 31 December 2017 were EURnil (2016: EUR51,272,433). Total investments made by the Fund into the indirect subsidiary amounted to EURnil (2016: EUR3,500,000). As at 31 December 2017 and 31 December 2016 there were no capital commitment obligations and no amounts due to the Subsidiaries for unsettled purchases.

The Subsidiaries of the Fund are as follows:

Investment in the Subsidiary held by the Fund

| Subsidiary | Address of the registered office | Principal activity | Date of incorporation | Country of incorporation | Holding % |
|--------------|--------------------------------------------------------------------------------------------|-----------------------|-----------------------|--------------------------|-----------|
| Coop AI B.A. | Strawinskylaan 303, WTC A-Tower, 3rd Floor, 1077 XX Amsterdam, The Netherlands | Investment holding | 25 June 2012 | Netherlands | 100 |

Subsidiary held through Coop AI B.A.

| | | | | | |
|---------------------|--------------------------------------------------------------------------------------------|-----------------------|--------------|-------------|-----|
| AI (HoldCo) B.V. | Strawinskylaan 303, WTC A-Tower, 3rd Floor, 1077 XX Amsterdam, The Netherlands | Investment holding | 19 July 2011 | Netherlands | 100 |
|---------------------|--------------------------------------------------------------------------------------------|-----------------------|--------------|-------------|-----|

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
For the year ended 31 December 2017**6. LOANS AND RECEIVABLES**

| | 2017 EUR | 2016 EUR |
|------------------------------------|---------------------|---------------------|
| Debt securities | 60,100,000 | 60,600,000 |
| Movement in debt securities | | |
| | 2017 EUR | 2016 EUR |
| As at 1 January | 60,600,000 | 67,600,000 |
| Acquisitions | - | 3,500,000 |
| Loan repayments | (500,000) | (10,500,000) |
| As at 31 December | 60,100,000 | 60,600,000 |

As at 31 December 2017 and 31 December 2016, the carrying amounts of the loans and receivables approximate their fair value.

7. RECEIVABLES AND PREPAYMENTS

| | 2017 EUR | 2016 EUR |
|-----------------------------------------------------------|---------------------|---------------------|
| Intercompany loan - Aberdeen Infrastructure (Holdco) B.V. | 2,396,987 | 1,768,649 |
| General Partner's Share | 4,618,178 | - |
| | 7,015,165 | 1,768,649 |

The intercompany loans with Aberdeen Infrastructure (Holdco) B.V. which were short-term loans to cover expenses of the Subsidiary are repayable on demand and do not incur interest.

As at 31 December 2017 and 31 December 2016, the carrying amounts of receivables and prepayments approximate their fair value.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2017**

8. PAYABLES AND ACCRUALS

| | 2017 EUR | 2016 EUR |
|-----------------------------|---------------------|---------------------|
| General Partner's Share | - | 535,556 |
| Administration fees | 11,097 | 11,806 |
| Audit fees | 36,655 | 32,216 |
| Depository fees | 26,908 | 22,569 |
| Legal and professional fees | 54,072 | - |
| Other operating expenses | - | 6,467 |
| | 128,732 | 608,614 |

As at 31 December 2017 and 31 December 2016, the carrying amounts of payables and accruals approximate their fair value.

9. FINANCIAL RISK MANAGEMENT

The objective of the Fund's financial risk management is to manage and control the risk exposures of its investment portfolio. The General Partner has overall responsibility for overseeing the management of financial risks. The review and management of financial risks are performed by the Investment Manager, which has documented procedures designed to identify, monitor and manage the financial risks to which the Fund is exposed. This note presents information about the Fund's exposure to financial risks, its objectives, policies and processes for managing risk and the Fund's management of its financial resources.

The Fund, through its Subsidiaries owns a portfolio of investments predominantly in the subordinated loan notes (subordinate to senior debt) and ordinary equity of PFI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Fund primarily focuses its risk management on the direct financial risks of acquiring and holding the portfolios, but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies and the receipt of regular financial and operational performance reports.

9.1 Financial risk factors

9.1.1 Market risk

Market risk is defined as the potential loss in value or earnings of the Fund arising from changes in external market factors such as:

- interest rates (interest rate risk);
- foreign exchange rates (currency risk); and
- equity markets (other price risk).

The investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Fund has an Investment Manager who provides the General Partner with investment recommendations. The Investment Manager's recommendations are reviewed by the General Partner before the investment decisions are implemented.

The performance of the investments held by the Fund are monitored by the Investment Manager on a monthly basis and reviewed by the General Partner on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017****9. FINANCIAL RISK MANAGEMENT (CONTINUED)****9.1 Financial risk factors (continued)****9.1.1 Market rate risk (continued)****(a) Price risk**

Returns from the Fund's investments are affected by the price at which they are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

Price risk arises from the Fund's exposure to investment in the Subsidiary. The Fund undertakes a full assessment of each entity's potential for value creation prior to entering into a new transaction. Thereafter, the performance of each investment is continually monitored and action taken as deemed appropriate in the circumstances. Further information about the Fund's sensitivity to changes in the fair value of its investment in the Subsidiary is set out below.

At the reporting date the carrying value of the investment in the Subsidiary amounted to EUR232,153,945 (2016: EUR200,564,217). For investments carried at fair value through profit or loss, changes in fair value would have a direct impact on total comprehensive income for the year. The table below sets out the sensitivity of total comprehensive income for the year to a 10% change in fair value of its investment in the Subsidiary as at the Statement of Financial Position date.

Effect of investment in the Subsidiary fair values on total comprehensive income for the year:

| | 2017 EUR | 2016 EUR |
|-----------------------------------------------------------------------------|---------------------|---------------------|
| Effective of 10% increase in fair value of the investment in the Subsidiary | 23,215,395 | 20,056,422 |
| Effective of 10% decrease in fair value of the investment in the Subsidiary | (23,215,395) | (20,056,422) |

(b) Currency risk

The Subsidiary in which the Fund invests conducts its business and pays interest, dividends and principal in Euro. The Fund monitors its foreign exchange exposures using its near-term and long-term cash flow forecasts. The Fund's policy is not to use foreign exchange hedging. The Fund's liabilities denominated in Pound Sterling at their carrying amount are summarised below:

| Liabilities | 2017 EUR | 2016 EUR |
|-----------------------|---------------------|---------------------|
| Pound Sterling | | |
| Monetary liabilities | 101,823 | 50,489 |

The table below summarises the sensitivity of the Fund's monetary liabilities to changes in foreign exchange movements at 31 December 2017 and 2016. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to Euro, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017****9. FINANCIAL RISK MANAGEMENT (CONTINUED)****9.1 Financial risk factors (continued)****9.1.1 Market rate risk (continued)****(b) Currency risk (continued)**

| | 2017 | 2016 |
|-----------------------|-------------|-------------|
| | EUR | EUR |
| Liabilities | | |
| Pound Sterling | | |
| Monetary liabilities | 5,091 | 2,524 |

As at 31 December 2017, the foreign currency exchange rate applied was EUR/GBP 0.8877 (2016: EUR/GBP 0.8536).

(c) Interest rate risk

The Fund has an indirect exposure to changes in interest rates through its investment in project companies, which are in part financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt or fixed interest rate bonds. Where senior debt is financed through floating rate debt, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors.

The Fund, through its Subsidiaries invests in subordinated loan notes (subordinate to senior debt) of project companies, usually with fixed and variable interest rate coupons. Where floating rate debt is owned, the primary risk is that the Fund's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecast both over the near future and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from investments.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Fund holds debt securities that expose the Fund to fair value interest rate risk. The Fund's policy requires the Investment Manager to manage this risk by reviewing fluctuations of the interest rate sensitivity gap of financial assets and liabilities on a quarterly basis and the Investment Manager of the Fund to review on a quarterly basis.

If interest rates on debt securities had been higher or lower on average by 75 basis points over the year, with all other variables held constant, the increase or decrease in net assets attributable to the Limited Partners would have been EUR450,750 (2016: EUR267,377). The Fund considers that 75 basis points is the maximum exposure to a decrease or increase in interest rates that could occur in the foreseeable future, although unlikely.

(d) Inflation risk

The Fund's project companies are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation, where possible, to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The Fund's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes do not always immediately flow through to the Fund's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017****9. FINANCIAL RISK MANAGEMENT (CONTINUED)****9.1 Financial risk factors (continued)****9.1.2 Credit risk**

Credit risk is the risk that a counterparty of the Fund will be unable or unwilling to meet a commitment that it has entered into with the Fund. The Fund has invested in the indirect subsidiary, AI (HoldCo) B.V.. The Fund's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecasts are project companies' cash flow models, which are regularly updated by project companies for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. Many of the Fund's investments and their subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Fund's revenue arises from counterparties of good financial standing.

The Fund is also reliant on the projects' subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Fund has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed and the risk of default estimated for each significant counterparty position. Monitoring is ongoing and period end positions are reported to the Investment Manager on a quarterly basis.

No classes within loans and receivables or trade and other receivables contain impaired assets. The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position and as set out below:

| | 2017 EUR | 2016 EUR |
|---------------------------|---------------------|---------------------|
| Debt securities | 60,100,000 | 60,600,000 |
| Receivables | 7,015,165 | 1,768,649 |
| Cash and cash equivalents | 65,612 | 5,415,548 |
| Total | <u>67,180,777</u> | <u>67,784,197</u> |

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. However, this risk is spread over 4 debt securities of different investments.

Cash transactions are limited to Lloyds Bank which is a subsidiary of a financial institution with a long term debt credit rating of A (2016: A) and Barclays Bank with a long term debt credit rating of A as rated by the rating agency, Standard & Poor's. All debt investments represent private debt investments executed in accordance with the investment objective of the Fund.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit risk exposure on a monthly basis, and the General Partner reviews it on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017****9. FINANCIAL RISK MANAGEMENT (CONTINUED)****9.1 Financial risk factors (continued)****9.1.3 Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Fund's activity is funded by long-term funding, as it is closed ended and hence investors do not have the option to redeem their investment in the Fund. The Fund is exposed to limited liquidity risk. The Fund's liquidity risk management is delegated to the Investment Manager.

The Fund's investments are generally in private companies in which there is no listed market and, therefore, such investment would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Fund's investment companies have borrowings which rank senior to the Fund's own investments in these project companies. The senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Fund.

The Fund manages its liquidity risk by a combination of (i) contractual uncalled committed capital, which can be called with 14 days notice and used to fund investments and pay management fees and (ii) maintaining cash levels to fund short term operating expenses. As at 31 December 2017 the amount for undrawn commitments was EUR7,287,791 (2016: EUR7,287,791), including a recallable return of capital EUR2,024,193 (2016:EUR2,024,193).

The Fund operates as an investment structure whereby the Fund invests and commits to invest into various portfolio companies indirectly through its subsidiaries. As at 31 December 2017 and 31 December 2016, there were no outstanding capital commitment obligations with respect to specific portfolio company acquisitions and no amounts due to the portfolio companies for unsettled purchases.

The following table illustrates the expected liquidity of assets held and undrawn capital commitments:

| As at 31 December 2017 | Undrawn capital commitments EUR | Less than 1 month EUR | 1-12 months EUR | More than 12 months EUR |
|----------------------------------------------|----------------------------------------------------|--------------------------------------|----------------------------|----------------------------------------|
| Total assets and undrawn capital commitments | 7,287,791 | - | 7,080,777 | 292,253,945 |
| As at 31 December 2016 | | | | |
| Total assets and undrawn capital commitments | 7,287,791 | - | 7,184,197 | 261,164,217 |

The amounts in the table are the contractual undiscounted cash flows.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.1 Financial risk factors (continued)

9.1.3 Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. At present the Fund has no immediate plans to exit any of its positions in its portfolio of investments. When the General Partner is of the view that the disposal of certain investments is relatively certain; the associated net assets attributable to the partners, in so far as they may be distributed, will be disclosed in the appropriate liquidity category as noted below.

| | On demand EUR | Less than 1 year EUR | Between 1 and 3 years EUR | More than 3 years EUR | Total EUR |
|----------------------------------------------------|------------------------------|-------------------------------------|------------------------------------------|--------------------------------------|----------------------|
| As at 31 December 2017 | | | | | |
| Liabilities | | | | | |
| Deferred income | - | 2,100,000 | 1,463,008 | - | 3,563,008 |
| Payables and accruals | - | 128,732 | - | - | 128,732 |
| Net assets attributable to the Limited Partners | - | - | - | 295,642,982 | 295,642,982 |
| | - | 2,228,732 | 1,463,008 | 295,642,982 | 299,334,722 |
| As at 31 December 2016 | | | | | |
| Liabilities | | | | | |
| Payables and accruals | - | 608,614 | - | - | 608,614 |
| Net assets attributable to the Limited Partners | - | - | - | 267,739,800 | 267,739,800 |
| | - | 608,614 | - | 267,739,800 | 268,348,414 |

9.2 Capital risk management

The capital structure of the Fund consists of partners' capital and partners' current accounts.

The General Partner's policy when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the Limited Partners and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Fund may call undrawn capital from the Limited Partners or raise medium/long-term third party debt. Neither the Fund nor any of its Subsidiaries are subject to externally imposed capital requirements.

There were no changes in the Fund's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017****9. FINANCIAL RISK MANAGEMENT (CONTINUED)****9.3 Fair value estimation**

As at 31 December 2017, 100% (2016: 100%) of financial assets at fair value through profit or loss comprise of the investment in the Subsidiary that has been fair valued in accordance with the policies set out above. The Subsidiaries are not publicly traded; prior to maturity, an exit can only be made by the Fund through a sale of its investment and commitment in the Subsidiaries through a secondary market. As set out in the LPA, the Fund's objective is to acquire investments with the intention to recover the capital invested through distributions received from the Subsidiaries funded through their realisation of their private equity, debt or infrastructure investment positions. As a result, the carrying value of the Subsidiaries may be significantly different from the value ultimately realised on an exit via a secondary market sale. It is not the objective nor intention of the Fund to exit the Subsidiaries in the secondary market sale.

As the Subsidiaries are not traded on an active market, and their fair values are determined using valuation techniques, the value is primarily based on the latest available financial statements of the Subsidiaries as reported by the Administrator of the Subsidiaries. The Fund may make adjustments to the value based on considerations such as: the underlying investments of the Subsidiaries, the value date of the net asset value provided, cash flows since the last value date, geographic and sector exposures, market movements and the basis of accounting of the underlying Subsidiaries.

Fair value hierarchy

The fair value hierarchy consists of the following three levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' input requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.3 Fair value estimation (continued)

The following table analyses, within the fair value hierarchy, the Fund's investments measured at fair value:

| | Level 1 EUR | Level 2 EUR | Level 3 EUR | Total EUR |
|-------------------------------|----------------|----------------|----------------|--------------|
| As at 31 December 2017 | | | | |
| Investment in the Subsidiary | - | - | 232,153,945 | 232,153,945 |
| As at 31 December 2016 | | | | |
| Investment in the Subsidiary | - | - | 200,564,217 | 200,564,217 |

There were no transfers between Level 1 and Level 2 during the year. Reconciliations of Level 3 balances are disclosed in the relevant notes as indicated below. The effect of different economic assumptions on the fair value of the Level 3 assets is disclosed in this note.

Level 3 is comprised of the investment in the Subsidiary held by the Fund that is not quoted on an active market.

Valuation – the Subsidiary

In determining the fair value of the Subsidiary, the Fund relies on the valuation as reported in the latest available financial statements provided by the Subsidiary's Administrator.

The Investment Manager is responsible for monitoring the performance of the Subsidiary and reporting such performance to the General Partner. Where the information provided by the Subsidiary's Administrator is not considered appropriate by the Investment Manager and General Partner, the Investment Manager will make amendments to the NAV obtained as noted above in order to recommend a carrying value that more appropriately reflects the fair value at the Fund reporting date. The General Partner receives such recommendations from the Investment Manager and is responsible for approving the final valuation of the underlying Subsidiary.

The following summarises the valuation techniques and input used for investment in the Subsidiary categorised in Level 3 as at 31 December 2017 and 2016.

| | Fair value EUR | Valuation technique | Significant unobservable input | Range of discount rate applied |
|-------------------------------|-------------------|---------------------------------------------------------------|----------------------------------------|--------------------------------------|
| As at 31 December 2017 | | | | |
| Investment in the Subsidiary | 232,153,945 | Discounted cash flow | Discount rate | 8.00%-9.35% |
| | | Reasonable possible shift (absolute value) | Change in valuation EUR | |
| Investment in the Subsidiary | | 5% movement in discount rate | 10,178,169 | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.3 Fair value estimation (continued)

| | Fair value EUR | Valuation technique | Significant unobservable input | Range of discount rate applied |
|-------------------------------|---------------------------|---------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| As at 31 December 2016 | | | | |
| Investment in the Subsidiary | 200,564,217 | Discounted cash flow | Discount rate | 8.75%-10.25% |
| | | Reasonable possible shift (absolute value) | Change in valuation EUR | |
| Investment in the Subsidiary | | 5% movement in discount rate | 10,234,045 | |

The change in valuation disclosed in the above table shows the direction a decrease in the respective input variable would have on the valuation result. For the investment in the Subsidiary, decreases in cost of capital would lead to an increase in estimated value.

No interrelationships between unobservable input used in the Fund's valuation of its Level 3 investment in the Subsidiary have been identified.

The Fund has recognised unrealised gains of EUR39,982,240 (2016: EUR48,531,042) on its Level 3 investments, these are included in the statement of comprehensive income as net changes in fair value of financial assets through profit or loss.

9.4 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period. There were no such transfers in the current reporting period.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The General Partner makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

(a) Fair value of the investment in the Subsidiary

The Fund may, from time to time, indirectly hold financial instruments that are not quoted in active markets such as the investment in the Subsidiary. Fair values of such instruments are determined by using valuation techniques (see Note 9.3). Where valuation techniques are used to determine fair values, they are periodically validated and reviewed by the Investment Manager and approved by the General Partner.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Debt securities

Debt securities are not quoted in an active market and are accounted for at amortised cost. The Directors of the General Partner assess the recoverability of these debt securities through the use of cash flow models of the underlying entities held by Aberdeen Infrastructure (Holdco) B.V. (see Note 9.3). As at the year-end, management consider the carrying amounts of the debt securities to approximate their fair value.

(c) Investment entity status

The Fund has determined that it meets the definition of an investment entity. An investment entity is defined as an entity that:

- (i) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Although the Fund met all three defining criteria, the General Partner has also assessed the business purpose of the Fund, the investment strategies, the nature of any earnings and the fair value models of its investments. The General Partner made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Fund.

(d) Coop AI B.A.

The Fund controls 100% of the voting rights and ownership interests in Coop AI B.A.

Per IFRS 10, there is a requirement for the General Partner to assess whether the Subsidiary is itself an Investment Entity. The General Partner has performed this assessment and has concluded that the Subsidiary is itself an Investment Entity for the reasons below:

- (i) The Subsidiary has obtained funds for the purpose of investing in equity or other similar interests in multiple investments and providing the Fund and its investors with returns from capital appreciation and investment income.
- (ii) The performance of investments made through the Subsidiary is measured and evaluated on a fair value basis.

Furthermore, the Subsidiary is itself not deemed to be an operating entity providing services to the Fund, and therefore the Fund is able to apply the exception to consolidation.

Movements in the fair value of the Subsidiary's portfolio and corresponding movements in the fair value of the Subsidiary may expose the Fund to a loss.

ABERDEEN EUROPEAN INFRASTRUCTURE PARTNERS LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2017**

11. FINANCIAL INSTRUMENTS BY CATEGORY

| | Loans and receivables EUR | Designated at fair value through profit or loss EUR | Total |
|-------------------------------|------------------------------------------|----------------------------------------------------------------------------|--------------------|
| As at 31 December 2017 | | | |
| Assets | | | |
| Investment in the Subsidiary | - | 232,153,945 | 232,153,945 |
| Debt securities | 60,100,000 | - | 60,100,000 |
| Receivables | 7,015,165 | - | 7,015,165 |
| Cash and cash equivalents | 65,612 | - | 65,612 |
| | <u>67,180,777</u> | <u>232,153,945</u> | <u>299,334,722</u> |

| | Loans and receivables EUR | Designated at fair value through profit or loss EUR | Total EUR |
|------------------------------|------------------------------------------|----------------------------------------------------------------------------|----------------------|
| As at December 2016 | | | |
| Assets | | | |
| Investment in the Subsidiary | - | 200,564,217 | 200,564,217 |
| Debt securities | 60,600,000 | - | 60,600,000 |
| Receivables | 1,768,649 | - | 1,768,649 |
| Cash and cash equivalents | 5,415,548 | - | 5,415,548 |
| | <u>67,784,197</u> | <u>200,564,217</u> | <u>268,348,414</u> |

| | Other financial liabilities at amortised cost EUR | Liabilities at fair value through profit or loss EUR | Total EUR |
|----------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------|
| As at December 2017 | | | |
| Liabilities | | | |
| Deferred income | 3,563,008 | - | 3,563,008 |
| Payables and accruals | 128,732 | - | 128,732 |
| | <u></u> | <u></u> | <u></u> |

| | | | |
|-------------------------------|---------|---------|---------|
| As at 31 December 2016 | | | |
| Liabilities | | | |
| Payables and accruals | 608,614 | - | 608,614 |
| | <u></u> | <u></u> | <u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

12. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As disclosed in the LPA, the General Partner is entitled to receive the General Partner's Share, which is calculated as a percentage of total investment acquisition cost during the period. Currently, the investment related fee income is in excess of the GP share accrual leaving a balance receivable from the LP of EURnil (2016: EUR535,556).

During the year, the General Partner charged EURnil (2016: EUR2,222,222) in respect of General Partner's Share, of which EURnil (2016: EUR535,556) was outstanding at the end of the year. This is due to an offset of investment related fees received by the underlying project companies in AI (Holdco) B.V.. However due to these fees exceeding the current year General Partner Share Charge, the GPS has been reduced to nil with the remaining balance being credited to deferred income. This amount will be released through the profit and loss account in subsequent periods in line with clause 9.2 (c) of the LPA.

Intercompany loans are disclosed in Note 6 and 7.

13. ULTIMATE CONTROLLING PARTY

The Directors of the General Partner do not consider there to be any one ultimate controlling party.

14. UNDRAWN COMMITMENTS

As at 31 December 2017 the Fund had undrawn commitments from the Limited Partners of EUR7,287,791 (2016: EUR7,287,791), including a recallable return of capital EUR2,024,193 (2016: EUR 2,024,193).

15. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 28 March 2018, the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.