

**Aberdeen Infrastructure GP
II Limited**

**Annual Report and Audited
Financial Statements**

For the year ended 31 December 2018

Company Number 9168490

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ABERDEEN INFRASTRUCTURE GP II LIMITED

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ABERDEEN INFRASTRUCTURE GP II LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	M S Amin G D Cohen I H-Y Wong
REGISTERED OFFICE:	Bow Belts House 1 Bread Street London EC4M 9HH
ADMINISTRATOR AND SECRETARY:	Apex Fund and Corporate Services (Guernsey) Limited (previously called Ipes (Guernsey) Limited)* 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
INDEPENDENT AUDITORS:	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
BANKER:	Lloyds Bank International Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 4EF
INVESTMENT MANAGER:	Aberdeen Standard Fund Managers Limited Bow Belts House 1 Bread Street London EC4M 9HH

*With effect from 18 April 2019, Ipes (Guernsey) Limited changed its name to Apex Fund and Corporate Services (Guernsey) Limited.

ABERDEEN INFRASTRUCTURE GP II LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2018

The Directors present their annual report and audited financial statements for Aberdeen Infrastructure GP II Limited (the "Company") for the year ended 31 December 2018.

The Company qualifies as a small company in accordance with Sections 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 the 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 41B 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 Infrastructure Partners II LP ("AIP II LP" or the "Fund"). The Company remains committed to the business of the Fund and will continue to act as General Partner in the future. The Company is a subsidiary of Standard Life Aberdeen PLC ("SLA PLC" or, together with its subsidiaries, "the Standard Life Aberdeen Group").

Principal risk and uncertainties

SLA PLC, 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 both the Company which are also common to SLA PLC. Further details on each of the risks, together with how they link to our 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 risks: IT failure and security including cyber risk; third party oversight; and process execution failure.

Brexit

Recent and ongoing developments in relation to Brexit means there is continued political uncertainty over the timetable and terms on which the UK will leave the EU. The Directors, in conjunction with the Investment Manager, will continue to follow developments closely and assess their implications in relation to contingency planning. It is not currently expected that Brexit will have a material impact on the financial results or operations performed by the Company.

Key performance indicators

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

Business review

The Company's total comprehensive income for the year was GBP nil (2017: GBP nil) and no dividends were paid during the year (2017: GBP nil).

Directors

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

ABERDEEN INFRASTRUCTURE GP II LIMITED

REPORT OF THE DIRECTORS (CONTINUED) **For the year ended 31 December 2018**

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

KPMG Channel Islands Limited have indicated their willingness to continue in office. A resolution to re-appoint the Independent Auditor will be put forward at the forthcoming Annual General Meeting.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board,



I H Y Wong

Director

Date: 18 September 2019

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

Opinion

We have audited the financial statements of Aberdeen Infrastructure GP II Limited ("the company") which comprise the Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended 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 2018 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 a year 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
- the financial statements are not in agreement with the accounting records; 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 INFRASTRUCTURE GP II LIMITED**

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.



Rachid Frihmat (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

19 September 2019

ABERDEEN INFRASTRUCTURE GP II LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2018**

	<i>Notes</i>	2018 GBP	2017 GBP
Income			
Bank interest income		1,668	202
General Partner's Share		660,239	650,916
Gain on foreign exchange		-	-
Total income		<u>661,907</u>	<u>651,118</u>
Expenses			
Administration fees		10,048	12,500
Audit remuneration	3	5,400	5,500
Management fees		646,389	638,060
Other operating expenses		70	40
Professional fees		-	(4,982)
Total expenses		<u>661,907</u>	<u>651,118</u>
Profit on ordinary activities before tax		-	-
Tax		-	-
Profit on ordinary activities after tax		<u>-</u>	<u>-</u>

The notes on pages 9 to 12 form part of these financial statements.

ABERDEEN INFRASTRUCTURE GP II LIMITED**STATEMENT OF FINANCIAL POSITION
As at 31 December 2018**

	<i>Notes</i>	2018 GBP	2017 GBP
Assets			
Current assets			
Cash and cash equivalents		1,828,525	1,187,821
Receivables	4	166,171	164,215
Total current assets		1,994,696	1,352,036
Total assets		1,994,696	1,352,036
Equity and liabilities			
Equity			
Share capital	6	2	2
Retained earnings		-	-
Total equity		2	2
Liabilities			
Current liabilities			
Payables and accruals	5	1,994,694	1,352,034
Total current liabilities		1,994,694	1,352,034
Total equity and liabilities		1,994,696	1,352,036

The financial statements were authorised for issue by the Board of Directors of the Company on 18 September 2019 and signed on its behalf by:



I H Y Wong
Director
Date: 18 September 2019

The notes on pages 9 to 12 form part of these financial statements.

ABERDEEN INFRASTRUCTURE GP II LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital GBP	Retained earnings GBP	Total equity GBP
Balance at 1 January 2017	2	-	2
Total comprehensive income for the year	-	-	-
Balance at 31 December 2017	2	-	2
Total comprehensive income for the year	-	-	-
Balance at 31 December 2018	2	-	2

The notes on pages 9 to 12 form part of these financial statements.

ABERDEEN INFRASTRUCTURE GP II LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2018**

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 18 September 2019.

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 to all years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Transition to FRS 101

These financial statements, for the year ended 31 December 2018, are the first the Company have prepared in accordance with FRS 101. The date of transition to FRS 101 for the Company is 1 January 2017. The Company historically prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for year ended 31 December 2018 have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

Application of FRS 101, in conjunction with the equivalent disclosures being available in the group accounts of SLA PLC, has allowed the Company to take advantage of various disclosure exemptions. These are presentation of a cash-flow statement, standards not yet effective, financial instruments and transactions with group companies.

(b) New interpretations and amendments to existing standards that have been adopted by the Company

IFRS 15 'Revenue from Contracts with customers'

IFRS 15 has replaced IAS 18 'Revenue' and related interpretations. IFRS 15 provides a new five-step revenue recognition model for determining recognition and measurement of revenue from contracts with customers. No significant impacts to profit or net assets were identified for the Company.

IFRS 9 'Financial Instruments'

IFRS 9 has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. There has been no material impact on the Company's financial performance or position and no comparative numbers have been adjusted following the adoption of IFRS 9.

2.2 Going concern

The net asset position, at the time of approving the financial statements, has given a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

ABERDEEN INFRASTRUCTURE GP II LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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. The Company receives the majority of its income and expenses 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 General Partner's Share / General Partner's Share receivable

In accordance with Clause 9 of the Limited Partnership Agreement (LPA) dated 19 November 2014, the Company is entitled to receive a GPS and this shall be allocated to the Company as a first charge on the Net Income and Capital Gains of the Fund.

General Partner's Share ("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 calculate as follows:

- (i) In respect of the period commencing on the Closing date and ending on the fifth anniversary of the Closing Date, 0.455 per cent of the Net Asset Value.
- (ii) In respect of the period following the fifth anniversary of the Closing Date, 0.5 per cent of the Net Asset Value.

As per Clause 10.3 of the LPA, 12.1% of the GPS from Aberdeen Infrastructure Partners II LP ("AIP II LP") shall not be distributed to the Company, but shall instead be retained by AIP II LP in an interest bearing special reserve account. Upon the achievement of certain Fund performance hurdles specified in the LPA, on the fifth anniversary of the closing date of AIP II LP, the Company shall be entitled to receive this amount in full. The Company has not recognised the 12.1% of the GPS as at the balance sheet date as it is uncertain whether the hurdles will be met. Any increase in the GPS will be offset by an increase in the management fees payable.

The GPS payable shall be reduced by deducting transaction fees, investment related fees, directors' fees, etc. earned and retained by the General Partner, Investment Manager or any associates of either.

Instalments of the management fee payable for any period other than a full quarterly period (including the first management fee payment, which shall be payable from the Initial Closing Date) shall be adjusted on a pro rata basis according to the actual number of days in such period.

2.5 Receivables

In accordance with IFRS 9, receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method less provision for impairment. The Company takes the practical expedient approach to the impairment of receivables.

ABERDEEN INFRASTRUCTURE GP II LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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. At 31 December 2018 and 2017, 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 subsequently stated 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. At 31 December 2018 and 2017, the carrying amounts of payables and accruals approximate to their fair value.

2.8 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.

2.9 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.

2.10 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 2018 were GBP5,400 (2017: GBP5,400).

3.2 Staff costs

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

ABERDEEN INFRASTRUCTURE GP II LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

4. RECEIVABLES	2018 GBP	2017 GBP
GPS receivable	165,892	164,102
Bank interest receivable	279	111
Amounts due from Group companies	-	2
	<u>166,171</u>	<u>164,215</u>

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

5. PAYABLES AND ACCRUALS	2018 GBP	2017 GBP
Administration fees	2,514	-
Audit fees	5,400	5,400
Amounts due to the Fund	-	12,500
Amounts due to Aberdeen Group companies	1,986,780	1,334,134
	<u>1,994,694</u>	<u>1,352,034</u>

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

6. SHARE CAPITAL	2018 GBP	2017 GBP
Authorised and issued		
2 ordinary shares of GBP1 nominal value	<u>2</u>	<u>2</u>

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

7. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

8. 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 of SLA PLC, which is the largest and smallest group that the results are consolidated within, which are available to the public and may be obtained from 1 George Street, Edinburgh, EH2 2LL.

9. SUBSEQUENT EVENTS

No subsequent events have occurred between the reporting period and 18 September 2019 requiring disclosure in the financial statements.

Aberdeen Infrastructure Partners II LP

Annual Report and Audited Financial Statements

For the year ended 31 December 2018

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 09168490

ABERDEEN INFRASTRUCTURE PARTNERS II LP

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ABERDEEN INFRASTRUCTURE PARTNERS II LP

SUMMARY OF OFFICERS AND PROFESSIONAL ADVISERS

GENERAL PARTNER:	Aberdeen Infrastructure GP II 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:	Ipes (Guernsey) Limited 1 Royal Plaza Royal Avenue St Peter Port, Guernsey, GY1 2HL
INDEPENDENT AUDITORS:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glatigny Esplanade St Peter Port, Guernsey, GY1 4ND
INVESTMENT MANAGER:	Aberdeen Standard Fund Managers Limited Bow Bells House 1 Bread Street London, EC4M 9HH
DEPOSITARY:	Ipes (UK) Limited 9th Floor, 1 Minster Court Minding Lane, London, EC3R 7AA
BANKER:	Barclays Bank P.O. Box 41 Le Marchant House Le Truchot St Peter Port Guernsey GY1 3BE

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE GENERAL PARTNER For the year ended 31 December 2018

The General Partner presents its annual report and audited financial statements for Aberdeen Infrastructure Partners II LP (the "Fund" or "Investment Entity") for the year ended 31 December 2018.

Limited partnership

The Fund was established on 12 August 2014 and is registered as a limited partnership in England under The Limited Partnerships Act 1907.

The General Partner has responsibility for ensuring that the Fund is 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 a portfolio of high-quality, operational, Private Finance Initiative/Public Private Partnerships ("PFI/PPP") assets in the UK and Europe through its wholly owned direct subsidiaries, Aberdeen Infrastructure II Limited ("AI II Ltd") and Aberdeen Infrastructure II (Europe) Limited ("AI II Europe Ltd") and together with AI II Ltd the "Subsidiaries").

The Fund acquired a portfolio of assets held through a group of corporate entities on 20 November 2014. The group comprised a number of holding companies and a UK registered partnership. During December 2015, the Fund completed the consolidation and simplification through the collapse of the group structure such that AI II Ltd held directly the investment in the underlying assets. This restructure was achieved through the dissolution of a UK registered partnership and the transfer of its assets to AI II Ltd and the transfer of assets from four UK registered companies and two Luxembourg registered companies to AI II Ltd. These companies were subsequently placed in liquidation.

During 2017 the Fund was restructured and a wholly owned subsidiary, AI II Europe Ltd was incorporated. The non-UK domiciled assets and liabilities of AI II Ltd were transferred to AI II Europe Ltd.

The Fund's objective is to generate long-term investment yield over its projected 20 year life. The portfolio is expected to generate long-term, inflation-linked cashflows, principally driven by low-risk, availability-based contracts with government agencies. The investments are held in social and economic infrastructure projects (including health, education, leisure centres and accommodation) underpinned by long-term secure government contracts characterised by stable, predictable, availability-based cash flows.

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 management of the Fund's liquidity risk is delegated to the Investment Manager.

Results and review of business

The Fund's total comprehensive income for the year was EUR10,943,206 (2017: EUR8,331,126). Return of capital during the year amounted to EUR12,231,611 (2017: EUR10,459,137).

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 period 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 INFRASTRUCTURE PARTNERS II LP

REPORT OF THE GENERAL PARTNER (CONTINUED)

For the year ended 31 December 2018

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

In preparing these financial statements, the General Partner is 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 Auditors 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 Auditors is aware of that information.

Subsequent events

There were no subsequent events to report 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 that they be reappointed will be proposed at the Annual General Meeting.

Brexit

Recent and ongoing developments around the Brexit process means there is continued political uncertainty over the timetable and terms on which the United Kingdom will leave the European Union. The appointed Investment Manager is a global investment manager that has been planning for a range of scenarios under which the United Kingdom could eventually leave the European Union - including the possibility of leaving without a deal - and the Investment Manager has put in place measures to mitigate the impacts on its customers, clients and operations. The General Partner in conjunction with the Investment Manager will continue to follow developments closely and assess their implications in relation to their contingency planning. The General Partner's priority is to ensure, whatever the circumstances of the United Kingdom's exit from the European Union, the Investment Manager is suitably placed to support the Fund.

By order of the Board,



I H Y Wong

Aberdeen Infrastructure GP II Limited
28 March 2019

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE INVESTMENT MANAGER For the year ended 31 December 2018

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

Information on the activities of the Fund in each quarter are discussed in the Fund's Limited Partner Reports which are issued separately to the Fund's Limited Partners on a quarterly basis.

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 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. A request for this report should be made to the Investment Manager.

Remuneration Disclosure

Remuneration Policy

The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Aberdeen Standard Life group of companies ("SLA"). It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the SLA.

The AIFM is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen plc ("Remuneration Committee") adopted an AIFM Remuneration Policy to ensure that the requirements of the AIFMD are fully adhered to by the group. This policy applies to the Investment Manager and the AIFs it manages. This policy is available on request.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE INVESTMENT MANAGER (CONTINUED) For the year ended 31 December 2018

Remuneration Disclosure (continued)

Remuneration Principles

SLA applies group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of SLA. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, when determining remuneration for employees:

- a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;
- b) Remuneration design will align the interests of employees, shareholders and importantly our clients/customers;
- c) Remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;
- d) Provide an appropriate level of fixed remuneration to balance risk and reward.

Governance and Regulatory Compliance

The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of SLA is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("Executive Body") (as defined by the Board), if appropriate.

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 Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to SLA's Global Code of Conduct, which encompasses conflicts of interest.

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE INVESTMENT MANAGER (CONTINUED)

For the year ended 31 December 2018

Remuneration Disclosure (continued)

Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

- a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension).
- b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed and variable remuneration will be set so as to ensure that:

- a) Fixed and variable components of total remuneration are appropriately balanced and
- b) The fixed component is a sufficiently high proportion of total remuneration to allow SLA to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

<i>Fixed Remuneration</i>	Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.
<i>Benefits</i>	Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. SLA will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.
<i>Pension</i>	SLA's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect SLA's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, SLA may offer a cash allowance in lieu of any pension arrangement.
<i>Annual Performance Bonus Awards</i>	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.
<i>Other variable Pay Plans</i>	Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE INVESTMENT MANAGER (CONTINUED) For the year ended 31 December 2018

Remuneration Disclosure (continued)

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 service.

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 SLA manages.

Control Functions

SLA adheres to the principles and guidelines of regulations that apply to SLA in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

SLA will ensure that, as appropriate, senior employees engaged in a control function:

- a) Are Independent from the Business Units they oversee;
- b) Have appropriate authority, and
- c) Their remuneration is directly overseen by the Remuneration Committee.

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant Independent governing committee (either Risk & Capital Committee, or Audit Committee).

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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

REPORT OF THE INVESTMENT MANAGER (CONTINUED)

For the year ended 31 December 2018

Remuneration Disclosure (continued)

Employee Remuneration Disclosure

The table below provides an overview of the following:

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

The 'Identified Staff' of Aberdeen Standard Fund Managers Limited are those employees who could have a material impact on the risk profile of Aberdeen Standard Fund Managers Limited or the AIF's it manages. 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 **1 January 2018 to 31 December 2018** inclusive.

Aberdeen Infrastructure Partners II LP	Headcount	Total Remuneration	AIF or UCITS proportion
Reporting period: 01/01/18 – 31/12/18		€'000	€'000 ⁴
Aberdeen Standard Fund Managers Limited staff ¹	96	12,660	186
of which			
Fixed remuneration		10,071	148
Variable remuneration		2,589	38
Carried Interest		NIL	
Aberdeen Standard Fund Managers Limited 'Identified Staff' ²	162	3,811	56
of which			
Senior Management ³	16	600	9
Other 'Identified Staff'	146	3,211	47

The above table has not been audited.

- 1 As there are a number of individuals indirectly and directly employed by Aberdeen Standard Fund Managers Limited this figure represents an apportioned amount of SLA's total remuneration 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 SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Standard Fund Managers Limited as an AIFM was 4.76%.
- 3 Senior management are defined in this table as AIFM Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product 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 INFRASTRUCTURE PARTNERS II LP

STRATEGIC REPORT

For the year ended 31 December 2018

The General Partner presents its strategic report on the Fund for the year ended 31 December 2018.

Results and review of the business

The total comprehensive income for the year is set out in the Statement of Comprehensive Income on page 14. 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 Fund and its prospects for the year ahead to be satisfactory.

Review and 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 long-term investment yield. It aims to achieve this objective from its investment portfolio of high-quality, operational PFI/PPP assets in the UK and Europe through its wholly owned subsidiaries, AI II Ltd and AI II Europe Ltd. The investment portfolio was created with the objective of generating 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 Stitching Depositary APG Infrastructure Pool 2012, acting in its capacity as depositary of APG Infrastructure Pool 2012, invests, 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 key performance indicators is not necessary for understanding the development, performance or position of the business.

By order of the Board,



I H Y Wong
Aberdeen Infrastructure GP II Limited
Date: 28 March 2019

INDEPENDENT AUDITORS' REPORT TO THE LIMITED PARTNERS OF ABERDEEN INFRASTRUCTURE PARTNERS II LP

Report on the audit of the financial statements

Our opinion

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

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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 and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; 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 Auditors' 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the partnership and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' 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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE LIMITED PARTNERS OF ABERDEEN INFRASTRUCTURE PARTNERS II LP

Reporting on other information (continued)

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.

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 2018 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 auditors' 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.

**INDEPENDENT AUDITORS' REPORT
TO THE LIMITED PARTNERS OF ABERDEEN INFRASTRUCTURE PARTNERS II LP**

Use of this report

This report, including the opinion, has been prepared for and only for the 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.

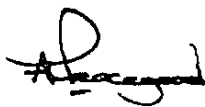
Other required reporting

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 general partner's 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, Channel Islands

Date: 25 March 2019

ABERDEEN INFRASTRUCTURE PARTNERS II LP**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2018

	<i>Notes</i>	2018	2017
		EUR	EUR
Income			
Interest income	4	15,089,240	17,741,908
Total income		15,089,240	17,741,908
Expenses			
Net changes in fair value of financial assets at fair value through profit or loss	5	2,974,059	8,146,394
Administration fees		11,676	7,323
Audit fees		35,665	60,444
Legal and professional fees		113,186	99,240
Other operating expenses		367	447
Net foreign exchange loss/(gain)		10,288	(3,592,218)
General Partner's Share		740,092	729,580
Total expenses		3,885,333	5,451,210
Profit for the year		11,203,907	12,290,698
Other comprehensive income/(loss)			
Currency translation differences		(260,701)	(3,959,572)
Total comprehensive income for the year		10,943,206	8,331,126

All amounts reported in the statement of comprehensive income relate to continuing operations.

The notes on pages 18 to 40 form part of these financial statements

ABERDEEN INFRASTRUCTURE PARTNERS II LP

STATEMENT OF FINANCIAL POSITION As at 31 December 2018

		As at 31 December 2018	As at 31 December 2017
	Notes	EUR	EUR
Assets			
Non-current assets			
Financial assets at fair value through profit or loss			
Investments in Subsidiaries	5	174,966,353	177,940,412
Total non-current assets		174,966,353	177,940,412
Current assets			
Receivables and prepayments	7	-	68,492
Loan Interest receivable		12,189,285	10,517,408
Cash and cash equivalents		112,843	97,696
Total current assets		12,302,128	10,683,596
Total assets attributable to the Limited Partners		187,268,481	188,624,008
Liabilities			
Current liabilities			
Payables and accruals	8	250,006	317,128
Total liabilities		250,006	317,128
Net assets attributable to the Limited Partners		187,018,475	188,306,880
Limited Partners' interest represented by:			
Partners' capital		163,617,467	175,849,078
Partners' current account		39,019,034	27,815,127
Cumulative translation adjustment reserve		(15,618,026)	(15,357,325)
Total Limited Partners' interest		187,018,475	188,306,880

The financial statements of the Fund were authorised for issue by the Board of Directors of Aberdeen Infrastructure GP II Limited and signed on its behalf by:

I H Y Wong
Director
Date: 28 March 2019

The notes on pages 18 to 40 form part of these financial statements

ABERDEEN INFRASTRUCTURE PARTNERS II LP

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE LIMITED PARTNERS

For the year ended 31 December 2018

	Partners' capital EUR	Partners' current account EUR	Cumulative translation adjustment reserve EUR	Total EUR
As at 31 December 2016				
Return of capital	186,308,215	15,524,429	(11,397,753)	190,434,891
Profit for the year	(10,459,137)	-	-	(10,459,137)
Other comprehensive loss for the year	-	12,290,698	-	12,290,698
	-	-	(3,959,572)	(3,959,572)
Movement in net assets attributable to the Limited Partners	(10,459,137)	12,290,698	(3,959,572)	(2,128,011)
As at 31 December 2017				
Return of capital	175,849,078	27,815,127	(15,357,325)	188,306,880
Profit for the year	(12,231,611)	-	-	(12,231,611)
Other comprehensive loss for the year	-	11,203,907	-	11,203,907
	-	-	(260,701)	(260,701)
Movement in net assets attributable to the Limited Partners	(12,231,611)	11,203,907	(260,701)	(1,288,405)
As at 31 December 2018				
	163,617,467	39,019,034	(15,618,026)	187,018,475

The notes on pages 18 to 40 form part of these financial statements

ABERDEEN INFRASTRUCTURE PARTNERS II LP

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

		2018	2017
	<i>Notes</i>	EUR	EUR
Cash flows from operating activities			
Profit for the year		11,203,907	12,290,698
Net changes in fair value of financial assets at fair value through profit or loss	5	2,974,059	8,146,394
Acquisitions of financial assets at fair value through profit or loss due to restructuring	5	-	(25,199,051)
Return of capital from Investments due to restructuring	5	-	25,199,051
Currency translation differences		(260,701)	(3,959,572)
Movement in receivables and prepayments	7	68,492	29,196
Movement in loan interest receivable		(1,671,877)	(5,242,229)
Movement in payables and accruals	8	(67,122)	(799,401)
Net cash flows generated from operating activities		12,246,758	10,465,086
Cash flows from financing activities			
Return of capital to Limited Partners		(12,231,611)	(10,459,137)
Net cash flows generated used in financing activities		(12,231,611)	(10,459,137)
Net increase in cash and cash equivalents		15,147	5,949
Opening cash and cash equivalents		97,696	91,747
Cash and cash equivalents at 31 December		112,843	97,696

The notes on pages 18 to 40 form part of these financial statements

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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, England, EC4M 9HH.

The Fund was established to invest in a portfolio of high-quality, operational, PFI/PPP assets in the UK and Europe through its wholly owned subsidiary, AI II Ltd. The Fund acquired the portfolio on 20 November 2014 and subsequently during 2015 underwent a restructuring to simplify the corporate structure and eliminate superfluous intermediate holding companies.

The Fund underwent a further restructuring during 2017 and a new wholly owned subsidiary, AI II Europe Ltd was incorporated (Note 3).

The Fund's investment activities are managed by the General Partner who is advised by 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.

The Fund has invested in AI II Ltd and AI II Europe Ltd.

These financial statements were authorised for issue by the Board of the General Partner of the Fund on 28 March 2019.

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 and to all periods presented, 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 by the European Union ("IFRSs"). 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 (Note 2.2.1) and is required to account for the investment in the subsidiaries 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards and amendments to existing standards effective 1 January 2018

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

In determining the value of the Fund's investment in Subsidiaries, it has always been the Fund's policy to fair value both the equity and shareholder debt investments in its infrastructure assets together where they will be managed and valued as a single investment, as they were invested in at the same time and cannot be realised separately. In light of these facts, with the application of IFRS 9, the General Partner has determined that there will be no impact to the Fund as these investments are already designated and measured at fair value through profit or loss.

IFRS 15, 'Revenue from Contracts with Customers', was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. It specifies how and when revenue is recognised as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a principles based model to be applied to all 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.

(b) New standards, amendments and interpretations effective after 1 January 2018 and not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.1 Investment entity

The Fund indirectly 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:

- a) The Fund has obtained funds for the purpose of providing investors 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

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

- a) has raised commitments from 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) 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) 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, 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.

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 2018, the Fund is directly invested in two such portfolio companies.

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 invests and commits to invest into various portfolio companies through subsidiaries. As at 31 December 2018, 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 PFI/PPP 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 through the respective subsidiary. 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 General Partner considers GBP as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. However, the General Partner chooses to report in EUR, the functional currency of the Fund's investor.

(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.

Assets and liabilities in the Statement of Financial Position presented are translated into the presentation currency at the exchange rate prevailing at the Statement of Financial Position date. Income and expenses in the Statement of Comprehensive Income are translated from the functional currency into the presentational currency using the exchange rates prevailing at the date of the transaction. All resulting exchange differences are recognised in other comprehensive income with the cumulative amount of the exchange differences presented in a separate component of Limited Partner's Interest, the cumulative translation adjustment reserve. All items included in the Statement of Changes in Net Assets Attributable to the Limited Partner, other than the comprehensive income for the year, are translated at historical exchange rates.

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 at fair value through profit or loss".

In the Statement of Cash Flows, cash balances at the beginning and end of each period presented, are translated at exchange rates at the respective dates of the beginning and end of each period. All cash flows are translated at the exchange rates prevailing at the date of the transaction.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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 2018 or 31 December 2017.

(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 and the General Partner 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.

The Fund has always fair valued both debt and equity investments. In the prior year the debt instruments were incorrectly described as loans and receivables. This has been updated in the current year financial statements with all investments now recognised in the Statement of Financial Position as "Financial assets at fair value through profit or loss".

Dividend and interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income in accordance with Note 2.9.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

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

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 subsidiaries is the net present value of the 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 Fund's policy is to fair value both the equity and shareholder debt investments in infrastructure assets together where they will be managed and valued as a single investment, as they were invested in at the same time and cannot be realised separately. The General Partner considers that equity and debt share the same characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes.

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. Similar to the earnings multiples model, cash flows used in the discount cash flow model are based on projected cash flows or earnings of the portfolio companies.

2.5 Receivables and prepayments

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

Such assets are short term in nature and the carrying value of these assets is considered to be approximate to their fair value. All assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows. Any change in levels of impairment is recognised directly in the statement of comprehensive income. An impairment loss is reversed at subsequent financial reporting dates to the extent that the asset's carrying amount does not exceed its carrying value, had no impairment been recognised.

2.6 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.

2.7 Distributions payable to the Limited Partners

Return of funded committed capital is shown in the Statement of Changes in Net Assets attributable to the Limited Partners. Distributions of current year income is shown as finance costs in the Statement of Comprehensive Income.

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 10.1 of the LPA.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Distributions payable to the Limited Partners (continued)

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.

2.8 Payables and accruals

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.

2.9 Interest income and dividend income

Interest income from shareholder debt that is measured at fair value through profit or loss is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's carrying value or principal amount. The remaining changes in the fair value movement of the loans are recognised separately within 'Net changes in fair value of financial assets and liabilities at fair value through profit or loss' in the Statement of Comprehensive Income. It also includes interest income from cash and cash equivalents.

Dividend income is recognised when the right to receive payment is established.

2.10 Expenses

Expenses are recognised on an accruals basis.

2.11 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.

2.12 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.

2.13 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' fees etc., earned by the General Partner, Investment Manager or associates of either of them.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Allocation of profits and losses

a) Subject to clause 9.8(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 Limited 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 Limited Partners for the purpose of calculating when each Limited Partner has received sums equal to the aggregate of amounts under Clause 10.1 then, notwithstanding any other provision of this Clause 9.8, 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 Limited Partners 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.

2.15 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 IFRS 9.

3. RESTRUCTURE

On 19 December 2017 the Fund was restructured. A new wholly owned subsidiary, AI II Europe Ltd was incorporated on 5 July 2017 in lieu of the restructure. See Note 6 for further details regarding the new subsidiary. The conclusion of the restructure resulted in all non-UK domiciled investments now being held in AI II Europe Ltd and all GBP denominated investments retained in AI II Ltd.

4. INTEREST INCOME

	2018 EUR	2017 EUR
From cash and cash equivalents	167	143
From financial assets at fair value through profit or loss	15,089,073	17,741,765
	<u>15,089,240</u>	<u>17,741,908</u>

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2018 EUR	2017 EUR
Brought forward	177,940,412	186,086,806
Additions	-	25,199,051
Return of capital	-	(25,199,051)
Net changes in fair value of financial assets at fair value through profit or loss	(2,974,059)	(8,146,394)
As at 31 December	<u>174,966,353</u>	<u>177,940,412</u>

The Additions during the prior year comprise of €25,199,051 relating to the investment in AI II Europe Ltd.

Change in unrealised loss 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

(2,974,059)	(8,146,394)
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	2018		2017	
	Fair Value	% of net assets	Fair Value	% of net assets
Financial assets at fair value through profit or loss				
Equity Securities	62,381,796	33.36%	63,388,685	33.66%
Debt Securities	112,584,557	60.20%	114,551,727	60.83%
Investment in the Subsidiaries	<u>174,966,353</u>	<u>93.56%</u>	<u>177,940,412</u>	<u>94.49%</u>

The debt securities have always been measured at fair value. These Instruments were previously incorrectly described as loans and receivables. This note has been updated to include all investments as debt securities, these were previously segregated into a separate note.

6. SUBSIDIARIES

The Fund operates as an integrated structure whereby the Fund invests solely into the Subsidiaries. Total investments made by the Fund into the Subsidiaries during the year ended 31 December 2018 were EUR Nil (2017: EUR 25,199,051). As at 31 December 2018 and 31 December 2017 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 Subsidiaries held by the Fund

Subsidiary	Address of the registered office	Principal activity	Date of incorporation	Country of incorporation	Holding %
Aberdeen Infrastructure II Limited	Bow Bells House, 1 Bread Street, London, EC4M 9HH	Investment holding	12 August 2014	United Kingdom	100
Aberdeen Infrastructure II (Europe) Limited	Bow Bells House, 1 Bread Street, London, EC4M 9HH	Investment holding	05 July 2017	United Kingdom	100

ABERDEEN INFRASTRUCTURE PARTNERS II LP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
For the year ended 31 December 2018**6. SUBSIDIARIES (continued)***Investment in the Subsidiaries held by Aberdeen Infrastructure II Limited*

Subsidiary	Address of the registered office	Principal activity	Date of incorporation	Country of incorporation	Holding %
Bristol Schools (Holdings) Ltd	Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow, G33 6FB	Infrastructure	12 February 2004	Scotland	100
Crawley Schools (Holdings) Ltd	Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow, G33 6FB	Infrastructure	22 May 2003	Scotland	100
Dalkeith SPV (Holdings) Ltd	Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow, G33 6FB	Infrastructure	18 January 2002	Scotland	100
East Renfrewshire Schools (Holdings) Ltd	Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow, G33 6FB	Infrastructure	19 February 2004	Scotland	100
Healthcare Solutions (Hull) Holdings Ltd	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, PR2 2YP	Infrastructure	28 July 2005	England	100
Unteum (Lewisham) Holdings Ltd	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, England, PR2 2YP	Infrastructure	20 August 2004	England	100
Axlom Education (Rochdale) Holdings Ltd	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, PR2 2YP	Infrastructure	28 July 2005	England	100

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

6. SUBSIDIARIES (continued)

Investment in the Subsidiaries held by Aberdeen Infrastructure II Limited (continued)

Healthcare (St. Andrews) Ltd	Summit House, 4-5 Mitchell Street, Edinburgh, Scotland, EH6 7BD	Infrastructure	06 June 2007	Scotland	100
Linteum (Uttlesford) Holdings Ltd	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, England, PR2 2YP	Infrastructure	28 December 2001	England	100
Linteum (Williesden) Holdings Ltd	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, England, PR2 2YP	Infrastructure	20 August 2004	England	100

Investment in the Subsidiaries held by Aberdeen Infrastructure II (Europe) Limited

Nacre 2008 S.A.S.	19 Rue Stephenson 78180 MONTIGNY LE BRETONNEUX France	Infrastructure	20 February 2006	France	90
Douai Logi Services S.A.S.	19 Rue Stephenson 78180 MONTIGNY LE BRETONNEUX France	Infrastructure	26 May 2005	France	90
MPFI Schools 1 Investments DAC	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2 Ireland	Infrastructure	13 December 2007	Ireland	100
Safire Holding B.V.	p.a. Strukton Integrale Projecten, Westkanaaldijk 2, Utrecht, Postbus 1025, 3600 BA Maarssen Netherlands	Infrastructure	07 April 2006	Netherlands	100
OPP Arkivet A/S	Roskildevej 12, 2620, Albertslund, Denmark	Infrastructure	18 June 2007	Denmark	100

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

7. RECEIVABLES AND PREPAYMENTS

	2018 EUR	2017 EUR
Due from AI II Ltd		14,205
Due from General Partner	-	14,204
Due from AI II Europe Ltd	-	40,083
	<u>-</u>	<u>68,492</u>

As at 31 December 2018 and 31 December 2017, the carrying amount of receivables and prepayments approximates to their fair value.

8. PAYABLES AND ACCRUALS

	2018 EUR	2017 EUR
Administration fees	2,825	8,604
Audit fees	44,877	56,818
Legal and professional fees	17,978	65,227
General Partner's Share	184,326	186,479
	<u>250,006</u>	<u>317,128</u>

As at 31 December 2018 and 31 December 2017, the carrying amount of payables and accruals approximates to their fair values.

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 Investment Manager 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9. FINANCIAL RISK MANAGEMENT (continued)

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 and approved 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.

(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 subsidiaries. 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 subsidiaries is set out below.

At the reporting date the carrying value of the investment in the subsidiaries amounted to EUR174,966,353 (2017: EUR177,940,412). 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 subsidiaries as at the Statement of Financial Position date.

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

	2018 EUR	2017 EUR
Effective of 10% increase in fair value of the investment in the subsidiaries	17,496,635	17,794,041
Effective of 10% decrease in fair value of the investment in the subsidiaries	(17,496,635)	(17,794,041)

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

9. FINANCIAL RISK MANAGEMENT (continued)

9.1 Financial risk factors (continued)

(b) Currency risk

The Subsidiaries in which the Fund invests pays loan interest in Pound Sterling ("GBP"), Danish Krone ("DKK"), and Euro ("EUR"). 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 assets and liabilities denominated in GBP, DKK, and EUR at their carrying amounts in EUR are summarised below:

	31 December 2018 GBP	31 December 2018 DKK	31 December 2018 EUR	31 December 2018 Total
Total assets and liabilities	128,973,611	14,958,887	43,085,978	187,018,475
Sensitivity based on 5%		747,944	2,154,299	

This sensitivity analysis represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	31 December 2017 GBP	31 December 2017 DKK	31 December 2017 EUR	31 December 2017 Total
Total assets and liabilities	134,556,870	14,297,480	39,452,531	188,306,880
Sensitivity based on 5%	-	714,874	1,972,627	

This sensitivity analysis represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

As at 31 December 2018, the foreign currency exchange rates were EUR/GBP 0.9000 and DKK/GBP 0.1170 (2017: EUR/GBP 0.8800 and DKK/GBP 0.1192).

(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 or fixed interest rate debt. 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, with fixed interest rate coupons. 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.1 Financial risk factors (continued)

(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 project companies financial models only being updated on a 6 monthly basis.

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 Subsidiaries, AI II Ltd and AI II Europe Ltd. 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. The Fund's investments and their Subsidiaries 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:

	2018 EUR	2017 EUR
Investments in Subsidiaries - debt securities	112,584,557	114,551,727
Receivables	12,189,285	10,585,900
Cash and cash equivalents	112,843	97,696
Total	124,886,685	125,235,323

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investments in the debt securities component of the Fund's financial assets carried at fair value. The maximum exposure to credit risk as a result of counterparty default equates to the current carrying value of these financial assets. However, this risk is spread over 3 debt securities.

Cash transactions are limited to Barclays Bank which is a subsidiary of a financial institution with a long term debt credit rating of A (2017: Barclays bank, 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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 financed by long-term funding, as it is closed ended and hence the Limited Partners do not have the option to redeem their investment in the Fund. The Fund is exposed to limited liquidity risk. The management of liquidity risk is delegated to the Investment Manager.

The Fund's investments are 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 General Partner's Shares and (ii) maintaining cash levels to fund short term operating expenses. As at 31 December 2018 and 2017, the amount of undrawn commitments was EUR4,052,453.

The Fund operates as an investment structure whereby the Fund invests and commits to invest into various portfolio companies. As at 31 December 2018, 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 2018	Undrawn capital commitments EUR	Less than 1 month EUR	1 - 12 months EUR	More than 12 months EUR
Total assets drawn and undrawn capital commitments	4,052,453	112,843	12,189,285	174,966,353
As at 31 December 2017				
Total assets drawn and undrawn capital commitments	4,052,453	97,696	10,585,900	177,940,412

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

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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.1 Financial risk factors (continued)

9.1.3 Liquidity risk (continued)

	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 2018					
Liabilities					
Payables and accruals	-	250,006	-	-	250,006
Net assets attributable to the Limited Partners	-	-	-	187,018,475	187,018,475
	-	250,006	-	187,018,475	187,268,481

	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					
Payables and accruals	-	317,128	-	-	317,128
Net assets attributable to the Limited Partners	-	-	-	188,306,880	188,306,880
	-	317,128	-	188,306,880	188,624,008

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 its Subsidiaries are subject to externally imposed capital requirements.

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

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.3 Fair value estimation

As at 31 December 2018, 100% (2017: 100%) of financial assets at fair value through profit or loss comprise of the investment in the Subsidiaries that has been fair valued in accordance with the policies set out above. Neither the Subsidiaries nor the Subsidiaries underlying investments are publicly traded; prior to maturity, an exit can only be made by the Subsidiaries through a sale of its investment and commitment in the underlying investments 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 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 a secondary market sale.

As the Subsidiaries are not traded on an active market, and its 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 Subsidiaries financial statements have been prepared based on the valuation of the Subsidiaries own underlying investments. The Fund and its Subsidiaries have effectively used the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

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;
- 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.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2018

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

9.3 Fair value estimation (continued)

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.

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
As at 31 December 2018			
Financial assets at fair value through profit or loss	-	-	174,966,353
As at 31 December 2017			
Financial assets at fair value through profit or loss	-	-	177,940,412

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 Subsidiaries held by the Fund that is not quoted on an active market.

Valuation – the Subsidiaries

In determining the fair value of the Subsidiaries, the Fund relies on the valuation as reported in the latest available financial statements and the underlying valuations of the investment portfolio.

The following summarises the valuation techniques and input used for investment in the Subsidiaries categorised in Level 3 as at 31 December 2018 and 2017.

	Fair value EUR	Valuation technique	Significant unobservable input	Range of discount rate applied
As at 31 December 2018				
Investment in Subsidiaries	174,966,353	Discounted cash flow	Discount rate	6.75% to 7.00%
		Reasonable possible shift (absolute value)	Change in valuation EUR	
Investment in Subsidiaries		5% movement in discount rate	5,348,236	

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

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 2017				
Investment In Subsidiaries	177,940,412	Discounted cash flow	Discount rate	6.75% to 7.00%
	Reasonable possible shift (absolute value)		Change in valuation EUR	
Investment In Subsidiaries	5% movement in discount rate		5,615,477	

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 Subsidiaries, 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 Subsidiaries have been identified.

The Fund has recognised unrealised losses of EUR2,974,059 (2017: EUR8,146,394) 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.

Financial assets at fair value through profit or loss

Judgements

By virtue of the Fund's status as an investment entity and the exemption provided by IAS 28 and IFRS 11 as well as the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2018

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

The Fund recognises the Investment in its directly owned Subsidiaries at fair value which includes the fair value of each of the individual project companies and holding companies in which the Company holds an indirect investment. Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks and the evidence of recent transactions. The General Partner has satisfied itself that PFI/PPP or similar investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

The range of discount rates applied in the December 2018 valuation was 6.75%-7.00% (2017: 6.75%-7.00%). The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the financial assets at fair value through profit or loss.

11. FINANCIAL INSTRUMENTS BY CATEGORY

At 31 December 2018, the Fund held the following classes of financial instruments that are measured at fair value. For all other assets and liabilities, their carrying value approximates to fair value.

	Financial assets at amortised cost EUR	Designated at fair value through profit or loss EUR	Total EUR
As at 31 December 2018			
Assets			
Investment in subsidiaries	-	174,966,353	174,966,353
Receivables	12,189,285	-	12,189,285
Cash and cash equivalents	112,843	-	112,843
	<u>12,302,128</u>	<u>174,966,353</u>	<u>187,268,481</u>
	Financial assets at amortised cost EUR	Designated at fair value through profit or loss EUR	Total EUR
As at 31 December 2017			
Assets			
Investment in subsidiaries	-	177,940,412	177,940,412
Receivables	10,585,900	-	10,585,900
Cash and cash equivalents	97,696	-	97,696
	<u>10,683,596</u>	<u>177,940,412</u>	<u>188,624,008</u>

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

11. FINANCIAL INSTRUMENTS BY CATEGORY

	Other financial liabilities at amortised cost EUR	Designated at fair value through profit or loss EUR	Total EUR
As at 31 December 2018			
Liabilities			
Payables and accruals	250,006	-	250,006
	<u>250,006</u>	<u>-</u>	<u>250,006</u>
	Other EUR	Liabilities at EUR	Total EUR
As at 31 December 2017			
Liabilities			
Payables and accruals	317,128	-	317,128
	<u>317,128</u>	<u>-</u>	<u>317,128</u>

12. RELATED PARTIES 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.

The General Partner is entitled to receive a General Partner's Share equivalent to a certain percentage per annum of net asset value of all underlying investments that are not realised, as at period end, for managing the affairs of the Fund. General Partner's Shares of EUR740,092 were charged by the General Partner during the year (2017: EUR729,580), and EUR184,326 remained outstanding at the year end (2017: EUR186,479).

Inter entity receivable and payables are disclosed in note 7 and 8.

13. ULTIMATE PARENT UNDERTAKING

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

14. UNDRAWN COMMITMENTS

As at 31 December 2018 the Fund had undrawn commitments of EUR4,052,453 (2017: EUR4,052,453).

ABERDEEN INFRASTRUCTURE PARTNERS II LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

15. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund occurring between the end of the reporting period and 28 March 2019, the date the financial statements were available to be issued and has determined the following:

There were no significant subsequent events to report at the date of signing this report and the audited financial statements.

Brexit

Recent and ongoing developments around the Brexit process means there is continued political uncertainty over the timetable and terms on which the United Kingdom will leave the European Union. The appointed Investment Manager is a global investment manager that has been planning for a range of scenarios under which the United Kingdom could eventually leave the European Union - including the possibility of leaving without a deal - and the Investment Manager has put in place measures to mitigate the impacts on its customers, clients and operations. The General Partner in conjunction with the Investment Manager will continue to follow developments closely and assess their implications in relation to their contingency planning. The General Partner's priority is to ensure, whatever the circumstances of the United Kingdom's exit from the European Union, the Investment Manager is suitably placed to support the Fund.