Aberdeen Infrastructure Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2020

Company Number 06671204

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SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	K M Hill M T Smith A L Tennant I H Y Wong
REGISTERED OFFICE:	Bow Bells House 1 Bread Street London United Kingdom EC4M 9HH
ADMINISTRATOR AND SECRETARY:	TMF Group Fund Administration (Guernsey) Limited Western Suite Ground Floor Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ
BANKER:	Lloyds Bank International Limited (Guernsey Branch) P.O. Box 136 Sarnia House Le Truchot St Peter Port Guernsey GY1 4EF
INDEPENDENT AUDITOR:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
INVESTMENT MANAGER:	Aberdeen Asset Managers Limited 10 Queens Terrace Aberdeen AB10 1YG

REPORT OF THE DIRECTORS
For the year ended 31 December 2020

The Directors present their annual report and audited financial statements for Aberdeen Infrastructure Limited (the "Company") for the year ended 31 December 2020.

Incorporation
The Company was incorporated on 12 August 2008 and is registered as a private company in the UK under the Companies Act 2006 (the "Act"). The Company's registration number is 06671204.

Registered office
The Company's registered office is Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.

Financial risk management
The key risks and uncertainties faced by the Company are managed within the framework established for by Aberdeen Asset Managers Limited (the "Investment Manager"). Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 11 to the financial statements. The Company is funded by Aberdeen Infrastructure Partners LP Inc. ("AIPLP"), and as a result liquidity risk is managed by the Company in conjunction with AIPLP.

Results and dividends
The Company's total comprehensive loss for the year was GBP47,938 (2019: income GBP3,600,390). No dividends were paid or recommended during the year (2019: GBPnil).

Future developments
The Company remains committed to the business of holding investments and will continue to manage its existing and new investments in the future.

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

A L Tennant and I H-Y Wong are also directors of Aberdeen Infrastructure Finance GP Limited, which is the general partner of the Company's immediate parent undertaking, AIPLP.

Brexit
The United Kingdom left the European Union ('EU') on 31 January 2020 ('Brexit'). The transitional period in which the UK was no longer a member of the EU but was still subject to EU rules and remained a member of the Customs Union, was concluded on 31 December 2020. Following the end of this transition period, a limited trade deal was agreed. However, implications for matters such as imports/exports, investment, taxes etc are evolving. Consequently, there will likely be impacts to many UK businesses as the UK's future trading relationship with the EU remains subject to negotiation. The Directors in conjunction with the Investment Manager will continue to follow developments closely and assess their implications in relation to their contingency planning. The Directors' priority is to ensure the Investment Manager is suitably established to support the Company.

As at 11pm on 31 December 2020, International Financial Reporting Standards as adopted by the European Union ("IFRS") as it existed have been "frozen" into UK law and the Company has utilized the frozen EU-IFRS in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2020

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Report of the Directors and the audited financial statements in accordance with applicable law (i.e. the Companies Act 2006) and regulations.

The Act requires the Directors to prepare financial statements for each financial year. Under the Act, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under the Act, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Directors to ensure that the financial statements comply with applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other

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

Audit information
The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they each are 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.

Subsequent events
The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 8 July 2021, the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.

Going concern
The Directors believe that the Company’s financial statements should be prepared on a going concern basis on the grounds that the current and future sources of funding or support will be more than adequate for the Company’s requirements. In the event that additional funds were needed to support the Company the directors would seek to procure, and are confident that they would be able to secure, any necessary funding from the immediate parent undertaking, AIPLP.

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2020

COVID-19
COVID-19 is a developing situation and the assessment of this situation will need continued attention and will evolve over time. The Directors have considered the impact of COVID-19 and where applicable have built this into its fair value modelling which has been reflected in the fair value of the investments in the financial statements.

The rapid development and fluidity of the COVID-19 virus makes it difficult to predict the ultimate impact at this stage. However, the Directors do not underestimate the seriousness of the issue and the inevitable effect it will have on the global economy and many businesses across the world.

The Directors believe that the impact of the virus outbreak will be material on the general economy as initially evidenced by some central banks having already started to act by reducing interest rates and taking other measures. Undoubtedly, this will have implications for the underlying investment portfolio of the Company.

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

By order of the Board,

I H Y Wong
Director
08 July 2021

STRATEGIC REPORT
For the year ended 31 December 2020

The Directors present their strategic report on the Company for the year ended 31 December 2020.

Results and review of business

The total comprehensive result for the year is set out in the Statement of Comprehensive Income on page 13. The Directors consider the performance of the Company during the year and its financial position at the end of the year, to be in line with the long term expected performance of the project, and its prospects for the future to be satisfactory.

Principal activity

The Company operates as an investment holding company for its parent, AIPLP, and there has been no change in that activity during the year. The Company holds AIPLP's debt portfolio of high quality, operational, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. This portfolio has been funded by the issuance of a Eurobond acquired by AIPLP.

Principal risks and uncertainties

The key risks and uncertainties faced by the Company 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 Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 11 to the financial statements. The Company is funded by its immediate parent undertaking, AIPLP, and as a result liquidity risk is managed by the Directors and the Investment Manager in conjunction with AIPLP.

Key performance indicators

The Directors of the Company consider its operations to be consistent with those at the level of the immediate holding companies that are managed by the Investment Manager. For this reason, the Company's Directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

By order of the Board,

I H Y Wong
Director
08 July 2021

Independent auditor's report to the members of Aberdeen Infrastructure Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen Infrastructure Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2020; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the Company 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

Our audit of the Company for the year ended 31 December 2020 was planned and executed having considered the key activities of the Company during the year. Our assessment is that the primary operations of the Company remained largely unchanged from the prior year up until 31 December 2020.

Overview

Audit scope

- The Company operates as an investment holding company for its parent, Aberdeen Infrastructure Partners LP Inc. ("AIPLP"). The Company holds AIPLP's debt portion of its portfolio of Private Finance Initiative ("PFI") and Public Private Partnerships ("PPP") projects. The PFI and PPP project quarter-end valuations were prepared by the Investment Manager and approved by the Board of Directors of the Company.
- We conducted our audit in Guernsey from information provided by TMF Group Fund Administration (Guernsey) Limited (the "Administrator") to whom the Board of Directors has delegated the provision of certain functions including the preparation of these financial statements. Our audit was scoped by obtaining an understanding of the Company and its environment, including internal controls and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Key audit matters

- Fair value of debt securities

Materiality

- Overall materiality: £1,220,700 (2019: £1,185,000) based on 1% of total assets (2019: 1% of total assets).
- Performance materiality: £915,500 (2019: £888,700).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Management's consideration of the potential impact of COVID-19, which was a key audit matter last year, is no longer included because of the reduction on the assessed risk and it was not of most significance in the audit of the financial statements. Otherwise, the key audit matter below is consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Fair value of debt securities The Company is a wholly owned subsidiary of AIPLP, and the Company holds AIPLP's debt portion of its portfolio of Private Finance Initiative ("PFI") and Public Private Partnerships ("PPP") projects valued at £105,227,628 (the "debt securities"). A sister entity of the Company (also wholly owned by AIPLP) holds the corresponding equity portion of AIPLP's portfolio of PFI/PPP assets (the "equity securities"). The debt securities and equity securities of each PFI/PPP asset are managed collectively as a single investment (a "project"), as the debt and equity portion of any one single investment cannot be realised separately. These are collectively measured at fair value with consideration for the net present value of the estimated future debt and	**Valuation methodology** The method the Company has used in determining the value of the debt securities is considered standard industry practice. We have reviewed other third-party transactions in which similar projects were sold using the same valuation basis. The methodology of determining the fair value of the debt securities is considered appropriate. **Controls evaluation** The Investment Manager prepares quarter-end project valuations. We obtained an understanding of the design and implementation of controls in operation over these valuations, and specifically tested the operating

equity cash flows based on a discounted cash flow model (the "income approach"). As described in the Critical Accounting Estimates and Judgements Note (Note 12 in the financial statements), the carrying value apportioned to the debt security element of the investment is represented by its amortised cost using the effective interest rate method, which is considered to be a reasonable proxy of the fair value. The fair value of these debt securities has been assessed as a key audit matter due to the significant judgement required and estimates applied in determining the appropriate values of the projects in which the debt securities are held. The key estimates in the valuation methodology are: ● forecasted future cash flows - enhancements made to underlying project cash flows to enhance or change the timing of cash flows from the PFI/PPP projects; and ● discount rates - the determination of the appropriate discount rate for each project that is reflective of current market and industry conditions (i.e. macro-economic assumptions such as interest rates, inflation rates, the effects of political developments and trends on these assumptions) and the specific risks as applicable to each project.	effectiveness of their periodic review and approval by the Aberdeen Alternatives Pricing Committee ("Pricing Committee"). **Integrity of cash flow models** The Investment Manager prepares a cash flow model for each PFI/PPP investment. We tested the mathematical integrity of the respective models, these tests included recalculating the net present value of the projects by applying the respective discount rates approved by the Pricing Committee and assessed as reasonable by the audit team in conjunction with support from a PwC valuation expert team. We recalculated the value apportionment between the debt security element of each project is accurately calculated and the fair value correctly recorded in the accounting books and records. **Forecasted cash flow assumptions** We held discussions with the Investment Manager in relation to all projects to understand their performance. We assessed the valuation movements on each project focusing on changes since the previous financial reporting date of 31 December 2019. Using a risk-based approach, we performed follow up procedures, including an inspection of supporting documentation, to assess and challenge the impact of the specific issues, if any, on the forecasted cash flows. For a risk-based selection of projects, we performed the following procedures: ● with the assistance of PwC valuation experts, we identified the key assumptions used to determine the underlying variable cash flows in the lender models, including assumptions that require significant judgement or are subject to complex regulatory requirements; ● we tested historical accuracy of forecasting by comparing the historical forecast relevant cash flows from the projects to the actual figures; and ● we inspected the latest financial statements of the respective projects for evidence of impairment indicators and inconsistencies with the cash flow models. **Benchmarking discount rates and other valuation assumptions** With the support of our PwC valuation experts, we challenged the Company's discount rates and macroeconomic assumptions applied in the valuation models by benchmarking these to independent market data, including recent market transactions, and using our valuation expert's experience in valuing similar investments. We further assessed the reasonableness of the Investment Manager's assumptions by comparing these to the assumptions used by peer companies. Based on the procedures detailed above, no misstatements were identified which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We conducted our audit of the financial statements in Guernsey and we tailored the scope of our audit taking into account the various components of turnover, the material financial statement line items and the controls and business processes in operation within the Company.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£1,220,700 (2019: £1,185,000).
How we determined it	1% of total assets (2019: 1% of total assets)
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £915,500 (2019: £888,700) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £61,000 (2019: £59,200) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- making enquiries of Directors about the process followed to make the going concern assessment;
- evaluating the assumptions on which the assessment is based and Director's plans for future action; and
- examined the cash flow forecast of the relevant financial information used for the assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

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 Directors for the year ended 31 December 2020 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 Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are 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 Directors are 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 Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates in relation to the valuation of the debt securities. Audit procedures performed by the engagement team included:

- enquiring with the Directors, the regulated investment manager and the regulated third-party administrator as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- checking the minutes of meetings of the Board of Directors for additional matters relevant to the audit;
- testing the disclosures made in the Strategic Report and Report of the Directors for compliance with the requirements of the Companies Act 2006;
- performing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business.
- Detailed procedures performed for the management bias in accounting estimates risk in relation to the valuation of the debt securities are noted under the key audit matters section above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

John Roche (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey, Channel Islands
08 July 2021

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020 GBP	2019 GBP
Income			
Bank interest income		427	3,397
Interest income	**3**	12,476,129	12,883,462
Other income	**9**	-	3,629,869
Total income		12,476,556	16,516,728
Expenses			
Administration fees		11,344	11,377
Audit fees	**4**	25,531	15,253
Eurobond interest	**9, 14**	12,435,089	12,842,422
Filing and regulatory fees		6,250	6,206
Other operating expenses		40	40
Professional fees		5,200	-
Total expenses		12,483,454	12,875,298
Operating (loss) / profit		(6,898)	3,641,430
Tax	**5**	41,040	41,040
(Loss) / profit on ordinary activities after tax		(47,938)	3,600,390
Total comprehensive (loss) / income for the year		(47,938)	3,600,390
Attributable to Equity holders:			
Total comprehensive (loss) / income for the year		(47,938)	3,600,390

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 GBP	2019 GBP
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	6	105,227,628	107,628,943
Total non-current assets		105,227,628	107,628,943
Current assets			
Receivables and prepayments	7	12,002,041	9,237,856
Cash and cash equivalents		4,841,184	1,636,957
Total current assets		16,843,225	10,874,813
Total assets		122,070,853	118,503,756
Equity and liabilities			
Equity			
Share capital	8	10,000	10,000
Retained earnings		150,074	198,012
Total equity		160,074	208,012
Liabilities			
Non-current liabilities			
Eurobond capital	9	105,721,395	107,378,814
Total non-current liabilities		105,721,395	107,378,814
Current liabilities			
Eurobond interest payable	9	16,078,368	10,840,741
Payables and accruals	10	24,682	11,211
Tax payable		86,334	64,978
Total current liabilities		16,189,384	10,916,930
Total liabilities		121,910,779	118,295,744
Total equity and liabilities		122,070,853	118,503,756

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

I H Y Wong
Director
08 July 2021

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital GBP	Retained earnings GBP	Total equity/(deficit) GBP
As at 1 January 2019	10,000	(3,402,378)	(3,392,378)
Total comprehensive income for the year	-	3,600,390	3,600,390
As at 31 December 2019	10,000	198,012	208,012
Total comprehensive loss for the year	-	(47,938)	(47,938)
As at 31 December 2020	10,000	150,074	160,074

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	2020 GBP	2019 GBP
Cash flows from operating activities			
Acquisitions of debt securities	**6**	(740,251)	-
Repayment of debt securities	**6,7**	3,863,870	3,392,732
Interest income received		8,989,640	8,840,161
Bank interest received		427	3,397
Operating expenses paid		(34,894)	(31,648)
Tax paid		(19,684)	(28,456)
Net cash flow generated from operating activities		12,059,108	12,176,186
Cash flows from financing activities			
Eurobond capital paid	**9**	(1,657,419)	(2,502,605)
Eurobond interest paid		(7,197,462)	(9,643,337)
Net cash flow used in financing activities		(8,854,881)	(12,145,942)
Net increase in cash and cash equivalents		3,204,227	30,244
Cash and cash equivalents at 1 January		1,636,957	1,606,713
Cash and cash equivalents at 31 December		4,841,184	1,636,957

The notes on pages 12 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.

The Company operates as an investment holding company.

These financial statements were authorised for issue by the Board of Directors of the Company on 8 July 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with applicable law (i.e. the Companies Act 2006) and international accounting standards in conformity with the requirements of the Companies Act 2006. The Directors have considered the presentational requirements of the UK Companies Act 2006 and amended the format so that the financial statements present each line item in a manner that reflects its nature. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Following the end of the Brexit transition, as at 11pm on 31 December 2020, International Financial Reporting Standards as adopted by the European Union ("IFRS") as it existed have been "frozen" into UK law and the Company has utilised the frozen EU-IFRS in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company'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 12.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

The Directors believe that the Company’s financial statements should be prepared on a going concern basis on the grounds that the current and future sources of funding or support will be more than adequate for the Company’s requirements. In the event that additional funds were needed to support the Company the directors would seek to procure, and are confident that they would be able to secure, any necessary funding from the immediate parent undertaking, AIPLP.

(a) Standards and amendments to existing standards effective 1 January 2020

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2020 that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

2.2 Investment entity

The Company has determined that it meets the definition of an Investment Entity per IFRS 10 as the following conditions exist:

a) The Company has obtained funds for the purpose of providing investors with professional investment management services;
b) The Company'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.

2.3 Foreign currency translation

(a) Functional and presentation currency
The operating and investing activities of the Company are denominated in Pounds Sterling ("GBP"). As such the performance of the Company is measured and reported in GBP. The Directors consider GBP as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. The financial statements are presented in GBP, the Company's functional and presentation currency.

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

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

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

(a) Classification
The Company classifies its entire investment portfolio as financial assets or liabilities at fair value through profit or loss at inception:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Classification (continued)

(i) Financial assets

The Directors classify its investments based on both the Company’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information, and it uses that information to assess the assets’ performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Company’s debt securities are solely principal and interest, but these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the objective of the Company’s business model. Consequently, all investments are measured at fair value through profit or loss.

(ii) Financial liabilities

The Company’s policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis (Note 11), together with other related financial information. Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realised within 12 months of the balance sheet date. Those not expected to be realised within 12 months of the balance sheet date will be classified as non-current.

(a) 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 Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets 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 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 at fair value through profit or loss in the period in which they arise.

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.

(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 Company is a wholly owned subsidiary of AIPLP and holds AIPLP's debt portion of its portfolio of PFI/PPP assets ("debt securities"). The sister entity of the Company wholly owned by AIPLP, Aberdeen Infrastructure (No.3) Limited ("AI(No 3)L") holds the corresponding equity portion of its portfolio PFI/PPP assets ("equity securities").

AIPLP's policy is to manage and value the debt and equity securities in PFI/PPP assets as a single investment measured at fair value, as the investments were made at the same time and cannot be realised separately. The valuation technique for determining the fair value of such single investment is the net present value of estimated future debt and equity cash flows based on a discounted cash flow model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) Fair value estimation (continued)

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

On an exit event AIPLP's management expect that a purchaser would settle for the principal amount of project companies' outstanding debt and repay the debt or refinance on different terms. Despite the debt and equity securities being held through separate legal entities they are intrinsically linked and cannot be realised separately hence the sub-debt and equity are effectively stapled together with the purchase consideration contractually apportioned to the debt securities being representative of the amortised cost using the effective interest rate method, and the excess value determined by the cash flow model attributed to the equity securities.

As such the management have assessed that amortised cost using the effective interest rate method is a reasonable proxy for the fair value of its debt securities. Management have further evaluated this valuation technique to be reasonable through the analysis of several market transactions that are similar in nature.

2.5 Receivables and prepayments

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

Such assets are short term in nature and the carrying value of these assets is considered to be approximate to their fair value. At each reporting date, the Fund measures the loss allowance on the receivable amounts at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance might be required. If the credit risk increases to the point that it is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit-impaired.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash balances that are freely available and other cash balances with an original maturity of three months or less, and bank overdraft. Cash and cash equivalents of the Company consist solely of cash at bank.

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 or cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Eurobond capital and Eurobond interest

Eurobond capital is a financial liability within the scope of IFRS 9 and is classified as an other liability. Other liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition, Eurobond capital is measured at amortised cost using the effective interest rate method.

Eurobond interest is calculated and accrued on the same basis as the interest income received from the Company's debt security investments based on fixed and floating rate subordinated loan notes less a margin of up to 12.5bps on the debt securities interest balance. The Eurobond interest only becomes payable on receipt of interest income.

2.9 Interest 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.

2.10 Expenses

Expenses are recognised on an accruals basis.

2.11 Taxation

The Company is subject to corporation tax at 19% (2019: 19%) on its profits. Quarterly tax payments are made to HMRC based on a margin equivalent to 12.5 basis points on the average outstanding principal balance of the Company's debt security investments. These payments are then subtracted from the annual tax amount computed and the excess amount owed is paid to HMRC after the annual tax return has been filed.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2020 (2019: GBPnil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

3. INTEREST INCOME

	2020 GBP	2019 GBP
Interest income from debt securities	12,476,129	12,883,462

4. AUDITOR'S REMUNERATION

Fees charged by the Company's Independent Auditor for the audit of the Company's financial statements for the year ended 31 December 2020 amounted to GBP25,531 (2019: GBP15,253).

5. TAX

	2020 GBP	2019 GBP
Current tax expense		
Current year	41,040	41,040
Reconciliation of effective tax rate		
Average debt securities balance for the year	105,227,628	107,628,942
Margin payment at 12.5 basis points	131,535	134,536
Tax at 19% (2019: 19%) on margin payment	24,992	25,562
Adjustments to tax	16,048	15,478
Total tax charged in Statement of Comprehensive Income	41,040	41,040

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 GBP	2019 GBP
Debt securities	105,227,628	107,628,943

Movements in debt securities

	2020 GBP	2019 GBP
As at 1 January	107,628,943	111,021,675
Acquisitions	740,251	-
Repayments	(3,141,566)	(3,392,732)
As at 31 December	105,227,628	107,628,943

7. RECEIVABLES AND PREPAYMENTS

	2020 GBP	2019 GBP
Accrued debt securities interest	12,035,605	8,549,116
Loan principal (prepayments) / repayments due	(33,564)	688,740
	12,002,041	9,237,856

As at the year ended 31 December 2020 and 2019, the carrying amounts of receivables approximate their fair value.

8. SHARE CAPITAL

	2020 GBP	2019 GBP
Authorised, issued and fully paid		
10,000 ordinary shares of GBP1.00 each	10,000	10,000

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

9. EUROBOND CAPITAL

	2020 GBP	2019 GBP
Unsecured redeemable loan notes	105,721,395	107,378,814

Movements in unsecured redeemable loan notes

Acquisitions	2020 GBP	2019 GBP
As at 1 January	107,378,814	113,511,288
Repayment	(1,657,419)	(2,502,605)
Debt extinguished *	-	(3,629,869)
As at 31 December	105,721,395	107,378,814

On 4 November 2008, the Company created and issued unsecured redeemable loan notes. The aggregate nominal value of the loan notes constituted by the debt instrument shall not exceed GBP150,000,000 (or the Euro equivalent of GBP150,000,000). Each loan note is issued as fully paid at par in denomination of any amount being an integral multiple of GBP1 or, as the case may be, EUR1. The loan notes, as and when issued, rank equally as an unsecured obligation of the Company. Unless previously repaid, the Company shall redeem the loan notes in full at par on the maturity date, being 31 December 2035. Interest is calculated and accrued on the same basis as the interest received from the underlying loan notes of the Company's debt securities less a margin of up to a 12.5bps on the debt securities interest balance.

The aggregate nominal value of GBP150,000,000 unsecured redeemable loan notes were admitted to the official list of the International Stock Exchange on 5 February 2009.

*In prior year, there was a redemption of GBP3,629,869 which resulted in the liability being extinguished. The redemption income was recognised in the statement of comprehensive income as other income. There was no redemption during the current year.

During the year, the Company incurred Eurobond interest expenses of GBP12,435,089 (2019: GBP12,842,422), with GBP16,078,368 (2019: GBP10,840,741) outstanding at the year end.

10. PAYABLES AND ACCRUALS

	2020 GBP	2019 GBP
Administration fees	2,750	2,750
Audit fees	15,582	5,253
Filing and regulatory fees	3,750	3,208
Professional fees	2,600	-
	24,682	11,211

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

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

The Company owns a portfolio of investments predominantly in subordinated loan notes of PFI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Company 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.

11.1.1 Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors 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 Company has an Investment Manager which provides the Board of Directors with investment recommendations. The Investment Manager's recommendations are reviewed by the Board of Directors before the investment decisions are implemented.

The performance of the investments held by the Company are monitored by the Investment Manager on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

(a) Price risk

Returns from the Company'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 investments in listed and unlisted equity shares. The Company has no listed or unlisted equity shares thus no sensitivity to price risk is considered to exist.

(b) Currency risk

The project companies in which the Company invests conduct their business and pay interest, dividends and principal in GBP. The Company is not exposed to any currency risk.

(c) Interest rate risk

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

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.1 Market risk (continued)

(c) Interest rate risk (continued)

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 Company holds debt securities that expose the Company to fair value interest rate risk. The Company'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 monthly basis and the Directors to review on a quarterly basis. As interest income is received, it is then paid out as Eurobond interest and therefore the effect of fluctuations in interest rates on the total comprehensive income for the year and net assets attributable to shareholders is nil.

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

The Company's Eurobond loan notes bear interest on the same basis as the interest income received from the Company's debt security investments.

(d) Inflation risk

The Company'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 Company's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes does not always immediately flow through to the Company's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

11.1.2 Credit risk

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

The Company is also reliant on the projects' subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.2 Credit risk (continued)

No classes within 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 as set out below:

	2020 GBP	2019 GBP
Debt securities	105,227,628	107,628,943
Receivables	12,035,605	9,237,856
Cash and cash equivalents	4,841,184	1,636,957
Total	122,104,417	118,503,756

The cash of the Company is limited to financial institutions of a suitable credit quality.

As at 31 December 2020, the Company did not record any overdue or impaired balances (2019: GBPnil). The table below sets out the internal credit rating of debt securities:

	2020 %	2019 %
Internal rating – better than satisfactory risk	-	-
Internal rating – satisfactory risk	100	100
Internal rating – viable but monitoring	-	-
Internal rating – high risk	-	-

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in debt securities as disclosed in Note 6. However, this risk is spread over 33 (2019: 33) debt securities of different investments. The Company is also exposed to counterparty credit risk on cash and cash equivalents and receivables balances.

Cash transactions are limited to the Lloyds Bank which is a subsidiary of a financial institution with Long term debt credit rating of A+ (2019: A+), as rated by the rating agency, Standard & Poor's. At 31 December 2020 and 2019, all cash and cash equivalents were placed with the Lloyds Bank.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit risk exposure on a monthly basis, and the Immediate Parent Undertaking, AIPLP, reviews it on a quarterly basis.

11.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's activity is funded by long-term funding, as it is closed ended and hence the shareholders do not have the option to redeem their investments in the Company. The Company is exposed to limited liquidity risk. The management of liquidity risk is delegated to the Investment Manager.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.3 Liquidity risk (continued)

The Company's investments are generally in private companies for which there is no active market and, therefore, those investments 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 Company is subject to liquidity risk on the Eurobond capital issued and Eurobond interest accrued. However, this risk is mitigated in accordance with the debt instrument which states Eurobond capital and interest will only be paid to the holders once the equivalent amounts have been received from the underlying investment portfolio. In addition the maturity date of the Eurobond is 31 December 2035. The loan notes may be subject to early redemption as detailed below:

Each Noteholder shall be entitled to require all or part of the Loan Notes registered in his name (so far as not previously repaid and unless otherwise agreed by him) to be repaid immediately at par, together with accrued interest (subject to any requirement to deduct income tax) in each of the following events:

(a) the making of an order by a competent court or the passing of an effective resolution for the winding-up or dissolution of the Company (other than for the purposes of a reconstruction, amalgamation, merger or members' voluntary winding-up on terms previously approved by an Extraordinary Resolution);

(b) the taking of possession by an encumbrancer of, or the appointment or application for the appointment of a trustee, administrator or administrative receiver or manager or a similar officer over, or an administration order being made or applied for in respect of, the whole or any substantial part of the undertaking or property of the Company;

(c) if the Company initiates or consents to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally; or

(d) a distress, execution or other process is levied or enforced or sued out upon or against all or a substantial part of the assets of the Company which is not discharged or signed within 30 days.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2020			
Financial assets			
Debt securities	-	-	105,227,628
Receivables	12,035,605	-	-
Cash and cash equivalents	4,841,184	-	-
Total financial assets	16,876,789	-	105,227,628

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.3 Liquidity risk (continued)

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2019			
Financial assets			
Debt securities	-	-	107,628,943
Receivables	9,237,856	-	-
Cash and cash equivalents	1,636,957	-	-
Total financial assets	10,874,813	-	107,628,943
31 December 2020			
Financial liabilities			
Eurobond capital	-	-	105,721,395
Eurobond interest payable	16,078,368	-	-
Payables and accruals	24,682	-	-
Tax payable	86,334	-	-
Total financial liabilities	16,189,384	-	105,721,395
31 December 2019			
Financial liabilities			
Eurobond capital	-	-	107,378,814
Eurobond interest payable	10,840,741	-	-
Payables and accruals	11,211	-	-
Tax payable	64,978	-	-
Total financial liabilities	10,916,930	-	107,378,814

The Company operates as an investment structure whereby the Company invests and commits to invest into various portfolio companies. As at 31 December 2020 and 2019, 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.

11.2 Capital risk management

The capital of the Company is represented by the net assets attributable to its shareholder. The amount of net assets attributable to its shareholder may change as the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.2 Capital risk management (continued)

The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to its shareholders.

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

11.3 Fair Value Estimation

As at 31 December 2020, 100% (2019: 100%) of financial assets at fair value through profit or loss comprise of the debt securities that have been fair valued in accordance with the policies set out in Note 2.4(c).

As AIPLP's debt and equity securities, which are held through separate legal entities being the Company and AI(No.3)L, are not traded on an active market, AIPLP may use internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity and debt securities for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The models used to determine the combined fair value of AIPLP's debt and equity securities and hence the fair value of the Company's debt securities are validated and reviewed by the Investment Manager and approved by the Directors periodically.

Fair value hierarchy

The fair value hierarchy consists of the following three levels:

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

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

The determination of what constitutes 'observable' input requires significant judgement by the Company. The Company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.3 Fair Value Estimation (continued)

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

	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
As at 31 December 2020				
Financial assets at fair value through profit or loss	-	-	105,227,628	105,227,628
As at 31 December 2019				
Financial assets at fair value through profit or loss	-	-	107,628,943	107,628,943

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.

11.4 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.

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Investment Manager 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.

Judgements
By virtue of the Company'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.

The Company has assessed that amortised cost using the effective interest rate method is a reasonable proxy for the fair value of its debt securities for reasons disclosed in Note 2.4(c).

In determining the Company's status as an Investment Entity in accordance with IFRS 10, the Company considered the following:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements (continued)

Although the Company met all three defining criteria, the Directors have also assessed the business purpose of the Company, the investment strategies for the infrastructure investments, the nature of any earnings from the infrastructure investments and the fair value models. The Directors 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 Company. The Directors determined that the Company meets the definition of an Investment Entity.

Estimates

Debt securities are not quoted in an active market and are accounted for at fair value through profit or loss. AIPLP assesses the combined fair value of these debt securities and its equity securities through the use of cash flow models of the underlying entities. The key estimates in the models include:

- Discount rates – the determination of the appropriate discount rate for each project that is reflective of current market and industry conditions (i.e. interest rates, inflation rates, the effects of the political developments and trends on these assumptions) and the specific risks as applicable to each project;
- Forecast future cash flows – enhancements made to underlying project cash flows to enhance or change the timings of cash flows from the PFI/PPP infrastructure projects.

13. FINANCIAL INSTRUMENTS BY CATEGORY

At 31 December 2020, the Company 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 GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2020			
Assets			
Debt securities	-	105,227,628	105,227,628
Receivables	12,035,605	-	12,035,605
Cash and cash equivalents	4,841,184	-	4,841,184
	16,876,789	105,227,628	122,104,417

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

13. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial assets at amortised cost GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2019			
Assets			
Debt securities	-	107,628,943	107,628,943
Receivables	9,237,856	-	9,237,856
Cash and cash equivalents	1,636,957	-	1,636,957
	10,874,813	107,628,943	118,503,756

	Financial liabilities at amortised cost GBP	Financial liabilities at fair value through profit or loss GBP	Total GBP
As at 31 December 2020			
Liabilities			
Eurobond capital	105,721,395	-	105,721,395
Eurobond interest payable	16,078,368	-	16,078,368
Payables and accruals	24,682	-	24,682
Tax payable	86,334	-	86,334
	121,910,779	-	121,910,779
As at 31 December 2019			
Liabilities			
Eurobond capital	107,378,814	-	107,378,814
Eurobond interest payable	10,840,741	-	10,840,741
Payables and accruals	11,211	-	11,211
Tax payable	64,978	-	64,978
	118,295,744	-	118,295,744

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

14. RELATED PARTY TRANSACTIONS

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

The Company's immediate parent is AIPLP. No dividends were paid during the year (2019: GBPnil). The Company created unsecured redeemable loan notes ("Eurobond capital") with an aggregate nominal value of up to GBP150,000,000. At the year end, the Eurobond capital issued by the Company was GBP105,721,395 (2019: GBP107,378,814), which is held by AIPLP. During the year, the Company issued additional Eurobond capital of GBPnil (2019: GBPnil), and repaid GBP1,657,419 (2019: GBP2,502,605), GBPnil (2019: GBP3,629,869) was extinguished of Eurobond capital. There are no amounts owed by AIPLP (2019: GBPnil), which represent Eurobond capital issued in respect of investments made.

During the year, the Company incurred Eurobond interest expenses of GBP12,435,089 (2019: GBP12,842,422), with GBP16,078,368 (2019: GBP10,840,741) outstanding at the year end.

The Company has a related party relationship with Aberdeen Infrastructure (No.2) LLP ("AI(No.2)L") and Aberdeen Infrastructure (No.3) Limited ("AI(No.3)L"), as entities under common control.

There are no other outstanding related party payables at year end.

15. STAFF COSTS

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

16. ULTIMATE PARENT UNDERTAKING

As at 31 December 2020, the Company's immediate parent undertaking is AIPLP. The Directors of the Company consider there to be no ultimate controlling party.

17. SUBSEQUENT EVENTS

The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 8 July 2021, the date the financial statements were available to be issued and have determined there were no subsequent events to report as at the date of signing this report and the audited financial statements.