

***COUTTS PRIVATE EQUITY LIMITED
PARTNERSHIP II***

Financial Statements

December 31, 2015

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Table of Contents

Financial Statements as of and for the year ended December 31, 2015 and Independent Auditors' Report to the General Partner:

	PAGE
Independent Auditors' Report to the General Partner.....	1
Statement of Assets, Liabilities and Partners' Capital.....	2
Statement of Operations.....	3
Statement of Changes in Partners' Capital	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 – 17



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Independent Auditors' Report to the Directors

We have audited the accompanying financial statements of Coutts Private Equity Limited Partnership II (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital as at December 31, 2015, the statements of operations, changes in partners' capital and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

June 30, 2016

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Statement of Assets, Liabilities and Partners' Capital

December 31, 2015

(expressed in United States dollars)

	Note	2015	2014
Assets			
Financial assets designated at fair value	3,12	\$ 271,228,427	\$ 374,468,107
Loans and receivables			
Cash and cash equivalents		41,332,972	70,265,808
Distributions receivable		-	7,942,690
Prepayments		5,575	15,575
<i>Total loans and receivables</i>		41,338,547	78,224,073
Total assets		312,566,974	452,692,180
Liabilities			
Financial liabilities measured at amortised cost			
Operational fee payable	6,10	1,450,941	1,450,941
Accounts payable and accrued expenses		137,615	137,457
<i>Total financial liabilities measured at amortised cost</i>		1,588,556	1,588,398
Total liabilities		1,588,556	1,588,398
Partners' capital (net assets)	5	\$ 310,978,418	\$ 451,103,782

See accompanying notes to financial statements.

Approved by Aberdeen General Partner CPELP II Limited on June 30, 2016

ANDREW GALLOWAY

Director

NICOLA ESPIE

Director

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Statement of Operations

For the year ended December 31, 2015

(expressed in United States dollars)

	Note	2015	2014
Income from financial assets designated at fair value			
Net realised gain on investments		\$ 77,495,192	\$ 74,844,367
Movement in unrealised (loss)/gain on investments		(52,066,150)	4,607,879
Movement in unrealised foreign exchange loss on investments		(7,923,906)	(15,940,643)
		17,505,136	63,511,603
Other investment income			
Interest income		22,823	24,607
Exchange loss on currencies held		(30,952)	(4,308)
		(8,129)	20,299
Net investment income		17,497,007	63,531,902
Operating expenses			
Administration fee	7	254,867	277,281
Management fees to Investment Vehicles	11	224,863	(339,697)
Professional fees		88,121	93,327
Directors' fees	10	22,756	23,875
Other		22,232	28,818
Total operating expenses		612,839	83,604
Net income from operations before finance costs		16,884,168	63,448,298
Finance costs			
Overdraft facility arrangement fee	9	50,000	100,000
		50,000	100,000
Net change in partners' capital resulting from operations		\$ 16,834,168	\$ 63,348,298

See accompanying notes to financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Statement of Changes in Partners' Capital

For the year ended December 31, 2015

(expressed in United States dollars)

	Note	General Partner	Limited Partners	Total
Balance at December 31, 2013		\$ -	\$ 512,213,947	\$ 512,213,947
Limited partner contributions		-	-	-
Distributions		(5,803,763)	(118,654,700)	(124,458,463)
Allocation of operational fee	6,10	5,803,763	(5,803,763)	-
Net change in partners' capital resulting from operations		-	63,348,298	63,348,298
Balance at December 31, 2014		-	451,103,782	451,103,782
Limited partner contributions		-	-	-
Distributions		(5,803,762)	(151,155,770)	(156,959,532)
Allocation of operational fee	6,10	5,803,762	(5,803,762)	-
Net change in partners' capital resulting from operations		-	16,834,168	16,834,168
Balance at December 31, 2015		\$ -	\$ 310,978,418	\$ 310,978,418

See accompanying notes to financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Statement of Cash Flows

For the year ended December 31, 2015

(expressed in United States dollars)

	2015	2014
Cash provided by/(applied in):		
Operating Activities		
Net change in partners' capital resulting from operations	\$ 16,834,168	\$ 63,348,298
Add/(deduct) items not involving cash:		
Net realised gain on investments	(77,495,192)	(74,844,367)
Movement in unrealised loss/(gain) on investments	52,066,150	(4,607,879)
Movement in unrealised foreign exchange loss on investments	7,923,906	15,940,643
Net change in non-cash operating balances:		
Distribution receivable	7,942,690	(7,942,690)
Prepayments	10,000	(13,575)
Accounts payable and accrued expenses	158	5,038
Investments in financial assets designated at fair value	(3,838,953)	(8,340,573)
Distributions from financial assets designated at fair value	124,583,769	155,095,490
	128,026,696	138,640,385
Financing Activities		
Distributions to limited partners'	(151,155,770)	(118,654,700)
Distributions to General Partner	(5,803,762)	(5,803,763)
	(156,959,532)	(124,458,463)
Movements in cash and cash equivalents during the year	(28,932,836)	14,181,922
Cash and cash equivalents at beginning of year	70,265,808	56,083,886
Cash and cash equivalents at end of year	\$ 41,332,972	\$ 70,265,808
Supplementary information on cash flows from operating activities:		
Interest received	\$ 22,823	\$ 24,607

See accompanying notes to financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements

December 31, 2015

1. GENERAL INFORMATION

Coutts Private Equity Limited Partnership II (the "Partnership") was established under the Exempted Limited Partnership Law of the Cayman Islands on February 2, 2007 as a Cayman Islands closed-ended exempted limited partnership. The registered office of the Partnership is located at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

Pursuant to the terms of the Limited Partnership Agreement (the "Agreement") dated April 23, 2007, Aberdeen General Partner CPELP II Limited (the "General Partner") acts as general partner to the Partnership and is responsible for the operation, management and risk management of the Partnership on the advice of Aberdeen Private Equity Managers Limited formerly known as Aberdeen SVG Private Equity Managers Limited (the "Investment Manager") (both related parties as discussed in note 10). Accordingly, in these notes, references to the General Partner should be read in the context that the General Partner has delegated investment discretion to the Investment Manager. The General Partner was incorporated under the Companies Law of the Cayman Islands on January 29, 2007 as an exempted company with limited liability. The General Partner does not intend to invest any capital in the Partnership, and does not have any capital invested as of December 31, 2015 and 2014.

The investment objective of the Partnership is to seek long-term capital appreciation by investing in selected closed-ended investment funds operated by leading private equity investment managers ("Investment Vehicles"). In particular, the Partnership is a limited partner in a number of Investment Vehicles. As at December 31, 2015, the Partnership is a limited partner in the following Investment Vehicles: Blackstone Capital Partners V-AC, L.P., Carlyle Partners V, L.P., CVC Capital Partners Asia Pacific III, L.P., Fortress Investment Fund V, KKR Asian Fund, L.P., Thomas H. Lee Parallel Fund VI, L.P., TPG Asia V, L.P., and Warburg Pincus Private Equity X, L.P. In addition, the Partnership has invested in Apax Europe VII-B, L.P., Carlyle Europe Partners III, L.P., Doughty Hanson & Co V, L.P. and PAI Europe V-2, L.P. through CPELP II Guernsey Limited Partnership Inc. ("CPELP II Guernsey").

CPELP II Guernsey is a limited partnership with legal personality in Guernsey established under the Limited Partnership (Guernsey) Law on April 18, 2007 which was established to facilitate the acquisition of certain investments on behalf of the Partnership. The General Partner is also the general partner of CPELP II Guernsey and the Partnership is CPELP II Guernsey's sole limited partner.

The Partnership may invest in other Investment Vehicles in place of or in addition to the Investment Vehicles listed above.

It is intended that the term of the Partnership will be for the same term as the longest term of any of the Investment Vehicles plus a period determined by the General Partner during which period the Partnership will be wound up. This is expected to be before the end of 2019 or such other date as the General Partner reasonably determines.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect the following significant accounting policies:

Basis of preparation

The functional and presentation currency of the Partnership is the U.S. dollar and not the local currency of the Cayman Islands, reflecting the fact that partners' capital is denominated in U.S. dollars and the Partnership's operations are primarily conducted in U.S. dollars.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

These financial statements are prepared on a fair value basis for financial assets at fair value through profit or loss. Other financial assets and liabilities and non-financial assets and liabilities are stated at historical or amortised cost. The accounting policies have been consistently applied by the Partnership during the current and previous reporting periods.

New standards and interpretations

There are a number of new standards, amendments to standards and interpretations not yet effective for the year ended December 31, 2015 which have not been applied in preparing these financial statements. No standards or amendments effective in the near future are expected to have any impact on the Partnership.

Adoption of new standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning January 1, 2015 that would be expected to have a material impact on the Partnership.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments

The Partnership recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial instruments are initially measured at fair value. Subsequent to initial recognition, all instruments classified as fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Operations. The Partnership derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Partnership uses the first-in first-out method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in Investment Vehicles

The Partnership has designated its investments in Investment Vehicles into the financial assets at fair value through profit or loss category. The fair value of investments in Investment Vehicles is based on the value of the Partnership's capital accounts in such investments as determined by the investment managers. As a result, there are no additional unobservable inputs applied by the General Partner in determining the fair values as at December, 31 2015 and 2014.

The Investment Vehicles hold a majority of their investments in assets which are not actively traded. Consequently, it may be relatively difficult for the investment managers of the Investment Vehicles to obtain reliable information on the investments for valuation purposes and to dispose of investments at the valuation level. Inherent uncertainties as to the valuation of assets held by Investment Vehicles could have an adverse effect on the partners' capital interests. The investment managers of the Investment Vehicles attempt to utilise consistent valuation methodologies where possible, however, the valuations provided by this process are estimates where they relate to unrealised investments. Therefore, these estimated values may differ significantly from the values that would have been used had a ready market for the Investment Vehicles and their underlying investments existed, and the differences could be material.

The Partnership's investment in the Investment Vehicles meet the definition of unconsolidated structured entities as the voting rights are not the dominant factor in determining control, the Investment Vehicles' activities are restricted by their offering memorandum and they have a narrow and well-defined objective to provide investment opportunities to investors.

Fair value measurement principles

Financial instruments recognised at fair value in the statement of assets, liabilities and partners' capital have been classified into a fair value hierarchy with the following levels:

- | | |
|---------|--|
| Level 1 | Fair value is determined by quoted prices in active markets for identical assets and liabilities that the Partnership can access at the same measurement date; |
| Level 2 | Fair value is determined by reference to observable inputs for the instrument not included within Level 1 of the fair value hierarchy; and |
| Level 3 | Fair value is determined by reference to unobservable inputs. |

All financial assets designated at fair value, being investments in Investment Vehicles, are classified as level 3 in the fair value hierarchy reflecting that investments in Investment Vehicles are not redeemable.

Cash and cash equivalents

Cash and cash equivalents comprise deposit accounts and short-term, highly liquid investments.

Interest income

Interest income is recognised on an accruals basis.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Expenses are recognised in the period when the service is provided on an accruals basis, in accordance with contractual arrangements.

Foreign currency

Unfunded commitments, investments in Investment Vehicles and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the reporting date. Purchases and sales of investments in Investment Vehicles and income and expense items denominated in foreign currencies are translated into U.S. dollars on the respective dates of such transactions. Realised and unrealised gains and losses resulting from foreign currency transactions are included in the Statement of Operations.

Taxes

Under Cayman Islands law, distributions made by the Partnership and return of capital in respect of investments in the Partnership are not subject to taxation in the Cayman Islands and no withholding will be required on such payments to limited partners. The Partnership has received an undertaking from the Governor in Cabinet exempting it from all local income, profits and capital gains taxes until February 13, 2057. No such taxes are levied in the Cayman Islands at the present time. The limited partners are responsible for reporting their respective share of the Partnership's net income or net loss on their tax returns.

During the year ended December 31, 2009, the Partnership's investment in Fortress Investment Fund V generated U.S. income connected with a U.S. based business or trade ("ECI"). Receiving ECI would have resulted in both the Partnership and its limited partners having an obligation to file U.S. tax returns. However, in order to streamline and simplify the U.S. filing process for limited partners, the General Partner made a retroactive election for the Partnership to be treated as a corporation for U.S. tax purposes. The result of this election is that the Partnership is considered to be a single entity for U.S. tax purposes and the ECI is deemed to have been received by the Partnership and not its limited partners. The General Partner, therefore, makes one U.S. tax filing on behalf of the entire Partnership. The estimated tax receivable as at December 31, 2015 is not considered material and therefore has not been included in the financial statements.

Other financial assets and liabilities

The carrying value of financial assets and liabilities not designated at fair value approximate the fair value principally because of the short-term nature of these instruments.

Performance fee payable

The Partnership is required to pay a performance fee if it meets requirements as set out in note 6. The performance fee payable is the amount the Partnership would have to pay if the Partnership's net assets were fully realized at the reporting date.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II
Notes to Financial Statements (continued)
December 31, 2015

3. INVESTMENTS IN INVESTMENT VEHICLES

The committed capital and investments in Investment Vehicles at estimated fair value at December 31, 2015 are as follows:

Investment Vehicle		Total Net Assets of Investment Vehicle	Commitment (source currency)	U.S. Dollar Commitment	Unfunded Commitment	Investment at Cost	Investment at Fair Value
Apax Europe VII-B, L.P.*	€	5,425,710 ¹	€ 30,000,000	\$ 41,722,556 ²	\$ 651,136	\$ 28,660,482	\$ 21,755,226
Blackstone Capital Partners V-AC, L.P.	\$	1,076,505 ¹	\$ 60,000,000	\$ 60,000,000	\$ 4,596,517	\$ 23,768,979	\$ 28,830,041
Carlyle Europe Partners III, L.P.*	€	3,926,596 ¹	€ 50,000,000	\$ 68,990,832 ²	\$ 6,049,408	\$ 36,620,277	\$ 35,045,522
Carlyle Partners V, L.P.	\$	8,939,035 ¹	\$ 70,000,000	\$ 70,000,000	\$ 13,631,707	\$ 38,091,138	\$ 41,574,448
CVC Capital Partners Asia Pacific III, L.P.	\$	1,296,777 ¹	\$ 20,000,000	\$ 20,000,000	\$ 3,539,029	\$ 9,073,799	\$ 6,780,169
Doughty Hanson & Co V, L.P.*	€	1,055,116 ¹	€ 40,000,000	\$ 54,323,915 ²	\$ 9,450,703	\$ 24,086,139	\$ 13,999,032
Fortress Investment Fund V	\$	5,097,957 ¹	\$ 25,000,000	\$ 25,000,000	\$ 121,997	\$ 19,058,020	\$ 21,311,357
KKR Asian Fund, L.P.	\$	2,164,457 ¹	\$ 35,000,000	\$ 35,000,000	\$ 1,116,395	\$ 19,035,776	\$ 21,209,046
PAI Europe V-2, L.P.*	€	881,509 ¹	€ 7,500,000	\$ 10,199,112 ²	\$ 730,042	\$ 7,703,734	\$ 8,005,479
Thomas H.Lee Parallel Fund VI, L.P.	\$	2,453,099 ¹	\$ 50,000,000	\$ 50,000,000	\$ 4,198,354	\$ 20,674,778	\$ 35,221,851
TPG Asia V, L.P.	\$	1,828,751 ¹	\$ 20,000,000	\$ 20,000,000	\$ 3,004,150	\$ 11,530,182	\$ 9,666,863
Warburg Pincus Private Equity X, L.P.	\$	9,003,901 ¹	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 17,020,471	\$ 27,829,393
				505,236,415	47,089,438	255,323,775	271,228,427

¹ Amounts expressed in thousands

* This investment is made via CPELPII Guernsey

² The U.S. Dollar commitment is composed of: i) the unfunded commitment at the year end foreign exchange rate, ii) calls and distributions impacting commitment at the spot rate on the day of the transactions

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II
Notes to Financial Statements (continued)
December 31, 2015

3. INVESTMENTS IN INVESTMENT VEHICLES (continued)

The committed capital and investments in Investment Vehicles at estimated fair value at December 31, 2014 are as follows:

Investment Vehicle		Total Net Assets of Investment Vehicle	Commitment (source currency)	U.S. Dollar Commitment	Unfunded Commitment	Investment at Cost	Investment at Fair Value
Apax Europe VII-B, L.P.*	€	6,602,735 ¹	€ 30,000,000	\$ 41,796,286 ²	\$ 825,737	\$ 32,595,852	\$ 34,607,063
Blackstone Capital Partners V-AC, L.P.	\$	1,608,665 ¹	\$ 60,000,000	\$ 60,000,000	\$ 4,596,517	\$ 32,590,449	\$ 45,714,164
Carlyle Europe Partners III, L.P.*	€	4,652,213 ¹	€ 50,000,000	\$ 69,217,809 ²	\$ 7,642,481	\$ 43,768,508	\$ 46,167,819
Carlyle Partners V, L.P.	\$	12,655,220 ¹	\$ 70,000,000	\$ 70,000,000	\$ 14,883,626	\$ 43,495,686	\$ 58,117,740
CVC Capital Partners Asia Pacific III, L.P.	\$	2,982,067 ¹	\$ 20,000,000	\$ 20,000,000	\$ 3,637,744	\$ 11,505,092	\$ 14,969,691
Doughty Hanson & Co V, L.P.*	€	1,440,073 ¹	€ 40,000,000	\$ 54,861,082 ²	\$ 10,564,464	\$ 27,789,142	\$ 22,498,910
Fortress Investment Fund V	\$	5,136,007 ¹	\$ 25,000,000	\$ 25,000,000	\$ 121,997	\$ 19,227,540	\$ 19,967,771
KKR Asian Fund, L.P.	\$	3,681,116 ¹	\$ 35,000,000	\$ 35,000,000	\$ 1,454,893	\$ 23,058,672	\$ 29,721,888
PAI Europe V-2, L.P.*	€	811,069 ¹	€ 7,500,000	\$ 10,285,147 ²	\$ 816,078	\$ 8,186,976	\$ 8,916,163
Thomas H.Lee Parallel Fund VI, L.P.	\$	2,839,874 ¹	\$ 50,000,000	\$ 50,000,000	\$ 4,900,799	\$ 19,972,333	\$ 41,381,784
TPG Asia V, L.P.	\$	2,573,696 ¹	\$ 20,000,000	\$ 20,000,000	\$ 2,362,611	\$ 13,508,152	\$ 13,478,713
Warburg Pincus Private Equity X, L.P.	\$	12,626,939 ¹	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 22,874,997	\$ 38,926,401
				506,160,324	51,806,947	298,573,399	374,468,107

¹ Amounts expressed in thousands

² The U.S. Dollar commitment is composed of: i) the unfunded commitment at the year end foreign exchange rate, ii) calls and distributions impacting commitment at the spot rate on the day of the transactions

*This investment is made via CPELP II Guernsey

Commitments represent the aggregate commitments by the Partnership to each Investment Vehicle, in the actual currency and U.S. dollars, as at December 31, 2015 and 2014. Unfunded commitments represent the remaining undrawn funds and recallable distributions which may be called by each of the Investment Vehicles, in U.S. dollar equivalent amounts.

The Partnership's maximum exposure to loss at December 31, 2015 is \$318,317,865 (2014: \$426,275,054) represented by the Partnership's investment at fair value and the unfunded commitment. During the year the Partnership did not provide financial support to the investment Vehicles and has no intention of providing financial support.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

4. FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The following table analyses within the fair value hierarchy the Partnership's other financial assets and liabilities where the carrying value approximates fair value.

2015		Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	\$	-	41,332,972	-
Distributions receivable		-	-	-
Other assets		-	5,575	-
	\$	-	41,338,547	-
Financial liabilities				
Operational fees payable		-	1,450,941	-
Other liabilities		-	137,615	-
	\$	-	1,588,556	-
2014				
		Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	\$	-	70,265,808	-
Distributions receivable		-	7,942,690	-
Other assets		-	15,575	-
	\$	-	78,224,073	-
Financial liabilities				
Operational fees payable		-	1,450,941	-
Other liabilities		-	137,457	-
	\$	-	1,588,398	-

5. PARTNERS' CAPITAL

The Partnership held a first offering which closed on April 23, 2007 that resulted in commitments from the partners of \$515,890,000, of which \$464,301,000 (2014: \$464,301,000) has been called as of December 31, 2015 and recorded as contributions to the Partnership. Limited partners' capital interests are not redeemable and cannot be transferred except at the discretion of the General Partner.

As at December 31, 2015 the Partnership has distributed \$344,614,520 (2014: \$193,458,750) to limited partners of which \$151,155,770 relates to distributions made during the year ending December 31, 2015. In certain circumstances, limited partners may be required to repay distributions previously made by the Partnership so that the Partnership is able to meet obligations imposed by the Investment Vehicles.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

6. OPERATIONAL AND PERFORMANCE FEE

Pursuant to the Agreement, the General Partner is entitled to receive from the Partnership an amount (the "Operational Fee") equal to 1.25% per annum (0.3125% per quarter) of the aggregate amount of limited partners' contributions drawn down by the Partnership as at the end of each relevant quarter, for the period from April 23, 2007 (the "Closing Date") until the end of the Investment Period, as defined in the Agreement. For the period from the end of the Investment Period to the Termination Date, as defined in the Agreement, the General Partner will receive an Operational Fee equal to 1.25% per annum (0.3125% per quarter) of the lesser of the Net Asset Value, as defined in the Agreement, of the Partnership or the aggregate amount of limited partners' contributions drawn down by the Partnership since the Closing Date as at the relevant quarter date.

In the event that net income of the Partnership is less than the Operational Fee at the end of each financial year, any deficiency may be paid to the General Partner as an interest free loan. In no circumstances shall the interest free loan be recoverable from the General Partner. The unallocated Operational Fee will only be allocated to the General Partner through the Statement of Changes in Partners' Capital in any financial year where the Partnership generates sufficient net income to extinguish the unallocated portion (or parts thereof). As at December 31, 2015 and 2014, no interest free loan was paid to the General Partner.

The Partnership must also pay a performance fee of 10% of the Partnership's net income and capital gains, after all other fees and expenses have been deducted, in excess of the "Hurdle" rate, as defined in the Agreement. Once the limited partners have been returned their original investment in the Partnership plus the Hurdle rate thereon, the General Partner receives 10% of all sums distributed after that time. The remaining 90% will be distributed to the limited partners pro rata to their investment in the Partnership. During the year ended 31 December, 2015 and 2014, no performance fees were earned by the General Partner.

7. ADMINISTRATION FEE

On January 8, 2013 the Partnership appointed IPES (Guernsey) Limited (the "Administrator") pursuant to an administrative services agreement ("Administration Agreement") to act as the administrator to the Partnership. The Administrator is primarily responsible for processing contributions from and distributions to limited partners and providing administrative and accounting services to the Partnership. In return for its services, the Administrator receives a fixed administration fee from the Partnership.

8. INVESTMENT MANAGER

Pursuant to an investment management agreement dated June 1, 2010 and a subsequent novation agreement dated June 4, 2013, the Investment Manager has agreed to act as investment manager to the General Partner. The investment management fee is met by the General Partner out of the Operational Fee.

9. OVERDRAFT FACILITY

The Partnership has secured an overdraft facility with Coutts & Co Ltd ("Coutts Bank"), in the amount of \$10,000,000 (2014: \$20,000,000). On January 31, 2015 the overdraft facility was renewed for the amount of \$10,000,000. The Partnership agreed to an arrangement fee of 0.5% (2014: 0.5%) per annum to reflect the cost of renewing the overdraft facility. Interest on the daily cleared balance is charged at Coutts Bank's U.S. dollar funding rate plus 1.5% (2014: 1.5%) and amounts borrowed are repayable within three months from the date of the drawing. In addition, Coutts Bank may set-off amounts deposited by the Partnership in other Coutts Bank accounts against any amounts payable under this facility. The total aggregate amount outstanding on the facility at any time must be covered by a level of at least 150% of the uncalled capital commitment of the Partnership. At December 31, 2015 and 2014, there was no amount outstanding on this facility.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

10. RELATED PARTIES

The following balances and transactions were with related parties:

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents held in the Aberdeen Liquidity Fund	\$ 41,321,587	\$ -
<u>Liabilities</u>		
Operational fee payable	1,450,941	1,450,941
Payable to General Partner	28,748	17,755
<u>Expenses</u>		
Directors' fees	22,756	23,875
<u>Allocation of partners' capital</u>		
Operational Fee	5,803,762	5,803,763

The General Partner and the Investment Manager are related parties by virtue of common control by Aberdeen Asset Management PLC.

Directors' fees are paid by the Partnership on behalf of the General Partner.

11. MANAGEMENT FEES TO INVESTMENT VEHICLES

Certain Investment Vehicles charge management fees in addition to the committed amounts or via direct payments to the relevant Investment Vehicle's investment manager. To the extent this has occurred, the fees have been recorded in the Statement of Operations as Management fees to Investment Vehicles.

12. RISK MANAGEMENT

The Partnership's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. Significant financial risks to which the Partnership is exposed are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk.

The Partnership's financial risk is managed by the General Partner. The Investment Manager undertakes due diligence prior to and subsequent to investment in an Investment Vehicle. This due diligence includes meetings to review the investment managers' investment processes and organisations, negotiating the terms of investment in an Investment Vehicle and other checks. Progress of the Partnership is monitored on a quarterly basis by the board of directors of the General Partner.

The nature and extent of the financial instruments outstanding at the date of the Statement of Assets, Liabilities and Partners' Capital and the risk management policies employed by the General Partner on behalf of the Partnership are discussed below.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

12. RISK MANAGEMENT (continued)

(a) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will make an instrument less valuable or more onerous. All financial assets designated at fair value through profit or loss are recognised at fair value, and all changes in market conditions directly affect net income.

The Partnership's market risk is managed through its portfolio construction. The General Partner invests in a number of Investment Vehicles in order to take advantage of the diversification offered by various asset classes and Investment Vehicles in differing geographical areas and market sectors. Each investment manager manages the market risk in each relevant Investment Vehicle.

Price risk

The Partnership is exposed to price risk through the underlying investments held by the Investment Vehicles. To manage this risk, the Partnership has selected investment managers with extensive experience and global networks. The General Partner is supported by the Investment Manager in reviewing the operation and performance of the investment managers and the Investment Vehicles.

Interest rate risk

At December 31, 2015 and 2014 cash and cash equivalents, which are repriced daily, are the Partnership's only interest bearing financial assets.

The Partnership is exposed to direct cash flow interest rate risk on the amounts borrowed under the overdraft facility described in note 9. As amounts are borrowed via a short term overdraft facility and are repaid soon after, the exposure to interest rate risk is not considered to be significant.

Currency risk

The Partnership invests in financial instruments denominated in currencies other than its functional currency. Consequently, the Partnership is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Partnership's assets or liabilities denominated in currencies other than U.S. dollars.

It is not the intention of the General Partner to enter into hedging arrangements with respect to this currency exposure. The General Partner monitors the Partnership's currency exposure and may take such action as it deems appropriate.

At December 31, 2015 the Partnership's net exposure to fluctuations in foreign exchange rates converted into U.S. dollars was \$78,805,259 (2014: \$112,189,955), which represents 25.3% (2014: 24.9%) of partners' capital.

Sensitivity analysis

At December 31, 2015, had the U.S. dollar strengthened by 1% in relation to the euro, with all other variables held constant, partners' capital and the change in partners' capital per the Statement of Operations would have decreased by \$788,053 (2014: \$1,121,900). A 1% weakening of the U.S. dollar against the euro would have resulted in an equal but opposite effect on the basis that all other variables remain constant.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

12. RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house. At December 31, 2015 and 2014, none of the instruments were exchange traded.

The amount of credit exposure is represented by the carrying amount of each financial instrument in the Statement of Assets, Liabilities and Partners' Capital. Bank accounts are held with Coutts Bank. In December 2015, the Partnership also subscribed into the Aberdeen Liquidity Fund ("LUX") a money market account that is readily convertible to cash. The Partnership is subject to credit risk to the extent that these entities may be unable to fulfil their obligations to repay the amounts owed. The General Partner considers the possibility that these entities will fail to meet their obligations to be remote.

Other than outlined above, there were no significant concentrations of credit risk to counterparties at December 31, 2015 or 2014.

(c) Liquidity risk

The Partnership's financial instruments include investments in Investment Vehicles that are not traded on a public exchange and are illiquid. As a result, the Partnership may not be able to liquidate its investments in these instruments, in order to meet its liquidity requirements or to respond to particular events such as deterioration in the creditworthiness of any particular counterparty. The amounts that are ultimately realised for each Investment Vehicle may be substantially different from their current fair values. The General Partner manages liquidity risk by calling down on limited partners' commitments to seek to meet the Partnership's commitments to its Investment Vehicles. The General Partner has arranged the overdraft facility described in note 9 to assist with timing mismatches.

The Partnership is accordingly exposed to liquidity risk on commitments due from limited partners. Under the terms of the Agreement, any limited partner in default must pay interest to the Partnership on the outstanding balance at a rate of 3-month U.S. dollar LIBOR plus 4% per annum. Furthermore, the General Partner may limit the rights of the limited partner or cause the limited partner to forfeit their rights completely and thereby lose any right of repayment on amounts previously contributed. As at December 31, 2015, the interest receivable from defaulting partners is \$Nil (2014: \$Nil).

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II

Notes to Financial Statements (continued)

December 31, 2015

12. RISK MANAGEMENT (continued)

(d) Level 3 financial instruments

The following table presents additional information about level 3 financial instruments measured at fair value.

	2015	2014
Balance at beginning of year	\$ 374,468,107	\$ 457,711,421
Investment during year	3,838,953	8,340,573
Distributions during year	(124,583,769)	(155,095,490)
Net realised gain on investments	77,495,192	74,844,367
Movement in unrealised (loss)/gain on investments	(52,066,150)	4,607,879
Movement in unrealised foreign exchange loss on investments	(7,923,906)	(15,940,643)
	\$ 271,228,427	\$ 374,468,107

Net realised gains and movements in unrealised gains are recognised in the Statement of Operations.

There were no transfers between the investment levels during the year to December 31, 2015 or 2014.

Of the total unrealised (loss)/gain on investments recognised in the Statement of Operations \$(52,066,150) (2014: \$4,607,879) relates to investments held at the year end.

Of the total unrealised foreign exchange loss on investments recognised in the Statement of Operations \$(7,923,906) (2014: \$15,940,643) relates to investments held at the year end.

(e) Residual contractual maturities of financial liabilities

The Partnership's contractual obligations to settle financial liabilities are disclosed in the following notes: Partners' Capital (note 5), Operational and Performance Fee (note 6), Administration Fee (note 7), and Overdraft Facility (note 9).

13. SUBSEQUENT EVENTS

With effect from March 31, 2016, the investment management agreement for the Partnership was transferred by way of novation to Aberdeen Asset Managers Limited.

The Partnerships overdraft facility expired on January 31, 2016 and was not renewed.

On February 23, 2016 the General Partner approved a distribution of \$25,794,500 to partners representing 5% of commitment to be paid on March 15, 2016.

There were no other significant events subsequent to December 31, 2015 to the date the financial statements were approved by the General Partner, that require disclosure in the financial statements.