

Registered in England and Wales: No. 07739651

**AVIVA INVESTORS INFRASTRUCTURE GP
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 DECEMBER 2017

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AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

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AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

B S Hill
G P Mills
D S Skinner

Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Registered office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 07739651

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
7 More London Riverside
London
SE1 2RT

Other Information

Aviva Investors Infrastructure GP Limited (the 'Company') is a wholly owned subsidiary of Aviva Investors Real Estate Limited and is a member of the Aviva plc group of companies (the 'Aviva Group')

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

A C Appleyard (resigned 17 August 2018)
B S Hill
G P Mills (appointed 29 August 2018)
D S Skinner

Principal activity

The principal activity of the Company is to act as the General Partner of Aviva Investors Infrastructure Income Limited Partnership (the 'Partnership') which is engaged in the business of property investment. The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership.

The Directors have reviewed the activities of the Company for the year and the position as at 31 December 2017 and consider them to be satisfactory.

Results

The loss for the financial year amounted to £12,733 (2016 (as restated): £8,748).

Future developments

The Directors expect the level of activity to be maintained in the foreseeable future.

Dividend

During the year no dividends were paid (2016: £Nil).

The Directors do not recommend the payment of a dividend for the financial year ended 31 December 2017 (2016: £Nil).

Going concern

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date signing of these financial statements.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Events after the reporting date

There have been no significant events affecting the Company since the year end.

Employees

The Company has no employees (2016: Nil).

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to the Independent Auditors

Each person who was a Director of the Company on the date that this report was approved, confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

It is the intention of the Directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying indemnity provisions

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in Section 234 of the Companies Act 2006.

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of Sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Risk and capital management policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva Group. The Aviva Group operates within its own governance structure and priority framework. It also has its own, established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). The Aviva Group has an Audit Committee, which includes shareholder representatives.

(b) Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Company's principal exposure to market risk takes the form of property values, which have a direct impact on the value of the Partnership's investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which manages the investments on behalf of the Partnership.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. Details of the Aviva Group's approach to operational risk are set out in the Aviva Group's Risk Management Framework ('RMF') the RMF and in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's activities.

Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The ongoing costs of the Company are settled by the Partnership.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing their report, the Directors' have taken advantage of the exemption for small companies in accordance with Section 415(A) of the Companies Act 2006.

By order of the Board:

 11/09/18

D S Skinner
Director

Independent auditors' report to the members of Aviva Investors Infrastructure GP Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors Infrastructure GP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Directors' Report

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' 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 set out on page 5, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

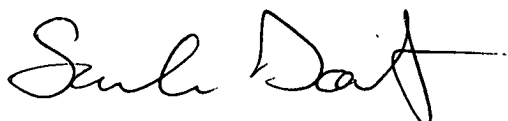
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 September 2018

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 (as restated) £
Turnover		175	-
Administrative expenses	6	(12,908)	(8,748)
Loss before taxation		(12,733)	(8,748)
Tax on loss	7	-	-
Loss for the financial year and total comprehensive loss for the financial year		(12,733)	(8,748)

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

The notes on pages 11 to 20 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 £	2016 (as restated) £
Current assets			
Debtors: amounts falling due within one year	8	1,490	1,491
Creditors: amounts falling due within one year	9	(51,322)	(38,590)
Net liabilities		<u>(49,832)</u>	<u>(37,099)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		(49,833)	(37,100)
Total Shareholders' deficit		<u>(49,832)</u>	<u>(37,099)</u>

These financial statements were approved and authorised for issue by the Board and were signed on its behalf on 11/09/18

D S Skinner
Director



The notes on pages 11 to 20 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account (as restated)	Total Shareholders' deficit (as restated)
	£	£	£
Balance as at 1 January 2016	1	(28,352)	(28,351) ²
Loss for the financial year and total comprehensive loss for the financial year (as restated)	-	(8,748)	(8,748)
Balance as at 31 December 2016 and 1 January 2017 (as restated)	1	(37,100)	(37,099)
Loss for the financial year and total comprehensive loss for the financial year	-	(12,733)	(12,733)
Balance as at 31 December 2017	1	(49,833)	(49,832)

The notes on pages 11 to 20 form an integral part of these financial statements

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Aviva Investors Infrastructure GP Limited (the "Company") acts as the General Partner of Aviva Investors Infrastructure Income Limited Partnership (the "Partnership") which is engaged in the business of property investment.

The Company is registered as a private company limited by its shares and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year except where noted below.

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis. The accounting policies have been consistently applied throughout the year and are consistent with those applied in previous years.

These financial statements have been presented in British Pounds as this is the Company's functional currency, being the primary economic environment in which it operates.

3.2 Going concern

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

Therefore, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and for this reason they have continued to adopt the going concern basis in preparing the financial statements.

3.3 Consolidation exemption

The Company acts as the General Partner to the Partnership. The Company therefore exercises a dominant influence over the Partnership. The economic interest of the Company in the Partnership is small and restricted and is principally derived in the form of the General Partner share provided for under the terms of the Limited Partnership Agreement. As the Company's influence is fiduciary in nature, the Partnership is not treated as a subsidiary undertaking.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.4 Strategic report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Part 15 of the Companies Act 2006 relating to small entities.

3.5 Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

3.6 Turnover

Turnover, which excludes value added tax, represents income receivable from the Partnership, recognised on an accruals basis.

3.7 Administrative expenses

Administrative expenses include administration, finance, professional and management expenses which are recognised on an accruals basis.

3.8 Cash

The Company has no bank accounts and its expenses are settled on its behalf by the Partnership, therefore no Statement of Cash Flows has been presented in the financial statements.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.9 Taxation

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax asset, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from the creation of current year tax losses. The rates enacted or substantively enacted at the Statement of Financial Position date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is not provided on revaluations of investments in subsidiaries as under current tax legislation no tax will arise on their disposal.

3.10 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is more probable than not.

Contingent liabilities are disclosed either if there is a possible obligation to transfer economic benefits, or if a present obligation exists where it is not probable that a transfer of economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

There were no contingent liabilities or commitments at the Statement of Financial Position date (2016: £Nil).

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.11 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make payments which meet the conditions above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.11 Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. Restatement of comparative figures

In the current financial statements, the prior year balances have been restated to recognise Value Added Tax ("VAT") reclaimable on administrative expenses.

In the 2016 financial statements, the administrative expenses were recorded including VAT in the Statement of Comprehensive Income. In accordance with accounting policy 3.7, administrative expenses are recorded excluding VAT, as such, the 2016 Statement of Comprehensive Income and Statement of Financial Position are understated by this VAT reclaimable. The Statement of Comprehensive Income is restated to remove the VAT reclaimable of £1,401. The Statement of Financial position is restated by £1,401 to record the total VAT reclaimable.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Administrative expenses

	2017 £	2016 (as restated) £
Fees payable to the auditors for the audit of the Company's financial statements	2,908	2,623
Administration fees	-	1,125
Professional fees	10,000	5,000
	<u>12,908</u>	<u>8,748</u>

The Directors received no emoluments from the Company for services to the Company for the financial year (2016: £Nil).

The Company had no employees during the financial year (2016: Nil).

7. Tax on loss

	2017 £	2016 £
Analysis of tax charge in the year		
UK corporation tax charge on loss for the year	-	-
Tax on loss	<u>-</u>	<u>-</u>

(a) Tax reconciliation

The tax on the Company's loss before taxation differs (2016: differs) from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2017 £	2016 (as restated) £
Loss before taxation	<u>(12,733)</u>	<u>(8,748)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (31 December 2016: 20%)	(2,451)	(1,750)
Non-taxable distribution from the Partnership	(34)	-
Allocation of profit from the Partnership	41	-
Deferred tax assets not recognised	<u>2,444</u>	<u>1,750</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Tax on loss (continued)

(b) Deferred tax

At 31 December the Company has the following unrecognised deferred tax assets to carry forward indefinitely against future taxable income:

	2017 £	2016 (as restated) £
Tax loss for the year	12,908	8,748
Deferred tax rate	17%	17%
Deferred tax asset not recognised	2,194	1,487

The total outstanding amount of unrecognised deferred tax asset was as follows:

	2017 £	2016 £
Opening balance of unrecognised deferred tax assets	6,331	5,129
Deferred tax losses for the year	2,194	1,487
Reduction in tax rate	-	(285)
Balance at 31 December	8,525	6,331

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 102, Section 29 as to the availability of suitable taxable profits in the foreseeable future.

(c) Factors affecting current tax charge for the year

Finance (No.2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% 1 April 2020. Finance Act 2016, which received Royal Assent on 15 September 2016, will further reduce the corporation tax rate to 17% from 1 April 2020. There is no impact on the Company's net assets from the reductions in the rates as the Company does not have any recognised deferred tax balances.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. Debtors: amounts falling due within one year

	2017 £	2016 (as restated) £
Other debtors - VAT	1,401	1,401
Amounts owed by group undertakings (see Note 12)	-	1
Amounts owed by Partnership (see Note 12)	89	89
	<u>1,490</u>	<u>1,491</u>

Amounts owed by group undertakings and by Partnership are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to the Partnership (see Note 12)	37,619	24,184
Amount owed to group undertakings (see Note 12)	10,795	10,769
Accruals and deferred income	2,908	3,637
	<u>51,322</u>	<u>38,590</u>

10. Called up share capital

	2017 £	2016 £
Allotted, called up and unpaid share capital of the Company at 31 December: 1 (2016: 1) ordinary share of £1	<u>1</u>	<u>1</u>

11. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2016: £Nil).

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Related party transactions

	2017 Income earned / (expenses incurred) in the year £	2017 Receivable/ (payable) at year end £	2016 Income earned / (expenses incurred) in the year £	2016 Receivable/ (payable) at year end £
Aviva Investors Infrastructure Income Limited Partnership - priority distribution	175	89	-	89
Norwich Union (Shareholder GP) Limited - share capital	-	-	-	1
Aviva Investors Infrastructure Income Limited Partnership - payment on behalf of the Company	-	(37,619)	-	(24,184)
Aviva Investors No.1 (Holdco) Limited - payment on behalf of the Company	(12,908)	(10,795)	(8,748)	(10,769)
	<u>(12,733)</u>	<u>(48,325)</u>	<u>(8,748)</u>	<u>(34,863)</u>

The Company is entitled to a priority distribution of 0.01% (2016: 0.01%) of the Net Income available for distribution from the Partnership.

At the Statement of Financial Position date the Company owed £36,218 (2016: £24,184) to the Partnership.

During the year professional fees of £10,000 (2016: £5,000), administration fees of £Nil (2016 (as restated): £1,125) and audit fees of £2,908 (2016 (as restated): £2,623) were paid by Aviva Investors No.1 (Holdco) Limited on behalf of the Company. At the Statement of Financial Position date the Company owed £10,795 (2016: £10,769) to Aviva Investors No.1 (Holdco) Limited.

AVIVA INVESTORS INFRASTRUCTURE GP LIMITED

Registered in England and Wales: No. 07739651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Financial instruments

	2017 £	2016 (as restated) £
Financial liabilities measured at undiscounted amount:		
Debtors: amounts falling due within one year (see Note 8)	<u>1,490</u>	<u>1,491</u>
Financial liabilities measured at undiscounted amount:		
Creditors: amounts falling due within one year (see Note 9)	<u>51,322</u>	<u>38,590</u>

14. Immediate parent and ultimate controlling party

The Company is owned by Aviva Investors Real Estate Limited.

Aviva Investors Real Estate Limited is a wholly owned subsidiary of Aviva Investors Holdings Limited, whose ultimate controlling entity is Aviva plc.

The Company was previously owned by Norwich Union (Shareholder GP) Limited which is a wholly owned subsidiary of Aviva Life & Pensions UK Limited, whose ultimate controlling entity is Aviva plc. The transfer was effective as at 27 April 2017.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

15. Events after the reporting financial year

Events after the end of the reporting year have been evaluated up to the date the financial statements were approved and authorised for issue by the Directors and there were no significant events after the reporting year that have a bearing on the understanding of these financial statements, except as already disclosed or adjusted in these financial statements.

CP
07739651

Registered in England & Wales No: LP014638

AVIVA INVESTORS INFRASTRUCTURE
INCOME LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2017

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

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AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP PARTNERS, ADVISERS AND OTHER INFORMATION

Partners:

Limited Partner

Aviva Investors Infrastructure Income Unit Trust

General Partner

Aviva Investors Infrastructure GP Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Portfolio Manager

Aviva Investors Global Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Fund Manager

Aviva Investors UK Fund Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Bankers

Royal Bank of Scotland

London City Office

PO Box 412

62/63 Threadneedle Street

London

EC2R 8LA

Registered Office

St Helen's

1 Undershaft

London

EC3P 3DQ

Registered Number

Registered in England and Wales: No. LP014638

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors of the General Partner (the "Directors") present their Strategic Report of Aviva Investors Infrastructure Income Limited Partnership (formerly Aviva Investors REaLM Infrastructure Limited Partnership) (the "Partnership") and its subsidiary undertakings (together referred to as the "Group") for the year ended 31 December 2017.

The Partnership

The Partnership was established on 6 September 2011 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The total commitment of the Partners as at 31 December 2017 is £180,000,000 (31 December 2016: £180,000,000) of which £76,540,361 (31 December 2016: £35,052,730) had been drawn down.

Principal Activity of the Group

The principal activity of the Group is to invest, directly or indirectly, into infrastructure in the United Kingdom. The Partnership owns a 100% equity interest in Aviva Investors REaLM Infrastructure No.1 Limited, Aviva Investors REaLM Infrastructure No.2 Limited, Aviva Investors REaLM Infrastructure Income No.2B Limited, Aviva Investors REaLM Infrastructure No.3 Limited, Aviva Investors REaLM Infrastructure No.4A Limited and Aviva Investors REaLM Infrastructure No.4B, Aviva Investors REaLM Infrastructure No.5 Limited (together the "Holdcos") and Aviva Investors Energy Centres No.1 Limited Partnership.

The principal activity of the Holdcos are to act as holding company for infrastructure investments. These infrastructure investments generate income from the operation of solar panels installed on residential properties and the construction and operation of medium and utility scale wind turbines and biomass assets. The Group has also invested in infrastructure leases and receives rental income from energy facilities. This will continue to be the principal activity of the Group for the foreseeable future.

REVIEW OF THE GROUP'S BUSINESS

Objective and strategy

The objective of the Group is to achieve investment returns in excess of two hundred (200) basis points per annum (net of costs and expenses) above the rate of return generated by long-dated (15 years or more) indexed-linked gilts over the long term.

To achieve the Group's objective, the Group has adopted the following strategy for its property portfolio:

1. The Group will focus its investment activities on United Kingdom assets which offer:

- (a) Primary exposure to (i) the availability of underlying eligible infrastructure assets and/or (ii) the operation of the underlying eligible infrastructure assets within regulatory regimes; and
- (b) No exposure or limited exposure to the economic use of the underlying eligible infrastructure assets (other than exposure resulting from the operation of the underlying eligible infrastructure assets within regulatory regimes, where any anticipated exposure shall be limited).

2. The Group will own, acquire or invest in (whether directly or indirectly) rights under contracts (including concession based contracts (such as private finance initiative, public private partnership or similar structures) and/or through debt investments) in relation to the eligible infrastructure assets and/or own, acquire or invest in (whether directly or indirectly) the eligible infrastructure assets (or the rights to operate such eligible infrastructure assets).

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

REVIEW OF THE GROUP'S BUSINESS - (CONTINUED)

Objective and strategy - (continued)

3. The Group may acquire or invest in infrastructure investments from any sub-sector in the United Kingdom market, including:

3.1 Renewable energy, including:

- (a) solar photovoltaics (i.e. the production of electricity by solar panels);
- (b) hydroelectric (excluding any material construction activities); and
- (c) geothermal (excluding any material construction activities).

3.2 Public buildings:

- (a) schools or other educational facilities;
- (b) hospitals or other medical facilities;
- (c) prisons or detention centres;
- (d) libraries, court building or other municipal buildings;
- (e) central or local government offices buildings;
- (f) offices or other facilities for the emergency services;
- (g) military housing, other military buildings or military training facilities; and
- (h) student accommodation.

3.3 Transportation:

- (a) street lighting;
- (b) roads (availability and other revenue structures where there is limited expected exposure to the economic use of the road only); and
- (c) rail or light rail (availability and other revenue structures where there is limited expected exposure to the economic use of the rail asset only).

3.4 Utility assets:

- (a) electricity transmission and distribution;
- (b) electricity interconnectors;
- (c) gas transmission and distribution;
- (d) gas interconnectors;
- (e) water and wastewater;
- (f) water treatment; and
- (g) telecommunications (where there is limited expected exposure to the economic use of the telecommunications asset).

4. The Group may acquire or invest in infrastructure investments in the following sub-sector:

4.1 Renewable Energy:

- (a) wind.

4.2 Transportation:

- (a) airports (economically regulated assets only); and
- (b) ports (economically regulated assets only).

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

REVIEW OF THE GROUP'S BUSINESS - (CONTINUED)

Objective and strategy - (continued)

5. The Group shall not acquire or invest in assets (including by way of debt investment) in the following subsectors unless as an ancillary part of any acquisition of or investment into an infrastructure investment, in which case such ancillary part shall not constitute more than 10 per cent of the net asset value of the total infrastructure investment being acquired or invested in and shall be disposed of as soon as reasonably practicable after completion of the acquisition or investment:

5.1 Renewable energy (feedstock risk):

- (a) biomass (including biogas); and
- (b) energy from waste.

5.2 Public buildings:

- (a) tourist facilities; and
- (b) municipal waste.

5.3 Transportation (material usage risk):

- (a) economically unregulated airports;
- (b) economically unregulated ports;
- (c) road (material usage risk); and
- (d) rail (material usage risk).

5.4 Utility assets (material usage risk):

- (a) telecommunications.

6. Infrastructure investments may include investment into or acquisition of eligible infrastructure assets that are operational or in the construction phase.

7. Infrastructure investments will be denominated (or have contractual obligations denominated) in Sterling.

8. Upon acquisition of or investment into an infrastructure investment, the effective acquisition price of each single underlying eligible infrastructure asset shall not exceed the higher of (i) £100,000,000 and (ii) 20 per cent of the gross asset value of all Partnership assets.

9. If the gross asset value of all Group assets exceeds £500,000,000, then upon acquisition of or investment into an infrastructure investment, effective cash flows of each single underlying eligible infrastructure investment shall be forecast to account for no more than 20 per cent of the total cash flows of the Group.

10. The Group will not:

- (a) undertake speculative developments or speculative funding; or
- (b) invest in other funds managed by any entity which is not an associate of, or connected with, the Fund Manager.

11. No more than 10 per cent of the gross asset value of all Group assets will be held in index linked gilts, index linked investment grade corporate bonds, money market instruments and derivatives. Such instruments will be held for efficient portfolio management and liquidity management only.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP PERFORMANCE

The consolidated financial position of the Group at 31 December 2017 is shown in the Consolidated Statement of Financial Position on page 17, with the results shown in the Consolidated Statement of Comprehensive Income on page 16 and the Consolidated Cash Flow Statement on page 20.

The business review is required to contain financial and where applicable, non-financial key performance indicators (KPIs). The General Partner considers that, in line with the activities and objectives of the business, the financial KPIs set out below are those which communicate the performance of the Group as a whole. These KPIs comprise of:

	31 December 2017	31 December 2016
Fund return per unit per price	9.13%	10.93%
Distribution yield	7.95%	7.61%
Net asset value (NAV)	£104,706,881	£96,627,581
Market value of assets	£752,945,689	£565,211,925
Number of assets	51	35

The Group produced a total return of 9.13% (2016: 10.93%) against a benchmark return of 0.35% (2016: 12.5%). The benchmark is calculated using 3 equally weighted inflation linked gilts which have a comparable duration to that of the Fund.

CAPITAL MANAGEMENT AND OBJECTIVES

£16,749,640 in the form of capital contribution was injected into Aviva Investors Energy Centres No.1 Limited Partnership during the year ended 31 December 2017 (£8,374,820 from Aviva Investors REaLM Energy Centres Limited Partnership and £8,374,820 from Aviva Investors Infrastructure Income Limited Partnership) (31 December 2016: £17,600,000).

£270,819 in the form of return of capital was paid by Aviva Investors Infrastructure Income Limited Partnership to Aviva Investors Infrastructure Income Unit Trust during the year ended 31 December 2017 (31 December 2016: £2,309,187).

PURCHASES AND DISPOSALS

On 31 March 2017, the Group acquired 100% of the equity interest in a Utility Scale Wind entity for total consideration of £49.1m. On 3 November 2017, the Group acquired 100% of the equity interest in 14 Medium Scale Wind entities for total consideration of £44.4m. On 22 December 2017, the Partnership acquired Aviva Investors REaLM Energy Centres Limited Partnership's 49.95% holding in Aviva Investors REaLM Energy Centres No. 1 Limited Partnership for total consideration of £26.2m.

There was no disposal of investment during the year ended 31 December 2017.

EVENTS AFTER THE REPORTING PERIOD

The General Partner can confirm that there are no events to report after the reporting period.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks arising in the Group are market, interest rate, credit, operational and liquidity risks which are discussed in more detail below.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

The Aviva Group's approach to risk and capital management

The Aviva Group operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). Aviva has an Audit Committee, which includes shareholder representatives.

Management of financial and non-financial risks

The Group's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Group's exposure to market risk has a direct impact on the valuation of the underlying infrastructure investments. Market risk is managed by ongoing proactive asset management.

Interest rate risk

The Group's principal exposure to interest rate risk comes from its loan borrowings from Aviva Investors Infrastructure Income Unit Trust ("the Unit Trust"). The loan borrowings are index linked and issued at fixed rates which expose the Partnership to fair value interest rate risk. However, the Directors believe that there is minimal interest rate risk as the loan borrowings are with a related party and that the borrowings are accordingly managed on a group basis.

The table below sets out the carrying amounts, by maturity, of the Group's financial instruments.

	Effective interest rate %	Less than 1 year £	1-5 years £	More than 5 years £	Total £
As at 31 December 2017					
Floating rate					
Cash at bank and in hand	0.50	<u>30,503,367</u>	<u>-</u>	<u>-</u>	<u>30,503,367</u>
Index linked					
Loan Payable - Senior Loan	4.99	-	-	(456,532,744)	(456,532,744)
Loan Payable - Mezzanine Loan	9.27	-	-	(231,857,646)	(231,857,646)
		<u>-</u>	<u>-</u>	<u>(688,390,390)</u>	<u>(688,390,390)</u>
As at 31 December 2016					
Floating rate					
Cash at bank and in hand	0.50	<u>37,976,583</u>	<u>-</u>	<u>-</u>	<u>37,976,583</u>
Index linked					
Loan Payable - Senior Loan	4.90	-	-	(338,475,726)	(338,475,726)
Loan Payable - Mezzanine Loan	6.99	-	-	(181,316,850)	(181,316,850)
		<u>-</u>	<u>-</u>	<u>(519,792,576)</u>	<u>(519,792,576)</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Management of financial and non-financial risks - (continued)

Interest rate risk - (continued)

At 31 December 2017, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been £688,390 (2016: £519,793) lower/higher.

Credit risk

The Group does not have a significant exposure to credit risk as receivables are mainly short-term trading items and related party receivables.

Loan commitments are made under the Limited Partnership Agreement ("LPA") that is signed by all parties so that all members of the Group are aware of their commitments. The General Partner communicates regularly with all the members of the Partnership to make them aware of likely future capital requirements and provide explanations for investment performance to manage the risk of default.

Cash at bank is held with financial institutions with good credit ratings.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors UK Fund Services Limited, which manages and administers the Group's investments.

Liquidity risk

The Group does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Group's obligations as and when they fall due.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Management of financial and non- financial risks - (continued)

Liquidity risk - (continued)

The maturity analysis of the Group's financial assets and liabilities as at 31 December 2017 was as follows:

	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial Assets					
Trade debtors	2,102,361	-	-	-	2,102,361
Amounts owed by group undertakings	117,991	-	-	-	117,991
VAT receivable	2,147,367	-	-	-	2,147,367
Other debtors	1,052,989	-	-	-	1,052,989
Prepayments and accrued income	14,009,674	-	-	-	14,009,674
Cash at bank and in hand	30,503,367	-	-	-	30,503,367
	<u>49,933,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,933,749</u>

	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial Liabilities					
Accounts payable	4,695,068	-	-	-	4,695,068
Interest payable	18,347,642	-	-	-	18,347,642
Finance costs - distributions payable	1,776,051	-	-	-	1,776,051
Deferred income	4,639,532	-	-	-	4,639,532
Accruals and deferred income	19,889,422	-	-	-	19,889,422
Other creditors	1,147,032	-	-	-	1,147,032
Intercompany borrowings	-	-	-	688,390,390	688,390,390
	<u>50,494,747</u>	<u>-</u>	<u>-</u>	<u>688,390,390</u>	<u>738,885,137</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Management of financial and non- financial risks - (continued)

Liquidity risk - (continued)

The maturity analysis of the Group's financial assets and liabilities as at 31 December 2016 was as follows:

	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial Assets					
Trade debtors	2,678,291	-	-	-	2,678,291
Amounts owed by group undertakings	147,840	-	-	-	147,840
VAT receivable	3,697,797	-	-	-	3,697,797
Other debtors	1,300,212	-	-	-	1,300,212
Prepayments and accrued income	8,624,714	-	-	-	8,624,714
Cash at bank and in hand	37,976,583	-	-	-	37,976,583
	<u>54,425,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,425,437</u>

	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial Liabilities					
Accounts payable	2,753,530	-	-	-	2,753,530
Interest payable	8,578,427	-	-	-	8,578,427
Finance costs - distributions payable	21,633	-	-	-	21,633
Deferred income	481,928	-	-	-	481,928
Accruals and deferred income	10,467,978	-	-	-	10,467,978
Other creditors	900,290	-	-	-	900,290
Intercompany borrowings	-	-	-	519,792,576	519,792,576
	<u>23,203,786</u>	<u>-</u>	<u>-</u>	<u>519,792,576</u>	<u>542,996,362</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

EMPLOYEES

The Partnership has no employees (31 December 2016: Nil). The key management personnel have been identified as the Directors of Aviva Investors Infrastructure GP Limited. The Directors received no remuneration (31 December 2016: £Nil).

ENVIRONMENTAL

The Partnership is managed by Aviva Investors for whom a key component of being a responsible business is ensuring environmental, social and corporate governance (ESG) issues are considered throughout the investment process. Aviva Investors regards the consideration of ESG issues and their impact on infrastructure investment as an essential part of the Partnership's fiduciary duty to our clients. This philosophy is firmly embedded within the Partnership's decision-making processes, from initial acquisition through to disposal.

Further information on the Partnership's approach to Responsible Property Investment (RPI) is set out in Aviva Investors Responsible Property Investment Policy. This policy applies to all Aviva Investors Real Estate's global activities and funds under management.

The Partnership benefits from Aviva Investors' membership of the Better Buildings Partnership (BBP). Aviva Investors is also a founding signatory of the Principles for Responsible Investment (PRI).

For and on behalf of the Partnership:



B S Hill
Director of Aviva Investors Infrastructure GP Limited

Date: 16/07/18

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of the General Partner present their annual report and the audited financial statements of the Group and Partnership for the year ended 31 December 2017.

RESULTS AND DISTRIBUTIONS

The total comprehensive loss for the Group, after minority interest, for 2017 was £15,225,788 (2016: income of £19,111,877). Distributions to the Partners were £1,754,418 (2016: £nil).

DIRECTORS

The current Directors of Aviva Investors Infrastructure GP Limited and those in office throughout the year, except as noted, are as follows:

A C Appleyard
B S Hill
D S Skinner

FUTURE DEVELOPMENTS

The future development of the Partnership is set out in the Strategic Report.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are set out in the Strategic Report.

PARTNERS' ACCOUNTS

Partners' accounts consist of capital contributions and non interest bearing advances. The Partnership has classified the Partners' accounts as a financial liability based on the contractual arrangements within the LPA which require repayment of the net assets/liabilities upon wind up of the Partnership.

The Partners' accounts include capital contributions and Partners' advances as follows:

	Capital Contributions £	Capital Advance £
As at 31 December 2017		
Aviva Investors REaLM Infrastructure Unit Trust	10	73,072,491
Aviva Investors Infrastructure GP Limited	-	-
	<u>10</u>	<u>73,072,491</u>
	Capital Contributions £	Capital Advance £
As at 31 December 2016		
Aviva Investors REaLM Infrastructure Unit Trust	10	31,855,679
Aviva Investors Infrastructure GP Limited	-	-
	<u>10</u>	<u>31,855,679</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Amounts Attributable to the General Partner

The General Partner is entitled to a priority profit share in accordance with LPA for its services as General Partner.

The General Partner's allocations are expensed through the Consolidated Statement of Comprehensive Income.

The General Partner's priority profit share entitlement for the year was £175 (2016: £2,673).

Going concern

The General Partner has reviewed the current and projected financial position of the Group and Partnership, making reasonable assumptions about future trading performance. After making enquiries, the Directors of the General Partner have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

The business of the Group and Partnership includes use of financial instruments. Details of the Group and Partnership's risk management objectives and policies, and exposures to price risk, credit risk, liquidity risk and cash flow risk relating to financial instruments are set out on pages 5 to 9 and Note 23 of the financial statements.

Independent Auditors

PricewaterhouseCoopers LLP ("PwC") have indicated their willingness to continue in office and a resolution to consider their appointment will be proposed at the board meeting of the General Partner.

Disclosure of information to auditors

Each person who was a Director of the General Partner on the date that this report was approved confirms that:

- so far as each Director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Partnership's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

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

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the group and qualifying partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to qualifying partnerships, the general partner 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 group and qualifying partnership and of the profit or loss of the group and qualifying partnership for that period. In preparing the financial statements, the general partner are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and qualifying partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the group and qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

The General Partner is also responsible for safeguarding the assets of the group and qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Partnership:



B S Hill

Director of Aviva Investors Infrastructure GP Limited

Date: 16/07/18

Independent auditors' report to the partners of Aviva Investors Infrastructure Income Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors Infrastructure Income Limited Partnership's group financial statements and qualifying partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 31 December 2017 and of the group's and the qualifying partnership's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion 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 General Partner's Report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

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

Independent auditors' report to the partners of Aviva Investors Infrastructure Income Limited Partnership

Report on the audit of the financial statements (continued)

Strategic Report and General Partner's Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities in respect of the financial statements set out on page 13, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

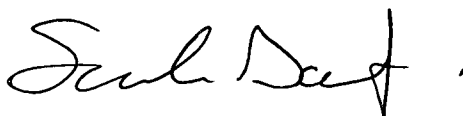
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 July 2018

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
CONSOLIDATED AND PARTNERSHIP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		Group	Group	Partnership	Partnership
		1 Jan 17 to 31 Dec 17 £	1 Jan 16 to 31 Dec 16 £	1 Jan 17 to 31 Dec 17 £	1 Jan 16 to 31 Dec 16 £
	Note				
Turnover	5	55,873,555	37,786,071	1,547,074	1,201,566
Gross profit		55,873,555	37,786,071	1,547,074	1,201,566
Impairment of investment	15	-	-	(506,501)	(1,003,601)
Administrative expenses	6	(15,136,744)	(9,213,678)	(238,770)	(757,455)
Depreciation for the year	13	(20,840,342)	(15,288,687)	-	-
Change in fair value of fixed assets	13	-	3,737,902	-	-
Change in fair value of investment property	13	691,699	(100,460)	691,699	(100,460)
Realised gain on disposal of fixed asset		151,657	231,731	-	-
Operating profit/(loss)		20,739,825	17,152,879	1,493,502	(659,950)
Interest receivable and similar income	7	623,521	66,311	1,104	899
Interest payable and expenses	8	(63,741,679)	(38,703,396)	-	-
Finance costs - distributions to Partners	9	(1,754,418)	-	(1,754,418)	-
Loss before taxation		(44,132,751)	(21,484,206)	(259,812)	(659,051)
Taxation	10	272,853	-	-	-
Loss after taxation		(43,859,898)	(21,484,206)	(259,812)	(659,051)
Other comprehensive income for the year					
Change in fair value of fixed assets	13	29,797,524	41,009,406	-	-
Total comprehensive (loss)/income for the year		(14,062,374)	19,525,200	(259,812)	(659,051)
Attributable to:					
Limited Partners		(15,225,788)	19,111,877	(259,812)	(659,051)
Non-controlling interests		1,163,414	413,323	-	-
		(14,062,374)	19,525,200	(259,812)	(659,051)

Continuing operations

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

The notes on pages 21 to 54 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
CONSOLIDATED AND PARTNERSHIP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Fixed assets	Note				
Intangible assets	12	3,452,553	-	-	-
Fixed assets	13	730,556,166	548,573,715	-	-
Investment property	13	22,389,523	16,638,210	22,389,523	16,638,210
Net investment in finance leases	14	41,954,164	19,986,581	-	-
Investments in subsidiaries	15	-	-	53,010,098	16,447,539
		798,352,406	585,198,506	75,399,621	33,085,749
Current assets					
Debtors: amounts falling due within one year	16	19,430,382	16,448,854	176,541	42,997
Cash at bank and in hand		30,503,367	37,976,583	3,122,207	2,038,003
		49,933,749	54,425,437	3,298,748	2,081,000
Creditors: amounts falling due within one year	17	(50,494,747)	(23,203,786)	(4,004,134)	(1,429,514)
Net current assets/(liabilities)		(560,998)	31,221,651	(705,386)	651,486
Total assets less current liabilities		797,791,408	616,420,157	74,694,235	33,737,235
Creditors: amounts falling due after more than one year	18	(688,390,390)	(519,792,576)	-	-
Deferred tax	10	(4,694,137)	-	-	-
		104,706,881	96,627,581	74,694,235	33,737,235
Represented by:					
Partners' interest		104,706,881	84,114,498	74,694,235	33,737,235
Non-controlling interests	19	-	12,513,083	-	-
Net assets attributable to Partners		104,706,881	96,627,581	74,694,235	33,737,235

These audited financial statements were approved and authorised for issue by the Board of Directors of Aviva Investors Infrastructure GP Limited, the General Partner on 16/07/18 and were signed on its behalf by:



B S Hill
Director of Aviva Investors Infrastructure GP Limited

Registered in England and Wales No: LP014638

The notes on pages 21 to 54 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
CONSOLIDATED AND PARTNERSHIP STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated

	Proceeds from partner £	Profit and loss account £	Total £	Non- controlling interests £	Total £
Balance at 1 January 2016	20,571,849	33,146,932	53,718,781	3,399,760	57,118,541
Total income for the year	-	19,111,877	19,111,877	413,323	19,525,200
Partners' capital contributions during the year	-	-	-	8,700,000	8,700,000
Partners' loan advances during the year	13,593,027	-	13,593,027	-	13,593,027
Repayment of Partners' loan advances during the year	(2,309,187)	-	(2,309,187)	-	(2,309,187)
Balance at 31 December 2016	31,855,689	52,258,809	84,114,498	12,513,083	96,627,581
Total income for the year	-	(15,225,788)	(15,225,788)	1,163,414	(14,062,374)
Partners' loan advances during the year	41,487,631	-	41,487,631	-	41,487,631
Capital contribution	-	-	-	8,374,820	8,374,820
Decrease in non-controlling interest	-	(5,398,641)	(5,398,641)	(22,051,317)	(27,449,958)
Dividends	-	-	-	-	-
Repayment of Partners' loan advances during the year	(270,819)	-	(270,819)	-	(270,819)
Balance at 31 December 2017	73,072,501	31,634,380	104,706,881	-	104,706,881

The notes on pages 21 to 54 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
CONSOLIDATED AND PARTNERSHIP STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO PARTNERS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Partnership	Proceeds from Partners £	Profit and loss account £	Total £
Balance at 1 January 2016	20,571,849	2,540,597	23,112,446
Total income for the year	-	(659,051)	(659,051)
Partners' loan advances during the year	13,593,027	-	13,593,027
Repayment of Partners' loan advances during the year	(2,309,187)	-	(2,309,187)
Balance at 31 December 2016	31,855,689	1,881,546	33,737,235
Total income for the year	-	(259,812)	(259,812)
Partners' loan advances during the year	41,487,631	-	41,487,631
Dividends	-	-	-
Repayment of Partners' loan advances during the year	(270,819)	-	(270,819)
Balance at 31 December 2017	73,072,501	1,621,734	74,694,235

The notes on pages 21 to 54 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
CONSOLIDATED AND PARTNERSHIP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group 1 Jan 2017 to 31 Dec 2017 £	Group 1 Jan 2016 to 31 Dec 2016 £	Partnership 1 Jan 2017 to 31 Dec 2017 £	Partnership 1 Jan 2016 to 31 Dec 2016 £
Cash flows generated from operating activities				
Operating profit	20,739,825	17,152,879	1,493,502	(659,950)
Adjustments for:				
Depreciation	20,840,342	15,288,687	-	-
Amortisation	22,085	-	-	-
Change in fair value of fixed assets	-	(3,737,902)	-	100,460
Change in fair value of investment properties	(691,699)	100,460	(691,699)	-
Impairment of investment	-	-	506,501	1,003,601
Realised gain on disposal	(151,657)	(231,731)	-	-
Foreign currency gain	78,088	-	-	-
Write-off of loans payable	475,445	-	-	-
Deferred tax	1,492,352	-	-	-
Reduction of cost value on property	2,600,000	-	-	-
Construction contract overruns	-	-	-	-
(Increase) / decrease in debtors	(2,981,528)	(6,220,669)	(133,544)	2,072,249
Increase in creditors	12,908,762	11,304,127	820,202	156,344
	<u>55,332,015</u>	<u>33,655,851</u>	<u>1,994,962</u>	<u>2,672,704</u>
Cash flows used in investing activities				
Purchase of fixed assets	(173,068,107)	(176,966,412)	-	-
Purchase of investment properties	(5,059,613)	(2,152,036)	(5,059,614)	(2,152,036)
Finance lease additions	(21,967,584)	(14,140,591)	-	-
Contributions to investments in subsidiaries	-	-	(37,069,060)	(10,617,000)
Proceeds from fixed assets	453,062	488,130	-	-
Interest received	69,988	66,311	1,104	899
	<u>(199,572,254)</u>	<u>(192,704,598)</u>	<u>(42,127,570)</u>	<u>(12,768,137)</u>
Cash flows generated from financing activities				
Interest paid	(17,716,840)	(7,827,379)	-	-
Proceeds from Partners	41,487,631	22,293,027	41,487,631	11,283,839
Repayments to Partners	(270,819)	(2,309,187)	(270,819)	-
Distributions to Non-controlling interests	(19,075,138)	-	-	-
Proceeds from intercompany borrowings	162,802,086	163,141,912	-	-
Repayment of intercompany borrowings	(30,459,897)	-	-	-
	<u>136,767,023</u>	<u>175,298,373</u>	<u>41,216,812</u>	<u>11,283,839</u>
Net (decrease)/increase in cash at bank and in hand	<u>(7,473,216)</u>	<u>16,249,626</u>	<u>1,084,204</u>	<u>1,188,406</u>
Cash at bank and in hand at beginning of year	<u>37,976,583</u>	<u>21,726,957</u>	<u>2,038,003</u>	<u>849,597</u>
Cash at bank and in hand at end of year	<u>30,503,367</u>	<u>37,976,583</u>	<u>3,122,207</u>	<u>2,038,003</u>

The notes on pages 21 to 54 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Aviva Investors Infrastructure Income Limited Partnership (the "Partnership") and its subsidiaries (together the "Group") invest, directly into infrastructure in the United Kingdom. This will continue to be the principal activity of the Partnership for the foreseeable future.

The Partnership is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907 and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The Group and individual financial statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

3. Accounting policies

3.1 Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of fixed assets at fair value through other comprehensive income and investment properties at fair value through profit and loss.

The functional currency of the Group and the Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group and partnership operate. The consolidated financial statements are also presented in pounds sterling.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group and Partnership accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings, as at 31 December 2017. The financial statements of the Group undertakings are prepared for the same reporting period as the parent company, using consistent accounting policies. The results of the subsidiaries acquired are consolidated for the period from or to the date on which control passed. All intra-group balances, transactions, income and expenses with subsidiaries are eliminated on consolidation.

Investments in Group undertakings have been included in the Partnership financial statements at the original equity contribution value less any subsequent repayments of capital and any impairment.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.3 Going concern basis

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings as at 31 December 2017. The financial position of the Group and Partnership and their liquidity position are set out in these financial statements.

The General Partner has reviewed the current and projected financial position of the Group and Partnership, making reasonable assumptions about future trading performance. After making enquiries, the General Partner has a reasonable expectation that the Group and Partnership have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing these financial statements.

3.4 Turnover

Turnover comprises feed in tariffs ("FIT") revenue, service income, rental income under infrastructure lease agreements and grid power revenues. Turnover is recognised on an accruals basis.

Finance lease income is recognised on an accruals basis.

Other income is recognised in the periods in which they occur on an accruals basis.

3.5 Administrative expenses

Administrative expenses include administration, finance, professional and management expenses which are recognised on an accruals basis.

3.6 Fund Manager fees

Under the terms of the Fund Manager's Agreement dated 17 May 2016 between the Partnership and Aviva Investors UK Fund Services Limited (the "Fund Manager"), the fund manager is entitled to an annual fee equivalent to 0.50% of the Unit Trust's Net Asset Value, calculated on a quarterly basis and payable quarterly in arrears.

3.7 Interest receivable and similar income

Interest receivable on cash at bank is recognised on an accruals basis. Other interest receivable and similar income is recognised in the Statement of Comprehensive Income using the effective interest rate method.

3.8 Interest payable and similar expenses

Interest payable and similar expenses are recognised on an accruals basis and include loan facility interest. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Taxation

The Partnership is not subject to taxation and no provision for taxation on Partnership profits has been made in the financial statements. Any tax on income or capital is the responsibility of each individual partner.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.10 Distributions

Income produced by the Partnership is distributed to the Partners to the extent that the Partnerships income exceeds expenses, on a quarterly basis in accordance with the Partnership Deed. Where the distribution has been determined for the period, the amount is accounted for as a finance cost.

The General Partner and the Fund Manager are required to ensure that no distribution is made that would render the Partnership insolvent or unable to pay its expenses for the six month period following a distribution, having regard to the expected receipts of the Partnership.

3.11 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash and bank balances are recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.11 Financial instruments (continued)

(i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated party third without imposing additional restrictions.

(ii) Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Commitments to make payments which meet the conditions above are measured at cost (which may be nil) less impairment.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest rate method:

a) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument, or (iii) a variable return that, throughout the life of the instrument, is equal to a single reference quoted or observable interest rate, or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b) There is no contractual provision that could by its terms result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

c) Contractual provision that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

Debt instruments that are classified as payable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.12 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be 25 years reflecting the period for which the fixed assets acquired are expected to be revenue generating.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.13 Fixed assets

Fixed assets consist of investments in solar panel assets, medium scale wind assets, large scale wind assets and biomass assets. Fixed assets are initially recognised at cost and subsequently measured under the revaluation model. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity. However, the increase shall be recognised in the Statement of Comprehensive Income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income. The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in the Statement of Comprehensive Income.

Depreciation is calculated as to write off the cost of an asset, less its estimated residual value, over the expected useful economic life of that asset as follows:

Wind assets	-	25 years straight line
Biomass assets	-	25 years straight line
PV Solar Installations	-	25 years straight line
PV Solar Inverter	-	12 years straight line

Depreciation is provided to write off wind assets and biomass assets once brought into productive use.

Fixed assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and they are recognised in the statement of comprehensive income.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.14 Investment property

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Partnership, are classified as investment properties. Investment properties comprise freehold land, freehold buildings and land held under operating leases.

Investment properties are initially recorded at cost, including related transaction costs. Transaction costs include property transfer taxes, professional fees and initial leasing commissions to bring the property to the condition necessary for it to operate in the manner intended by the Partnership. Subsequent expenditure on major renovation and development of investment properties is capitalised at cost. The cost of maintenance, repairs and minor improvement are expensed when incurred.

After initial recognition, investment properties are carried at fair value through profit and loss.

Gains or losses arising from changes in the fair values are included in the Statement of Comprehensive Income in the year in which they arise under "Net change in fair value of investment properties".

Investment properties are derecognised when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

3.15 Net investment in finance lease

Assets held under finance leases, which transfer to the Partnership as lessee, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The capitalised lease debtor is amortised over the shorter of estimated useful life or life of the lease using the interest rate implicit in the lease. The rental payments earned on the lease are split between amortisation of the lease debtor and lease income in the Statement of Comprehensive Income.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.16 Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a discount rate that represents the risk inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

3.17 Investments in subsidiaries

Investments in subsidiary undertakings are held at cost less impairment. Acquisition costs are capitalised as incurred and are included in the assets' carrying amount.

3.18 Cash at bank and in hand

Cash and cash equivalents comprise of deposits held on call with banks, which are immediately available.

3.19 Intercompany borrowings

Intercompany borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost with interest being accrued cyclically as defined in the facility agreements. Borrowing costs have been capitalised and are being amortised using the effective interest rate method over the life of the loan. Interest expense associated with intercompany borrowings is accounted for on an accruals basis.

3.20 Partners' accounts

Partners' accounts consist of capital contributions and non interest bearing loans. The Partnership has classified the Partners' accounts as a financial liability based on the contractual arrangements within the Limited Partnership Agreement which require repayment of the net assets/liabilities upon wind up of the Partnership.

3.21 Cash flow

The Group and Partnership reports cash flows from operating activities using the indirect method. Finance costs are presented within cash flows from financing activities. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group and Partnership's business activities.

AVIVA INVESTORS'INFRASTRUCTURE INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.22 Related party transactions

The Partnership discloses transactions with related parties which are not wholly owned within the same Partnership. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Partnership financial statements.

3.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Partnership and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group and Partnership's consolidated financial statements requires the General Partner to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group and Partnership's accounting policies, the General Partner has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Valuation of fixed assets and investment property

The carrying value of the Group's fixed assets and investment properties represents an estimate of the fair value as at the reporting date. The determination of the fair value for fixed assets and investment properties requires the use of estimates such as future cash flows from assets (for instance, future power revenues, feed-in tariffs, lease payments and minimum service payments, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the assets) and discount rates applicable to those assets. Consideration of current market discount rates applied in valuations and purchases of similar assets, taking into account the scale and sector has been made.

The fixed assets and investment properties are valued to fair value as at 31 December 2017, using discounted cash flow analysis where a project's cash flows are forecast and subsequently discounted to present values at a rate that reflects the risk attached to the asset. The Biomass and Large Scale Wind fixed assets are valued by Mazars LLP, professionally qualified financial advisors. The remainder of the fixed assets and investment properties are valued by the Fund Manager, which has significant experience in the location and class of the fixed assets being valued.

Significant assumptions used in valuation:

The valuations performed by the independent valuer for financial reporting processes have been reviewed by the Fund Manager. Discussions of valuation processes and results are held between the Fund Manager and the independent valuers at least once every quarter. At each year end, the Fund Manager:

- Verifies all major inputs to the independent valuation report
- Assesses valuation movements when compared to the prior year valuation report
- Holds discussions with the independent valuer (where applicable)

The valuation of these fixed assets and investment properties requires significant judgement by the Fund Manager due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. The process of valuing investments in funds is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realised.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Turnover

	Group 1 Jan 17 to 31 Dec 17 £	Group 1 Jan 16 to 31 Dec 16 £	Partnership 1 Jan 17 to 31 Dec 17 £	Partnership 1 Jan 16 to 31 Dec 16 £
FIT and grid power revenue	51,933,001	36,000,302	-	-
Finance lease income	2,393,480	584,203	-	-
Rental income	1,547,074	1,201,566	1,547,074	1,201,566
	<u>55,873,555</u>	<u>37,786,071</u>	<u>1,547,074</u>	<u>1,201,566</u>

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Not later than 1 year	3,800,515	2,774,072	3,800,515	2,774,072
Later than 1 year and not later than 5 years	15,720,892	13,998,800	15,720,892	13,998,800
Later than 5 years	55,190,105	52,895,267	55,190,105	52,895,267
	<u>74,711,512</u>	<u>69,668,139</u>	<u>74,711,512</u>	<u>69,668,139</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Administrative expenses

	Group 1 Jan 17 to 31 Dec 17 £	Group 1 Jan 16 to 31 Dec 16 £	Partnership 1 Jan 17 to 31 Dec 17 £	Partnership 1 Jan 16 to 31 Dec 16 £
Auditors' fees	732,363	447,634	73,748	65,037
Fund manager fees	3,398,199	2,792,930	297,198	241,775
Maintenance fees	4,820,348	2,633,470	-	-
Insurance	394,588	254,552	1,444	657
Bank charges	61,939	24,092	189	243
Legal fees	142,828	227,174	-	-
Professional fees	426,101	1,186,621	3,250	138,739
Administrator fees	172,572	236,272	-	-
Rental and accommodation charges	1,728,273	663,572	-	-
Property management fees	660,655	203,706	-	-
Property tax	962,591	208,511	-	-
Construction contract overruns	-	-	-	-
Other administrative expenses	1,855,287	335,144	81,941	311,004
Write-back of deal costs	(219,000)	-	(219,000)	-
	15,136,744	9,213,678	238,770	757,455

7. Interest receivable and similar income

	Group 2017 £	Group 2016 £	Partnership 2017 £	Partnership 2016 £
Write-off of loans payable	475,445	-	-	-
Interest received	9,007	19,235	1,104	899
Other interest receivable and similar income	60,981	47,076	-	-
Foreign currency gain	78,088	-	-	-
	623,521	66,311	1,104	899

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. Interest payable and expenses

	Group 1 Jan 17 to 31 Dec 17 £	Group 1 Jan 16 to 31 Dec 16 £	Partnership 1 Jan 17 to 31 Dec 17 £	Partnership 1 Jan 16 to 31 Dec 16 £
Loan interest	63,741,679	38,703,396	-	-

9. Finance costs - distributions to Partners

	Group 2017 £	Group 2016 £	Partnership 2017 £	Partnership 2016 £
Finance costs - distributions declared and paid	-	-	-	-
Declared distributions at 31 December	1,754,418	-	1,754,418	-
Total amounts of distribution as per Statement of Comprehensive Income	1,754,418	-	1,754,418	-

In accordance with the Partnership Agreement, distributions of net income have been allocated to the Partners in proportion to their ownership percentage for the year to which the distribution relates. At the year end the percentage holdings were:

Aviva Investors REaLM Infrastructure Unit Trust	99.99%
Aviva Investors Infrastructure GP Limited	0.01%

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation

The Partnership is not subject to taxation and no provision for taxation on Partnership losses has been made in the financial statements. Any tax on income or capital is the responsibility of each individual partner. All taxable income arises from the Holdcos and their subsidiaries. The table below relates to these Holdcos and subsidiaries.

	Group 1 Jan 17 to 31 Dec 17 £	Group 1 Jan 16 to 31 Dec 16 £
Year ended 31 December 2017		
Loss before taxation	(44,132,751)	(21,484,206)
Current charge at standard UK corporation tax rate of 19.25% (31 December 2016: 20%)	(8,495,555)	(4,296,841)
Effects of:		
Expenses not deductible for tax purposes	1,313,974	595,157
Income not taxable for tax purposes	(2,243,323)	(239,969)
Adjustments in respect of prior years	-	(1,993)
Chargeable losses	41,787	23,692
Share of partnership losses	1,146,419	(1,216,735)
Deferred tax not recognised in the year	6,831,053	4,143,049
Adjustments in respect of prior years' deferred tax	(150,805)	-
Change in tax rates	866,942	1,036,345
Group relief surrendered	-	-
Other tax adjustments, reliefs and transfers	418,174	(45,812)
Other permanent differences	(1,519)	3,107
Total tax charged for the year	(272,853)	-

Factors that may affect future tax charges

The rate of corporation tax changed to 19% with effect from 1 April 2017. Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce the corporation tax rate further to 17% from 1 April 2020.

The Company's deferred tax assets and liabilities have been calculated at 17%. The reduction in the future tax rate has provided a net credit to the Statement of Comprehensive Income tax charge of £866,942 (2016: £1,036,345).

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation (continued)

Deferred Taxation

Provision for deferred tax

	Group 2017 £	Group 2016 £
At 1 January	-	-
Income statement credit for this year	(272,853)	-
Amounts arising on accelerated capital allowances	3,474,638	-
Amounts arising from prior year	1,492,352	-
At 31 December	4,694,137	-

The provision of deferred tax is made up of:

	Group 2017 £	Group 2016 £
Short term timing differences	1,257,052	-
Accelerated capital allowances	3,470,198	-
Tax losses carried forward	(33,113)	-
Deferred tax liability	4,694,137	-

Deferred tax assets of £18,291,691 (31 December 2016: £6,490,676) have not been recognised in these financial statements as there is insufficient evidence as to the availability of suitable profits in the foreseeable future.

11. Business combinations

On 3 November 2017, the group acquired the controlling interest through the purchase of 100% of the share capital of the following subsidiaries:

ILI (Upper Haywood Head) Limited
London&Cambridge Energy Limited
Stafford Wind Limited
Saunton Wind Limited
PRE (Whitehill) Limited
Coalville Wind Limited
ILI (Garelwood) Limited
Sunnyside 1 WindTurbine Limited
Sunnyside 2 WindTurbine Ltd
ILI (Neilstonside) Limited
ILI (Letham Farm) Limited
ILI (West Strathore Farm) Limited
Windlend (Leicestershire) Ltd
Windlend (Southrigg) Limited

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Business combinations (continued)

The total consideration paid was £44,874,343. Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible	24,635,557	20,439,049	45,074,606
Goodwill	-	3,474,638	3,474,638
	<u>24,635,557</u>	<u>23,913,687</u>	<u>48,549,244</u>
Current assets			
Debtors	142,580	-	142,580
Cash at bank and in hand	23,973	-	23,973
Total assets	<u>24,802,110</u>	<u>23,913,687</u>	<u>48,715,797</u>
Creditors			
Due within one year	(59,394)	-	(59,394)
Deferred tax on differences between fair value and tax bases	(283,449)	(3,474,638)	(3,758,087)
Fair value of net assets	<u>24,459,267</u>	<u>20,439,049</u>	<u>44,898,316</u>
Purchase consideration settled in cash, as above	44,371,268	-	44,371,268
Purchase costs	527,048	-	527,048
Cash outflow on acquisition	<u>44,898,316</u>	<u>-</u>	<u>44,898,316</u>
Less: cash in hand	(23,973)	-	(23,973)
Total cash outflow on acquisition	<u>44,874,343</u>	<u>-</u>	<u>44,874,343</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Business combinations (continued)

Goodwill is amortised over its expected useful life which is estimated to be 25 years reflecting the period for which the fixed assets acquired are expected to be revenue generating.

The adjustments on acquisitions were in respect of the following:

- The uplift in fixed assets to valuation on acquisition on based on internal discounted cash flow model
- Goodwill and deferred tax liability recognised on acquisition

The results of the subsidiaries since acquisition are as follows:

	Turnover 3 Nov 17 to 31 Dec 2017 £	Profit/(loss) 3 Nov 17 to 31 Dec 2017 £
ILI (Upper Haywood Head) Limited	142,167	960,870
London&Cambridge Energy Limited	113,485	(159,907)
Stafford Wind Limited	112,257	(52,426)
Saunton Wind Limited	152,950	(8,817)
PRE (Whitehill) Limited	109,663	(27,343)
Coalville Wind Limited	71,554	(64,605)
ILI (Garelwood) Limited	103,744	(49,289)
Sunnyside 1 WindTurbine Limited	74,528	312,115
Sunnyside 2 WindTurbine Ltd	66,831	(179,569)
ILI (Neilstonside) Limited	212,948	(221,823)
ILI (Letham Farm) Limited	90,802	(412,673)
ILI (West Strathore Farm) Limited	204,967	(39,636)
Windlend (Leicestershire) Ltd	168,177	(74,106)
Windlend (Southrigg) Limited	232,628	(123,467)
	1,856,701	(140,676)

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2017	-
Additions on Business combinations (Note 11)	3,474,638
At 31 December 2017	3,474,638
Amortisation	
At 1 January 2017	-
Charge for the year	22,085
At 31 December 2017	22,085
Net book value	
At 31 December 2017	3,452,553
At 31 December 2016	-

Goodwill has been assessed for impairment by management and there were no indicators of impairment.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed assets and investment property

Group					
Fixed assets	Solar panel	Medium	Large	Biomass	Total
	investments	scale wind	scale wind	investments	
	£	£	£	£	£
Valuation at 1 January 2016	311,183,346	4,168,448	-	27,053,287	342,405,081
Additions during the year	223,587	7,441,399	107,071,309	62,230,117	176,966,412
Disposals during the year	(256,399)	-	-	-	(256,399)
Depreciation	(14,468,272)	(95,639)	(724,776)	-	(15,288,687)
Reversal of loss from prior year through profit and loss	-	-	-	3,737,902	3,737,902
Change in fair value of fixed assets (other comprehensive income)	33,793,714	1,572,534	5,643,158	-	41,009,406
Valuation at 31 December 2016	330,475,976	13,086,742	111,989,691	93,021,306	548,573,715
Valuation at 1 January 2017	330,475,976	13,086,742	111,989,691	93,021,306	548,573,715
Additions during the year	102,640	45,297,357	82,487,789	48,038,888	175,926,674
Disposals during the year	(2,901,405)	-	-	-	(2,901,405)
Depreciation	(15,558,954)	(525,456)	(4,755,932)	-	(20,840,342)
Change in fair value of fixed assets (other comprehensive income)	5,412,564	3,016,706	31,572,416	(10,204,162)	29,797,524
Valuation at 31 December 2017	317,530,821	60,875,349	221,293,964	130,856,032	730,556,166

The fixed assets have been revalued based on an internal discounted cash flow model. The carrying amounts that would have been recognised under the cost model amounts to £164,266,520 (31 December 2016: £167,065,286) in relation to Solar Panel Investments, £55,556,588 (31 December 2016: £10,259,231) in relation to Medium Scale Wind Investments, £189,559,098 (31 December 2016: £106,060,485) in relation to Large Scale Wind Investments, and £135,532,333 (31 December 2016: £87,493,445) in relation to Biomass Investments.

The accumulated depreciation as at 31 December 2017 amounts to £44,420,582 (31 December 2016: £28,861,628) in relation to Solar Panel Investments, £621,095 (31 December 2016: £95,639) in relation to Medium Scale Wind Investments, £5,480,708 (31 December 2016: £805,797) in relation to Large Scale Wind Investments, and £nil (31 December 2016: £nil) in relation to Biomass Investments.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed assets and investment property (continued)

Group Investment property	Infrastructure lease investments £
Valuation at 1 January 2016	14,586,634
Additions during the year	2,152,036
Change in fair value of investment property	(100,460)
Valuation at 31 December 2016	<u>16,638,210</u>
Valuation at 1 January 2017	16,638,210
Additions during the year	5,059,614
Change in fair value of investment property	691,699
Valuation at 31 December 2017	<u>22,389,523</u>

Partnership

	31 Dec 17 £	31 Dec 16 £
Infrastructure Lease Investments		
Valuation at 1 January	16,638,210	14,586,634
Additions during the year	5,059,614	2,152,036
Change in fair value of investment property	691,699	(100,460)
	<u>22,389,523</u>	<u>16,638,210</u>

The investment property are revalued to their fair value using internal valuation models based on discounted cash flows of each asset. If investment property were stated on the historical cost basis, the amounts would be as follows:

	31 Dec 17 £	31 Dec 16 £
Infrastructure Lease Investments	<u>18,780,545</u>	<u>13,720,932</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Net investment in finance leases

	31 Dec 17 £	31 Dec 16 £
Group		
As at 1 January	19,986,581	5,845,990
Additions during the year	21,967,583	14,140,591
As at 31 December	41,954,164	19,986,581
	31 Dec 17 £	31 Dec 16 £
Total amounts receivable	116,665,676	89,654,720
Less: interest allocated to future periods	(74,711,512)	(69,668,139)
Net investment in finance leases	41,954,164	19,986,581
Not later than 1 year	(4,978,653)	(21,139,797)
Later than 1 year and not later than 5 years	(478,296)	(1,218,865)
Later than 5 years	47,411,113	42,345,243
Net investment in finance leases	41,954,164	19,986,581

On 27 February 2014, the Aviva Investors Energy Centres No.1 Limited Partnership ("Energy Centres") entered into a Construction Agency Agreement to design, construct and install Energy facilities at Cheltenham Hospital. The cash flows associated with this agreement have been built into the finance lease model. This has resulted in a debtor of £32,821 (31 December 2016: £25,558) due within one year and a debtor greater than one year of £2,230,544 (31 December 2016: £2,265,202).

On 18 June 2015, Energy Centres entered into an agreement for the construction of an energy centre in Oxford to be utilised by Oxford University Hospitals National Health Service Trust. The cash flows associated with this agreement have been built into a finance lease model. This has resulted in a creditor of £193,085 (31 December 2016: £7,336,307) due within one year and a debtor greater than one year of £15,192,867 (31 December 2016: £14,924,332).

On 29 July 2015, Energy Centres entered into an agreement for the construction of an energy centre to be utilised by Tayside NHS healthcare services in Dundee and Perth areas in Scotland. The cash flows associated with this agreement have been built into a finance lease model. This has resulted in a creditor of £190,417 (31 December 2016: £7,782,068) due within one year and a debtor greater than one year of £15,598,939 (31 December 2016: £15,439,774).

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Net investment in finance leases (continued)

On 29 December 2015, Energy Centres entered into an agreement for the construction of an energy centre to be utilised by Grampian NHS healthcare services. The cash flows associated with this agreement have been built into a finance lease model. This has resulted in a creditor of £119,827 (31 December 2016: £6,046,980) due within one year and a debtor greater than one year of £8,853,143 (31 December 2016: £8,497,070).

On 24 May 2017, Energy Centres entered into an agreement for the construction of an energy centre for NHS Gloucestershire. The cash flows associated with this agreement have been built into a finance lease model. This has resulted in a creditor of £4,508,145 (31 December 2016: £nil) due within one year and a debtor greater than one year of £5,057,324 (31 December 2016: £nil).

The net figure of £41,954,164 (31 December 2016: £19,986,581) has been included in the Statement of Financial Position.

15. Investments in subsidiaries

	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Partnership		
Investment in Aviva Investors REaLM Infrastructure No.1 Limited ^{1 a}	2,898,232	2,898,232
Investment in Aviva Investors Energy Centres No.1 Limited Partnership ^{1 a}	48,162,611	12,281,054
Investment in Aviva Investors REaLM Infrastructure No.2 Limited ^{1 a}	118,251	118,251
Investment in Aviva Investors REaLM Infrastructure No.2B Limited ^{1 a}	1	-
Investment in Aviva Investors REaLM Infrastructure No.3 Limited ^{1 a}	-	-
Investment in Aviva Investors REaLM Infrastructure No.4A Limited ^{1 b}	1	1
Investment in Aviva Investors REaLM Infrastructure No.4B Limited ^{1 b}	1	1
Investment in Aviva Investors REaLM Infrastructure No.5 Limited ^{1 a}	1,831,001	1,150,000
	53,010,098	16,447,539

The above investments in subsidiaries represent at the end of the year the material interests of the Group. The Partnership has 100% shareholding of all of the above listed subsidiaries which is held through from incorporation.

The General Partner believes that the carrying value of the investments is supported by their underlying net assets.

(1)Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ

(a) Nature of the business is that of investment.

(b) Nature of the business is that of a Nominee

All the above named companies are registered in England and Wales.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments in subsidiaries (continued)

	Partnership 31 Dec 2017 £	Partnership 31 Dec 16 £
The details of the investments are as follows:		
Aviva Investors REaLM Infrastructure No.1 Limited		
Cost at 1 January	2,898,232	2,898,232
Historic cost of investment at 31 December	2,898,232	2,898,232

The investment represents a 100% equity interest in Aviva Investors REaLM Infrastructure No.1 Limited (the "Holdco 1"). The Holdco was incorporated on 19 March 2012 in the United Kingdom.

The Holdco 1 invests and owns 100% of the equity interests in the below mentioned companies:

Company	Equity interest	Country of incorporation	Business activity
HomeSun Limited ²	100%	United Kingdom	Solar energy
HomeSun 2 Limited ^{2*}	100%	United Kingdom	Solar energy
HomeSun 3 Limited ^{2*}	100%	United Kingdom	Solar energy
HomeSun 4 Limited ^{2*}	100%	United Kingdom	Solar energy
HomeSun 5 Limited ^{2*}	100%	United Kingdom	Solar energy
EES Operations 1 Limited ¹	100%	United Kingdom	Solar energy
Free Solar HoldCo Limited ¹	100%	United Kingdom	Holding company
Free Solar (Stage 1) Limited ^{2*}	100%	United Kingdom	Solar energy
Free Solar (Stage 2) Limited ^{1*}	100%	United Kingdom	Solar energy
New Energy Residential Solar Limited ²	100%	United Kingdom	Solar energy
Anesco Mid Devon Limited ²	100%	United Kingdom	Solar energy
Anesco South West Limited ²	100%	United Kingdom	Solar energy
TGHC Limited ²	100%	United Kingdom	Solar energy
Freetricity South East Limited ³	100%	United Kingdom	Solar energy
Norton Energy SLS Limited ²	100%	United Kingdom	Solar energy
Renewable Clean Energy Limited ¹	100%	United Kingdom	Solar energy
Solar Clean Energy Limited ¹	100%	United Kingdom	Solar energy

(¹) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

(²) Address of the registered office: The Green, Easter Park, Benyon Road, Reading, RG7 2PQ.

(³) Address of the registered office: Argyll House, All Saints Passage, London, SW18 1EP.

(*) Ownership is held indirectly.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments in subsidiaries (continued)

	Partnership 2017 £	Partnership 2016 £
Aviva Investors Energy Centres No.1 Limited Partnership		
Cost at 1 January	12,281,054	3,481,054
Additions during the year	35,881,557	8,800,000
Historic cost of investment at 31 December	48,162,611	12,281,054

On 8 February 2013, the Partnership entered into a Limited Partnership Agreement to invest in Aviva Investors Energy Centres No.1 Limited Partnership with a total commitment of £18,000,000. The total commitment was increased to £31,999,990 on 2 December 2015 and to £49,999,990 on 30 November 2016.

On 22 December 2017, the Co-Investment Agreement between the Partnership and Aviva Investors Energy Centres Limited Partnership was terminated. Consideration of £26,362,652 was paid on the termination of the co-investment agreement. Prior to this date, £48,261,658 (31 December 2016: £12,281,054) had been drawn down.

	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.2 Limited		
Cost at 1 January	118,251	41,251
Additions during the year	-	77,000
Historic cost of investment at 31 December	118,251	118,251

The investment represents a 100% equity interest in Aviva Investors REaLM Infrastructure No.2 Limited (the "Holdco 2"). The Holdco was incorporated on 24 February 2015 in the United Kingdom.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments in subsidiaries (continued)

The Holdco 2 invests and owns 100% of the equity interests in the below mentioned companies:

Company	Equity interest	Country of incorporation	Business activity
Medium Scale Wind No.1 Limited ¹	100%	United Kingdom	Wind energy
SE11 PEP Limited ^{1*}	100%	United Kingdom	Wind energy
CE01 PEP Limited ^{1*}	100%	United Kingdom	Wind energy
CE07 PEP Limited ^{1*}	100%	United Kingdom	Wind energy
AD06 PEP Limited ^{1*}	100%	United Kingdom	Wind energy
SE06 PEP Limited ^{1*}	100%	United Kingdom	Wind energy
ILI (Haywood Head) Limited ^{2*}	100%	United Kingdom	Wind energy
London&Cambridge Energy Limited ^{2*}	100%	United Kingdom	Wind energy
Stafford Wind Limited ^{1*}	100%	United Kingdom	Wind energy
Saunton Wind Limited ^{1*}	100%	United Kingdom	Wind energy
PRE (Whitehill) Limited ^{1*}	100%	United Kingdom	Wind energy
Coalville Wind Limited ^{1*}	100%	United Kingdom	Wind energy
ILI (Garewood) Limited ^{2*}	100%	United Kingdom	Wind energy
Sunnyside 1 WindTurbine Ltd ^{2*}	100%	United Kingdom	Wind energy
Sunnyside 2 WindTurbine Limited ^{1*}	100%	United Kingdom	Wind energy

(¹) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

(²) Address of the registered office: Pitheavlis, Perth, Scotland, PH2 0NH.

(*) Ownership is held indirectly

	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.2B Limited		
Cost at 1 January	-	-
Additions during the year	1	-
Historic cost of investment at 31 December	1	-

The investment represents a 100% equity interest in Aviva Investors REaLM Infrastructure No.2B Limited (the "Holdco 2B"). The Holdco was incorporated on 31 July 2017 in the United Kingdom.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments in subsidiaries (continued)

The Holdco 2B invests in the below mentioned companies:

Company	Equity interest	Country of incorporation	Business activity
ILI (Neilstonside) Limited ²	100%	United Kingdom	Wind energy
ILI (Letham Farm) Limited ²	100%	United Kingdom	Wind energy
ILI (West Strathore Farm) Limited ²	100%	United Kingdom	Wind energy
Windlend(Leicestershire) Ltd ¹	100%	United Kingdom	Wind energy
Windlend (Southrigg) Limited ¹	100%	United Kingdom	Wind energy

(¹) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

(²) Address of the registered office: Pitheavlis, Perth, Scotland, PH2 0NH.

	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.3 Limited		
Cost at 1 January	-	413,601
Additions during the year	506,501	590,000
Impairment of investment	(506,501)	(1,003,601)
Historic cost of investment at 31 December	-	-

The investment represents a 100% equity interest in Aviva Investors REaLM Infrastructure No.3 Limited (the "Holdco 3"). The Holdco was incorporated on 28 May 2015 in the United Kingdom.

The Holdco 3 invests in the below mentioned companies:

Company	Equity interest	Country of incorporation	Business activity
Biomass UK No.1 LLP ¹	100%	United Kingdom	Biomass energy
Biomass UK No.2 ¹	100%	United Kingdom	Biomass energy
Biomass UK No.3 ¹	100%	United Kingdom	Biomass energy
Sunrise Renewables (Hull) Ltd ^{1*}	100%	United Kingdom	Dormant company
Sunrise Renewables (Barry) Ltd ^{1*}	100%	United Kingdom	Dormant company
Boston Biomass Ltd (formerly Alternative Use Group) ^{1*}	100%	United Kingdom	Dormant company
Boston Wood Recovery Limited ^{1*}	100%	United Kingdom	Dormant company

(¹) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

(*) Ownership is held indirectly.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investments in subsidiaries (continued)

	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.4A Limited		
Cost at 1 January	1	1
Additions during the year	-	-
Historic cost of investment at 31 December	1	1
	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.4B Limited		
Cost at 1 January	1	1
Additions during the year	-	-
Historic cost of investment at 31 December	1	1
	Partnership 2017 £	Partnership 2016 £
Aviva Investors REaLM Infrastructure No.5 Limited		
Cost at 1 January	1,150,000	-
Additions during the year	681,001	1,150,000
Historic cost of investment at 31 December	1,831,001	1,150,000

The investment represents a 100% equity interest in Aviva Investors REaLM Infrastructure No.5 Limited (the "Holdco 5"). The Holdco was incorporated on 29 April 2016 in the United Kingdom.

The Holdco 5 invests and owns 100% of the equity interests in the below mentioned companies:

Company	Equity interest	Country of incorporation	Business activity
Jacks Lane Energy Limited ¹	100%	United Kingdom	Wind energy
Woolley Hill Electrical Energy Limited ¹	100%	United Kingdom	Wind energy
Turncole Wind Farm Limited ¹	100%	United Kingdom	Wind energy
Den Brook Energy Limited ¹	100%	United Kingdom	Wind energy
Minnycap Energy Limited ¹	100%	United Kingdom	Wind energy

(¹) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Debtors: amounts falling due within one year

	Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Trade debtors	2,102,361	2,678,291	-	-
Amounts owed by group undertakings	117,991	147,840	175,559	42,470
VAT receivable	2,147,367	3,697,797	-	-
Other debtors	1,052,989	1,300,212	982	527
Prepayments and accrued income	14,009,674	8,624,714	-	-
	19,430,382	16,448,854	176,541	42,997

17. Creditors: Amounts falling due within one year

	Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Accounts payable	4,695,068	2,753,530	-	184,683
Interest payable	18,347,642	8,578,427	-	-
Amounts owed to group undertakings	-	-	390,433	254,031
Deferred income	4,639,532	481,928	-	-
Finance costs - distributions payable	1,776,051	21,633	1,776,051	21,633
Accruals and deferred income	19,889,422	10,467,978	1,691,470	906,827
Other creditors	1,147,032	900,290	146,180	62,340
	50,494,747	23,203,786	4,004,134	1,429,514

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. Creditors: amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Partnership 2017 £	Partnership 2016 £
Senior Loan (Tranche A)	456,532,744	338,475,726	-	-
Senior Loan (Tranche B)	231,857,646	181,316,850	-	-
	<u>688,390,390</u>	<u>519,792,576</u>	<u>-</u>	<u>-</u>

On 6 July 2012 Holdco 1 entered into an unsecured loan facility with Aviva Investors REaLM Infrastructure Unit Trust (the "Unit Trust"). The loan facility is unsecured and due to be repaid in full on 31 December 2026, and was utilised in two tranches: Tranche A facility with a maximum amount of £97,500,000 and bearing interest of 4% per annum; Tranche B facility with a maximum amount of £31,200,000 and bearing interest of 8% per annum. On 3 May 2013 the Holdco entered into an amended agreement with the Trust whereby the Company may elect to split the Facility between Tranche A and Tranche B as it deems appropriate on each drawdown, provided that the total amount of the Facilities shall not exceed £500,000,000.

On 13 March 2015, Holdco 1 and the Unit Trust entered into an amended loan facility agreement and extended the repayment date of the loan to 31 December 2040.

On 13 March 2015 the Trust entered into an agreement with the Holdco 2, whereby the Trust has made loan facilities available to the Holdco 2 in two tranches. Tranche A and Tranche B bear interest at 5% and 8.5% per annum respectively. Interest is payable on a quarterly basis. The loan will be adjusted on each interest payment date, increasing the loan to an amount equal to the value of the loan multiplied by the Index Ratio in accordance with Section 5 of the loan agreement. The Index Ratio increase is recognised as loan interest income in the Statement of Comprehensive Income. The loan is unsecured and is repayable on 31 December 2040. The Trust may elect to split the Facility between Tranche A and Tranche B as it deems appropriate on each drawdown, provided that the total amount of the Facilities shall not exceed £500,000,000.

On 7 August 2015 the Trust entered into an agreement with the Holdco 3, whereby the Trust has made loan facilities available to the Holdco 3 by way of either a Tranche A loan or a Tranche B loan, provided that the total amount of the Facilities shall not exceed £500,000,000. The Trust may elect to split the Facility between the Tranche A Facility and the Tranche B Facility as it deems appropriate on each drawdown. Interest is payable on a quarterly basis. The Tranche A loan will be adjusted on each interest payment date, increasing the loan to an amount equal to the value of the loan multiplied by the Index Ratio in accordance with Section 5 of the loan agreement. The Index Ratio increase is recognised as loan interest income in the Statement of Comprehensive Income. The loan is unsecured and is repayable on 31 December 2045.

On 17 May 2016 the Trust entered into an agreement with the Holdco 5, whereby the Trust has made loan facilities available to the Holdco 5 by way of either a Tranche A loan or a Tranche B loan, provided that the total amount of the Facilities shall not exceed £1,000,000,000. The Trust may elect to split the Facility between the Tranche A Facility and the Tranche B Facility as it deems appropriate on each drawdown. Interest is payable on a quarterly basis. The Tranche A loan will be adjusted on each interest payment date, increasing the loan to an amount equal to the value of the loan multiplied by the Index Ratio in accordance with Section 5 of the loan agreement. The Index Ratio increase is recognised as loan interest income in the Statement of Comprehensive Income. The loan is unsecured and is repayable on 31 December 2045.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Non-controlling interests

	Group 2017 £	Group 2016 £
Opening non-controlling interests at 1 January	12,513,083	3,399,760
Share of net results for the year	1,163,414	413,323
Capital contribution	8,374,820	8,700,000
Decrease in non-controlling interest	(22,051,317)	-
Non-controlling interests at 31 December	-	12,513,083

In the year ended 31 December 2017, the Group acquired the remaining 50% equity interest in Aviva Investors Energy Centres No. 1 Limited Partnership.

20. Contingent liabilities and commitments

We are in receipt of total claims of £43.1m in relation to Biomass construction contracts. The General Partner does not consider any future settlement probable. Due to the nature of the claims, the timings of resolution remain uncertain.

The Partnership has no standing commitment on Aviva Investors Energy Centres No.1 Limited Partnership as at the reporting date (31 December 2016: £12,568,277).

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. Net assets attributable to Partners

	Unit Trust 100% £	Total 100% £
Proceeds from Partner		
At 1 January 2017	31,855,689	31,855,689
Proceeds received	41,487,631	41,487,631
Repayment of Partner's advances	(270,819)	(270,819)
At 31 December 2017	<u>73,072,501</u>	<u>73,072,501</u>
Profit and loss account		
At 1 January 2017	52,258,809	52,258,809
Profit during the year attributable to Limited Partners	(15,225,788)	(15,225,788)
Loss on acquisition of non-controlling interest	(5,398,641)	(5,398,641)
At 31 December 2017	<u>31,634,380</u>	<u>31,634,380</u>
Non-controlling interest		
At 1 January 2017	12,513,083	12,513,083
Share of net results for the year	1,163,414	1,163,414
Capital contribution	8,374,820	8,374,820
Decrease in non-controlling interest	(22,051,317)	(22,051,317)
At 31 December 2017	<u>-</u>	<u>-</u>
Net assets attributable to Partners at 31 December 2017	<u>104,706,881</u>	<u>104,706,881</u>
Net assets attributable to Partners at 31 December 2016	<u>96,627,581</u>	<u>96,627,581</u>

The General Partner has 0.01% ownership. There are no net assets attributable to the General Partner.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

22. Related party transactions

	2017 Expenses paid this year £	2017 (Payable)/ receivable at year end £	2016 Expenses paid this year £	2016 (Payable)/ receivable at year end £
Group				
Aviva Investors UK Fund Services Limited - fund management fees	(3,398,199)	(1,071,468)	(2,792,930)	(2,103,891)
Expenses paid on behalf of Aviva Investors Infrastructure GP Limited	-	33,587	-	65,867
Aviva Investors REaLM Energy Centres Limited Partnership	-	235	-	63,546
Aviva Investors REaLM Energy Centres GP Limited	-	21,640	-	17,808
Aviva Investors REaLM Energy Centres No.1 GP Limited	-	47,528	-	619
Aviva Investors REaLM Infrastructure Unit Trust - loan	-	(688,390,390)	-	(519,792,576)
Aviva Investors REaLM Infrastructure Unit Trust - loan interest	(63,741,680)	(18,347,642)	(38,703,396)	(8,578,427)
Distributions to Aviva Investors Infrastructure Income Unit Trust	-	(1,775,876)	-	(21,633)
Distributions to Aviva Investors Infrastructure GP Limited	-	(175)	-	-
Aviva Investors UK Fund Services Ltd - valuation fees	(220,220)	(323,166)	-	-
	(67,360,099)	(709,805,727)	(41,496,326)	(530,348,687)

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

22. Related party transactions (continued)

	2017 Expenses paid this year £	2017 (Payable)/ receivable at year end £	2016 Expenses paid this year £	2016 (Payable)/ receivable at year end £
Partnership				
Aviva Investors UK Fund Services Limited - fund Expenses paid on behalf of Aviva Investors Infrastructure GP Limited	(297,198)	(143,402)	(241,775)	(213,187)
Aviva Investors REaLM Energy Centres Limited Partnership	-	22,792	-	24,154
Aviva Investors REaLM Energy Centres GP Limited	-	235	-	-
Aviva Investors REaLM Energy Centres No.1 GP Limited	-	208	-	208
Distributions to Aviva Investors Infrastructure Income Unit Trust	-	393	-	393
Distributions to Aviva Investors Infrastructure GP Limited	-	(1,775,876)	-	(21,633)
	-	(175)	-	-
	(297,198)	(1,895,825)	(241,775)	(210,065)

Aviva Investors UK Fund Services Limited receives fees as it acts as the Fund Manager for the Partnership.

The General Partner is entitled to a priority distribution of 0.01% of the net income from the Partnership. During the year the General Partner received £175 priority distributions (31 December 2016: £2,673).

As at 31 December 2017, the Group has an outstanding loan payable and interest payable to the Unit Trust amounting to £688,390,390 (31 December 2016: £519,792,576) and £18,347,642 (31 December 2016: £8,042,369) respectively (see Note 14 and 15 for further details).

The Directors received no emoluments for services to the Partnership for the financial year (31 December 2016: £Nil).

23. Financial instruments

The carrying values of the Group and Partnership's financial assets and liabilities are summarised by category below:

		Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Financial assets					
Measured at amortised cost:					
Debtors	16	19,430,382	16,448,854	176,541	42,997
Cash at bank and in hand		30,503,367	37,976,583	3,122,207	2,038,003
		49,933,749	54,425,437	3,298,748	2,081,000

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Financial instruments (continued)

		Group 31 Dec 17 £	Group 31 Dec 16 £	Partnership 31 Dec 17 £	Partnership 31 Dec 16 £
Financial liabilities					
Measured at amortised cost:					
Creditors	17	(50,494,747)	(23,203,786)	(4,004,134)	(1,429,514)
Intercompany borrowings	18	(688,390,390)	(519,792,576)	-	-
		<u>(738,885,137)</u>	<u>(542,996,362)</u>	<u>(4,004,134)</u>	<u>(1,429,514)</u>

The Group and Partnership's income, expense, gains and losses in respect of financial instruments are summarised below:

		Group 1 Jan 17 to 31 Dec 17 £	Group 1 Jan 16 to 31 Dec 16 £	Partnership 1 Jan 17 to 31 Dec 17 £	Partnership 1 Jan 16 to 31 Dec 16 £
Finance income and expense					
Total interest income for financial assets at amortised cost		<u>1,338,573</u>	<u>66,311</u>	<u>1,104</u>	<u>899</u>
Total interest expense for financial liabilities at amortised cost		<u>(64,456,731)</u>	<u>(38,703,396)</u>	<u>-</u>	<u>-</u>

24. Parent and ultimate controlling undertaking

The General Partner of the Partnership, Aviva Investors REaLM Infrastructure GP, a company incorporated in Great Britain and registered in England and Wales.

The Partner's ultimate parent undertaking is Aviva Investors Infrastructure Income Unit Trust (formerly Aviva Investors REaLM Infrastructure Unit Trust), which is registered in Jersey.

Aviva Investors Infrastructure Income Limited Partnership, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of Aviva Investors Infrastructure Income Limited Partnership are available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

25. Events after the reporting period

The General Partner can confirm that there are no events to report after the reporting period.

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2017

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), Aviva Investors UK Fund Services Limited ("AIUKFSL") is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under AIFMD.

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives. There are four components of pay: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit performance against agreed targets, a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations includes the following comparisons -:
 - Actual results vs. prior period results
 - Actual results vs. agreed plans
 - Actual results relative to competitors
 - Actual results vs., and progress towards, our long-term target ambition.
- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the Alternative Investment Funds ("AIF's") it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2017, apportioned remuneration based on the time assessed to be spent on AIUKFSL AIFMD activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.4m	£0.2m
Of which, Fixed Remuneration:	35%	56%
Variable Remuneration:	58%	30%
Pension/Benefits:	7%	14%
Number of Code staff:	11	11

AVIVA INVESTORS INFRASTRUCTURE INCOME LIMITED PARTNERSHIP

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2017

Leverage

Leverage as required to be calculated by the AIFM Directive.

Pursuant to its regulatory obligations, the General Partner is required to express the level which the Partnership's leverage will not exceed. For the purposes of this disclosure, leverage is any method by which the Partnership's exposure is increased beyond its holding of securities and cash. A partnership's exposure may be increased by using derivatives, by reinvesting cash borrowings, through securities lending or securities borrowing arrangements, or by such other means as may be permitted to be used pursuant to that partnership's investment objectives and strategy (such increase referred to herein as the "Incremental Exposure"). The AIFM Directive prescribes two methodologies for calculating overall exposure of a partnership: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below but are set out in full detail in the AIFM Directive.

The commitment methodology takes account of the hedging and netting arrangements employed by a partnership at any given time (purchased and sold derivative positions will be netted where both relate strictly to the same underlying asset). This calculation of exposure includes all Incremental Exposure as well as the Partnership's own physical holdings and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a partnership. This calculation of exposure under the gross methodology includes all Incremental Exposure as well as the Partnership's own physical holdings, excluding cash.

The AIFM Directive requires each leverage ratio to be expressed as the ratio between a partnership's total exposure (including securities and cash) and its net asset value. Using the methodologies prescribed under the AIFM Directive, the Partnership is generally expected to be leveraged at the ratio of 1:1 using the commitment methodology and 1:1 using the gross methodology. The Partnership may, however, have higher levels of leverage, including in atypical and volatile market conditions. In such circumstances, leverage will not exceed the ratio of 2:1 using the commitment methodology and 2:1 using the gross methodology.