

Registered in England and Wales: No. 08322963

AVIVA INVESTORS ENERGY CENTRES NO.1
GP LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2018

WEDNESDAY



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AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

CONTENTS

| | Page(s) |
|---|---------|
| Directors, Officers and Other Information | 1 |
| Directors' Report | 2 - 5 |
| Independent Auditors' Report | 6 - 7 |
| Statement of Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Financial Statements | 12 - 21 |

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

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. 08322963

Independent Auditors

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

Other Information

Aviva Investors Energy Centres No.1 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 ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

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 activities

The principal activity of the Company is to act as the General Partner of Aviva Investors Energy Centres No.1 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 0.1% 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 2018 and consider them to be satisfactory.

Results

The loss for the year, after taxation, amounted to £14,351 (2017: £13,965).

Future developments

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

Going concern

At the balance sheet date the Company had net current liabilities of £61,134. This is driven by £60,463 owed to Aviva Investors Energy Centres No.1 Limited Partnership, by £393 owed to Aviva Investors REaLM Infrastructure Limited Partnership, by £227 owed to Aviva Investors REaLM Infrastructure No.1 Limited and by £3,896 of accruals for audit.

The directors have received confirmation that Aviva Investors Energy Centres No.1 Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this company in an insolvent position. 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 (2017: Nil).

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to the Independent Auditors

Each person who was a Director of the Company on the date that this report was approved, confirmed 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 independent 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 ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Risk and capital management policies

(a) Approach to risk 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). Aviva 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") and in the financial statements of Aviva Investors UK Fund 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 ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK 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 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 to 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006. A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities.

The financial statements on pages 8 to 21 were approved by the Board of Directors on 29/05/2019 and signed on its behalf by:



B S Hill
Director

Date: 29/5/2019

Independent auditors' report to the members of Aviva Investors Energy Centres No.1 GP Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors Energy Centres No.1 GP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 2018; the statement of comprehensive income, the statement of cash flows, and 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

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.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The 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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the 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

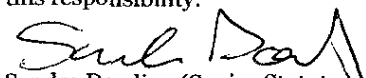
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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

29 May 2019

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

| | | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|--|------|--------------------------------------|--------------------------------------|
| | Note | | |
| Turnover | | 1,015 | - |
| Expenses | | | |
| Administrative expenses | 5 | (15,369) | (13,896) |
| Operating loss | | (14,354) | (13,896) |
| Finance income | | 3 | - |
| Finance costs | | - | (69) |
| Loss before taxation | | (14,351) | (13,965) |
| Tax on loss | 6 | - | - |
| Loss for the financial year and total comprehensive loss for the financial year | | (14,351) | (13,965) |

All amounts reported in the Statement of Comprehensive Income for the year ended 31 December 2018 and the year ended 31 December 2017 related to continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

| | Note | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------|------------------|------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 2,706 | 3,505 |
| Cash at bank and in hand | | 1,139 | 1,136 |
| Current liabilities | | 3,845 | 4,641 |
| Creditors: amounts falling due within one year | 8 | (64,979) | (51,424) |
| Net current liabilities | | <u>(61,134)</u> | <u>(46,783)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1 | 1 |
| Profit and loss account | | (61,135) | (46,784) |
| Total shareholders' deficit | | <u>(61,134)</u> | <u>(46,783)</u> |

The financial statements on pages 8 to 21 were approved by the Board of Directors on 29/05/2019 and signed on its behalf by



B S Hill
Director

The notes on pages 12 to 21 form part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital | Profit and loss account | Total shareholders' deficit |
|---|----------------------------|----------------------------|-----------------------------------|
| | £ | £ | £ |
| Balance as at 1 January 2017 | 1 | (32,819) | (32,818) |
| Loss for the financial year and total comprehensive loss for the financial year | - | (13,965) | (13,965) |
| Balance as at 31 December 2017 and 1 January 2018 | 1 | (46,784) | (46,783) |
| Loss for the financial year and total comprehensive loss for the financial year | - | (14,351) | (14,351) |
| Balance as at 31 December 2018 | 1 | (61,135) | (61,134) |

The notes on pages 12 to 21 form part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (14,351) | (13,965) |
| Changes in working capital: | | |
| Distributions from the Limited Partnership | (1,015) | - |
| Finance income | (3) | - |
| Finance costs | - | 69 |
| Decrease in debtors | 799 | - |
| Decrease in creditors | - | (895) |
| Increase in amounts owed to groups | 13,555 | 15,991 |
| Net cash generated from operating activities | (1,015) | 1,200 |
| Cash flows from investing activities | | |
| Distributions from the Limited Partnership | 1,015 | - |
| Interest received | 3 | - |
| Interest paid | - | (69) |
| Net cash generated from/(used in) investing activities | 1,018 | (69) |
| Net increase in cash and cash equivalents | 3 | 1,131 |
| Cash and cash equivalents at beginning of year | 1,136 | 5 |
| Cash and cash equivalents at the end of year | 1,139 | 1,136 |

The notes on pages 12 to 21 form part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Aviva Investors Energy Centres No.1 GP Limited (the "Company") acts as General Partner of Aviva Investors Energy Centres No.1 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 in accordance with the Companies Act 2006, under the historical costs 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

At the balance sheet date the Company had net current liabilities of £61,134. This is driven by £60,463 owed to Aviva Investors Energy Centres No.1 Limited Partnership, by £393 owed to Aviva Investors REaLM Infrastructure Limited Partnership, by £227 owed to Aviva Investors REaLM Infrastructure No.1 Limited and by £3,896 of accruals for audit.

The directors have received confirmation that Aviva Investors Energy Centres No.1 Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this company in an insolvent position. For this reason they continue 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.

3.4 Cash flow statement

The Company reports cash flows from operating activities using the indirect method. Interest received and paid is presented with cash flows from financing activities.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.5 Strategic report and Directors' report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities. The Directors' report has been prepared with reduced disclosures in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006.

3.6 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 statement. 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.

3.7 Revenue

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

3.8 Administrative expenses

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

3.9 Cash

Cash at bank and in hand comprise of cash and cash on deposit with banks, both of which are immediately available.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.10 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 assets, 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.

3.11 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 (2017: £Nil).

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.12 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 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 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 liabilities 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.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.12 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.

The Directors confirm that no critical accounting judgements have been made in relation to the 2018 accounts.

5. Administrative expenses

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|---|--------------------------------------|--------------------------------------|
| Administrative fees | 10,625 | 10,000 |
| Fees payable to the auditors for the audit of the Company's financial statements* | 3,917 | 3,896 |
| Tax advisory fees | 827 | - |
| | <u>15,369</u> | <u>13,896</u> |

*During the year no non-audit fees were paid to statutory auditors.

The Directors received no emoluments from the Company for services to the Company for the financial year (2017: £Nil).

The Company had no employees during the financial year (2017: Nil).

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Tax on loss

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|---|--------------------------------------|--------------------------------------|
| Analysis of tax charge in the year | | |
| UK corporation tax on loss for the year | - | - |
| Tax on loss | <u>-</u> | <u>-</u> |

(a) Tax reconciliation

The tax on the Company's loss before taxation is lower (2017: lower) than the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|--|--------------------------------------|--------------------------------------|
| Loss before taxation | <u>(14,351)</u> | <u>(13,965)</u> |
| Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%) | (2,727) | (2,688) |
| Allocation of profit from the Partnership | 666 | 448 |
| Deferred tax assets not recognised | <u>2,061</u> | <u>2,240</u> |
| Total tax charge for the year | <u>-</u> | <u>-</u> |

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. 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:

| | 31 Dec 2018 | 31 Dec 2017 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Unutilised management expenses | 11,862 | 13,965 |
| Deferred tax rate | 17% | 17% |
| Deferred tax not recognised | 2,017 | 2,374 |

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

| | 2018 | 2017 |
|---|---------------|--------------|
| | £ | £ |
| Opening balance of unrecognised deferred tax assets | 8,230 | 5,856 |
| Deferred tax not recognised for the year | 2,017 | 2,374 |
| Balance as at 31 December | 10,247 | 8,230 |

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 of the Company does not have any recognised deferred tax balances.

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. Debtors: amounts falling due within one year

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|---|------------------|------------------|
| Amounts owed by group undertaking (see Note 11) | 1 | 1 |
| Other debtors - VAT | 2,705 | 3,504 |
| | <u>2,706</u> | <u>3,505</u> |

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

8. Creditors: amounts falling due within one year

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------------------|------------------|
| Amounts due to the Partnership (see Note 11) | 60,463 | 46,908 |
| Amounts due to Aviva Investors REaLM Infrastructure Limited Partnership (see Note 11) | 393 | 393 |
| Amounts due to Aviva Investors REaLM Infrastructure No.1 Limited Partnership (see Note 11) | 227 | 227 |
| Accruals and deferred income | 3,896 | 3,896 |
| | <u>64,979</u> | <u>51,424</u> |

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

9. Called up share capital

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------------------|------------------|
| Allotted, called up and unpaid share capital of the Company at 31 December: 1 (2017: 1) ordinary share of £1 | <u>1</u> | <u>1</u> |

10. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2017: £Nil).

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Related party transactions

| | 2018 Income earned/ (expenses incurred) in the year £ | 2018 Receivable / (payable) at year end £ | 2017 Income earned/ (expenses incurred) in the year £ | 2017 Receivable / (payable) at year end £ |
|---|---|---|---|---|
| Aviva Investors REaLM Infrastructure Limited Partnership - payment on behalf of the Company | - | (393) | - | (393) |
| Aviva Investors Energy Centres No.1 Limited Partnership - priority distribution | 1,015 | - | - | - |
| Aviva Investors Energy Centres No.1 Limited Partnership - payment on behalf of the Company | (15,369) | (60,463) | (13,896) | (46,908) |
| Aviva Investors REaLM Infrastructure No.1 Limited - payment on behalf of the Company | - | (227) | - | (227) |
| Aviva Investors Real Estate Limited - share capital | - | 1 | - | 1 |
| | <u>(14,354)</u> | <u>(61,082)</u> | <u>(13,896)</u> | <u>(47,527)</u> |

The Company is entitled to a priority distribution of 0.1% (2017: 0.1%) of the Net Income available for distribution from the Partnership.

During the year distribution income amounting to £1,015 (2017: £Nil) was receivable from the Partnership, £Nil (2017: £Nil) remained outstanding at the year end.

During the year professional fees of £11,452 (2017: £10,000) and audit fees of £3,917 (2017: £3,897) were paid by the Partnership on behalf of the Company.

The Directors received no emoluments for services to the Partnership for the financial year (2017: £Nil).

AVIVA INVESTORS ENERGY CENTRES NO.1 GP LIMITED

Registered in England and Wales: No. 08322963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Financial instruments

The carrying value of the Company's financial assets and liabilities are summarised by category below:

Financial assets measured at amortised cost:

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>1,139</u> | <u>1,136</u> |

Financial assets measured at undiscounted amount:

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------------------|------------------|
| Debtors amounts falling due within one year (see Note 7) | <u>2,706</u> | <u>3,505</u> |

Financial liabilities measured at undiscounted amount:

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------------------|------------------|
| Creditors amounts falling due within one year (see Note 8) | <u>(64,979)</u> | <u>(51,424)</u> |

13. 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.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate the financial statements at 31 December 2018. The consolidated financial statements of Aviva plc are available on the application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London, EC3P 3DQ.

14. 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.

AVIVA INVESTORS ENERGY CENTRES No.1
LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2018

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

CONTENTS

| | Page(s) |
|--|----------------|
| Partners, Advisers and Other Information | 1 |
| Strategic Report | 2 - 7 |
| General Partner's Report | 8 - 10 |
| Independent Auditors' Report | 11 - 12 |
| Statement of Comprehensive Income | 13 |
| Statement of Financial Position | 14 |
| Statement of Changes in Net Assets Attributable to Partners | 15 |
| Notes to the Financial Statements | 16 - 25 |
| Additional AIFMD disclosures - Unaudited | 26 - 27 |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

PARTNERS, ADVISERS AND OTHER INFORMATION

Limited Partner

Aviva Investors Infrastructure Income Limited Partnership

General Partner

Aviva Investors Energy Centres No.1 GP Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Fund Manager

Aviva Investors UK Fund Services Limited ("Aviva Investors")

St Helen's

1 Undershaft

London

EC3P 3DQ

Asset Manager

Aviva Investors Real Estate Finance Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Portfolio Manager

Aviva Investors Global 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

EC2R 8LA

Registered Office

St Helen's

1 Undershaft

London

EC3P 3DQ

Registered Number

Registered in England and Wales: No. LP015398

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of the General Partner (the "Directors") present their Strategic Report of Aviva Investors Energy Centres No.1 Limited Partnership (the "Partnership") for the year ended 31 December 2018.

THE PARTNERSHIP

The Partnership was established on 8 February 2013 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008. The total commitment of the Partners as at 31 December 2018 is £Nil (31 December 2017: £Nil) of which £Nil (31 December 2017: £Nil) has been drawn down.

PRINCIPAL ACTIVITIES OF THE PARTNERSHIP

The principal activity of the Partnership is to invest, directly or indirectly, into eligible infrastructure assets in United Kingdom. This will continue to be the principal activity of the Partnership for the foreseeable future.

REVIEW OF THE PARTNERSHIP'S BUSINESS

Objective and strategy

The objective of the Partnership is to achieve investment returns in excess of 200 basis points per annum (net of costs and expenses) above the rate of return generated by long dated (15 years or more) index linked gilts over the long term by investing in eligible infrastructure investments, provided that the Partnership's objective may be changed with the approval of the Limited Partners by Extraordinary Resolution.

The Partnership will invest in eligible infrastructure assets which have the following characteristics:

- (1) will be located in the UK and held within UK investment structure;
- (2) will be denominated (or have contractual obligations denominated) in pounds sterling or the official currency of the UK from time to time;
- (3) are existing or new infrastructure assets comprising buildings, equipment and works related to the provision of the energy management services (including energy conservation measures to reduce demand for energy) to UK energy consumers where:
 - (3.1) no more than 10% of the forecasted invested value of an eligible infrastructure asset related to residential energy consumers; and
 - (3.2) provide a net reduction in greenhouse gases of at least 1 tonne CO₂e per £3,000 invested in each new infrastructure investment (measured as at the date of such investment by the Partnership).

To achieve its objective the Partnership has adopted the following strategy for its portfolio:

- (1) The Partnership will focus its investment activities on UK assets which offer:
 - (1.1) primary exposure to (i) the availability of underlying eligible infrastructure assets operated within long-term concession arrangements (such as private finance initiatives, public private partnerships, operating finance, property or other forms of lease or similar structures) and / or (ii) the operation of the underlying eligible infrastructure assets within regulatory regimes; and
 - (1.2) no exposure or limited exposure to the economic use of the underlying eligible infrastructure assets (other than contingent exposure or exposure relating to economic use of the underlying eligible infrastructure assets with regulatory regimes that have been materially de-risked through the entering into of relevant contract(s), through for example (i) debt contracts (or similar); or (ii) power purchase agreements which are in place in relation to power generated by an eligible infrastructure asset).

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

REVIEW OF THE PARTNERSHIP'S BUSINESS - (CONTINUED)

Objective and strategy - (continued)

(2) The Partnership will own, acquire or invest in (whether directly or indirectly) eligible infrastructure assets (or rights to operate such eligible infrastructure assets) and / or rights under contracts in relation to eligible infrastructure assets (including concession based contracts such as private finance initiative, public private partnership, leases, loan agreements (or other debt contracts), derivative contracts or other similar structures) such that when considered together the Partnership is exposed to eligible infrastructure assets.

(3) The Partnership will not invest in other funds or other collective investment schemes from which the General Partner, the Aviva Investors Global Services Limited (the "Fund Manager") or their associates is receiving an investment management fee unless the Partnership's proportionate share of such fee is set off against the Priority Profit Share without the prior approval of the advisory committee (acting by unanimous vote of all Advisory Committee ("AC") Members present at a quadrate meeting of advisory committee).

(4) Without the prior approval of the advisory committee (acting by a unanimous vote of all AC Members present at a quadrate meeting of the advisory committee):

(4.1) upon acquisition of or investment into an infrastructure investment, the effective acquisition price of each single underlying eligible infrastructure asset shall not exceed the greater of (i) £50 million and (ii) 20 per cent of the gross asset value of all Partnership Assets;

(4.2) The Partnership will not:

(a) undertake speculative developments or speculative funding; or

(b) invest in other funds or similar collective investment schemes managed by and entity which is not an associate of, connected with, the Fund Manager;

(4.3) ancillary investment in non-energy reduction measures (such as energy supply technologies such as solar or wind power, but not housing structures for energy-reducing measures) shall not exceed 20 per cent by value of any infrastructure investment made by the Fund. However, nothing in this restriction shall limit the amount of investment by the Partnership in biomass heat or power investments;

(4.4) there shall not be financial exposure of more than the greater of (i) £50 million and (ii) 20 per cent of the gross asset value of all Partnership Assets to a single counterparty including operators, construction companies, NHS Trusts and local government authorities (over one or more assets) in respect of the underlying eligible infrastructure assets and for the avoidance of doubt nothing here will restrict the Partnership of contracting for different underlying eligible infrastructure assets, provided that the Partnership's exposure does not exceed the limitations in this paragraph;

(4.5) if the gross asset value of all Partnership Assets exceeds £500 million, then upon acquisition of or investment into an infrastructure investment, effective cash flows of each single underlying eligible infrastructure asset shall not forecast to account for no more than 20 per cent of the total cash flows of the Partnership; and

(4.6) no more than 20 per cent of the gross asset value of all Partnership Assets shall be invested in infrastructure investments that have a material exposure to either increased time to completion or increased costs as a result of the fact that the infrastructure investment is under construction which would result in a material reduction in value of the relevant infrastructure investment or have a material adverse impact on the projected returns of that infrastructure investment.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

REVIEW OF THE PARTNERSHIP'S BUSINESS - (CONTINUED)

Objective and strategy (continued)

(5) The majority of the infrastructure investments made by the Partnership will be with public sector or quasi-public sector bodies.

(6) Contract terms for infrastructure investment made by the Partnership will typically be 15 years or more.

PARTNERSHIP PERFORMANCE

The financial position of the Partnership at 31 December 2018 is shown in the Statement of Financial Position on page 14, with the results shown in the Statement of Comprehensive Income on page 13.

There is no performance information available for the Partnership due to it having not completed the investment period, and that the calculation of such performance data would not be relevant to the users of the financial statements.

CAPITAL MANAGEMENT AND OBJECTIVES

The Partnership operates as an ungeared fund.

£3,864,945 of capital contributions and advances were injected into the Partnership during the year ended 31 December 2018 (2017: £16,749,640). During the year £2,037,555 (2017: £Nil) of capital contributions and advances were repaid by the Partnership.

PURCHASES AND DISPOSALS

There were no purchases or disposals in the year ended 31 December 2018 (2017: the Partnership entered into an agreement with the Gloucestershire Hospitals NHS Foundation Trust, for the finance, design, construction, installation, operation and maintenance of an energy facility at the Gloucestershire Royal Hospital, Gloucester. There were no disposals in the year ended 31 December 2017).

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the General Partner and there are no material events to be disclosed or adjusted for in these audited financial statements.

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of proposed acquisitions.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Aviva Group's approach to risk and capital management

The Aviva plc and subsidiaries ("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.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Management of financial and non-financial risks

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

Market risk

The Partnership is exposed to market risk through its investment in a number of energy facilities. The Partnership is committed to design, construct and install energy facilities at various hospital locations under the terms of separate construction agency agreements. The cash flows associated with these agreements have been built into the finance lease models which are based on unobservable inputs such as development yield and project yield. The management of this risk falls within the mandate of Aviva Investors UK Fund Services Limited, which make and manages investments on behalf of the Partnership.

Credit risk

The Partnership's cash is held in a reputable bank. The Partnership does not have a significant exposure to credit risk due to the credit worthiness of the counterparties as essential health care providers, and the other receivables mainly relate to short-term trading items and related party receivables. The Partnership's maximum exposure to credit risk was as follows:

| | 31 Dec 2018 | 31 Dec 2017 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Debtors | 724,800 | 1,799,564 |
| Cash at bank and in hand | 1,206,142 | 548,087 |
| | <u>1,930,942</u> | <u>2,347,651</u> |

All of the Partnership's debtors are neither past due nor impaired.

Loan commitments are made under the limited partnership agreement ("LPA") that is signed by all parties so that all members of the Partnership 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 and in hand are 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 Partnership's investments.

Liquidity risk

The Partnership 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 Partnership's obligations as and when they fall due.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Liquidity risk - (continued)

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2018 was as follows:

| | On demand £ | 1-3 months £ | 4-12 months £ | More than 12 months £ | Total £ |
|-----------------------------------|-------------------|--------------------|---------------------|-----------------------------|-------------------|
| Financial assets | | | | | |
| Net investments in finance leases | - | - | - | 47,016,728 | 47,016,728 |
| Amounts owed by related parties | 61,479 | - | - | - | 61,479 |
| Amounts owed by third parties | 658,118 | - | - | - | 658,118 |
| Other debtors | 5,203 | - | - | - | 5,203 |
| Cash at bank and in hand | 1,206,142 | - | - | - | 1,206,142 |
| | <u>1,930,942</u> | <u>-</u> | <u>-</u> | <u>47,016,728</u> | <u>48,947,670</u> |
| Financial liabilities | | | | | |
| Amounts owed to related parties | 10,216 | - | - | - | 10,216 |
| Amounts owed to third parties | 57,320 | - | - | - | 57,320 |
| VAT payable | 170,255 | - | - | - | 170,255 |
| Accruals | 177,811 | - | - | - | 177,811 |
| | <u>415,602</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>415,602</u> |

The maturity analysis of the Partnership'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 | | | | | |
| Net investments in finance leases | - | - | - | 41,954,163 | 41,954,163 |
| Amounts owed by related parties | 68,340 | - | - | - | 68,340 |
| Amounts owed by third parties | 951,385 | - | - | - | 951,385 |
| VAT receivable | 779,839 | - | - | - | 779,839 |
| Cash at bank and in hand | 548,087 | - | - | - | 548,087 |
| | <u>2,347,651</u> | <u>-</u> | <u>-</u> | <u>41,954,163</u> | <u>44,301,814</u> |
| Financial liabilities | | | | | |
| Amounts owed to related parties | 190 | - | - | - | 190 |
| Amounts owed to third parties | 14,591 | - | - | - | 14,591 |
| Accruals | 70,887 | - | - | - | 70,887 |
| | <u>85,668</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>85,668</u> |

EMPLOYEES

The Partnership has no employees (2017: Nil). The key management personnel have been identified as the Directors of Aviva Investors Energy Centres No.1 GP Limited. The Directors received no remuneration (2017: £Nil).

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

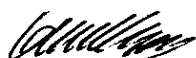
ENVIRONMENTAL

Aviva Investors Real Assets (AIRA) recognises its duty to act as responsible stewards of its clients' assets. Consistent with its fiduciary and stewardship obligations, AIRA maintains a deep conviction that Responsible Investment including environmental, social and governance (ESG) factors can have an impact on investment returns and client outcomes.

AIRA's fiduciary duty is to protect and maintain the value of assets, it aims to do this by integrating Responsible Investment, including ESG considerations, into its investment and asset management decisions. Responsible Investment factors are implemented from origination or acquisition to divestment or termination.

AIRA supports industry initiatives to develop a common platform to evaluate the Responsible Investment impact and credentials of Real Asset investments, and to setup standardised reporting frameworks and benchmarks. AIRA is a founding member of GRESB infrastructure and an advisory member of GRESB Real Estate and has partnered with a number of organisations to participate on ESG initiatives including the Better Buildings Partnership.

For and on behalf of the Partnership:



G P Mills
Director of Aviva Investors Energy Centres No.1 GP Limited

Date: 26/04/2019

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of the General Partner (the "Directors") present their annual report and the audited financial statements of the Partnership for the year ended 31 December 2018.

RESULTS AND DISTRIBUTIONS

The total comprehensive income for the Partnership for 2018 was £2,488,532 (2017: £2,326,827). Distributions to the Partners were £1,015,130 (2017: £Nil).

DIRECTORS

The current Directors of Aviva Investors Energy Centres No.1 GP Limited and those in office throughout the year, are as follows:

A C Appleyard (resigned 17 August 2018)
 B S Hill
 G P Mills (appointed 29 August 2018)
 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' advance as follows:

As at 31 December 2018

| | Capital Contributions £ | Capital Advance £ |
|---|-------------------------------|----------------------|
| Aviva Investors Infrastructure Income Limited Partnership | 20 | 43,139,118 |
| Aviva Investors REaLM Energy Centres No.1 GP Limited | - | - |
| Total | <u>20</u> | <u>43,139,118</u> |

| | Capital Contributions £ | Capital Advance £ |
|---|-------------------------------|----------------------|
| Aviva Investors Infrastructure Income Limited Partnership | 20 | 41,311,728 |
| Aviva Investors REaLM Energy Centres No.1 GP Limited | - | - |
| Total | <u>20</u> | <u>41,311,728</u> |

As at 31 December 2017

| | | |
|---|-----------|-------------------|
| Aviva Investors Infrastructure Income Limited Partnership | 20 | 41,311,728 |
| Aviva Investors REaLM Energy Centres No.1 GP Limited | - | - |
| Total | <u>20</u> | <u>41,311,728</u> |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
GENERAL PARTNER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

AMOUNTS ATTRIBUTABLE TO THE GENERAL PARTNER

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

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

The General Partner's priority profit share entitlement for the year was £2,489 (2017: £2,327).

GOING CONCERN

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries, the Directors of the General Partner have a reasonable expectation that the Partnership 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 Partnership includes use of financial instruments. Details of the 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 in pages 4 to 6 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 the 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 ought to have been 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 ENERGY CENTRES No.1 LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 have 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 is 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 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.

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.

General Partner's confirmations

In the case of each general partner in office at the date the General Partner' Report is approved:

- so far as the general partner is aware, there is no relevant audit information of which the group and qualifying partnership's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a general partner in order to make themselves aware of any relevant audit information and to establish that the group and qualifying partnership's auditors are aware of that information.

For and on behalf of the Partnership:



G P Mills

Director of Aviva Investors Energy Centres No.1 GP Limited

Date: 26/04/2019

Independent auditors' report to the partners of Aviva Investors Energy Centres No.1 Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors Energy Centres No.1 Limited Partnership's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2018 and of its profit 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 statement of financial position as at 31 December 2018; the statement of comprehensive income, the 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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the qualifying partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the qualifying partnership's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion 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 Directors' 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' 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 10, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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
26 April 2019

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

| | | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|--|------|--------------------------------------|--------------------------------------|
| | Note | | |
| Finance lease income | | 3,795,890 | 2,393,480 |
| Gross profit | | 3,795,890 | 2,393,480 |
| Administrative expenses | 5 | (294,797) | (67,377) |
| Operating profit | | 3,501,093 | 2,326,103 |
| Finance income | 6 | 2,569 | 724 |
| Finance costs - distributions to partners | 7 | (1,015,130) | - |
| Total comprehensive income for the year | | 2,488,532 | 2,326,827 |

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the year ended 31 December 2018 and 31 December 2017 relate to continuing operations.

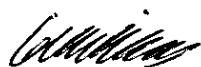
The notes on pages 16 to 25 form an integral part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

| | Note | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Net investment in finance leases | 9 | 47,016,728 | 41,954,163 |
| Current assets | | | |
| Debtors | 10 | 724,800 | 1,799,564 |
| Cash at bank and in hand | | 1,206,142 | 548,087 |
| | | <u>1,930,942</u> | <u>2,347,651</u> |
| Creditors: amounts falling due within one year | 11 | (415,602) | (85,668) |
| Net current assets | | <u>1,515,340</u> | <u>2,261,983</u> |
| Total assets less current liabilities | | <u>48,532,068</u> | <u>44,216,146</u> |
| Net assets attributable to partners | 12 | <u>48,532,068</u> | <u>44,216,146</u> |

These audited financial statements were approved and authorised for issue by the Board of Directors of Aviva Investors Energy Centres No.1 GP Limited, the General Partner and were signed on its behalf by:



G P Mills
Director of Aviva Investors Energy Centres No.1 GP Limited

Date: 26/04/2019

Registered in England and Wales: No. LP015398

The notes on pages 16 to 25 form an integral part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Proceeds from Partners £ | Profit and loss account £ | Total £ |
|--|-----------------------------------|---------------------------------|-------------------|
| Balance at 1 January 2017 | 24,562,108 | 577,571 | 25,139,679 |
| Total comprehensive income for the year | - | 2,326,827 | 2,326,827 |
| Partners' loan advances received during the year | 16,749,640 | - | 16,749,640 |
| Balance at 31 December 2017 | 41,311,748 | 2,904,398 | 44,216,146 |
| Total comprehensive income for the year | - | 2,488,532 | 2,488,532 |
| Partners' loan advances received during the year | 3,864,945 | - | 3,864,945 |
| Partners' loan advances repaid during the year | (2,037,555) | - | (2,037,555) |
| Balance at 31 December 2018 | 43,139,138 | 5,392,930 | 48,532,068 |

The notes on pages 16 to 25 form an integral part of these financial statements.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Aviva Investors Energy Centres No.1 Limited Partnership (the "Partnership") invests, directly or indirectly, into eligible infrastructure assets in 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 Partnership Act 1907 and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

2. Statement of compliance

The Partnership financial statements 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 Partnership financial statements are prepared on a going concern basis, under the historical cost convention.

The functional currency of the Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates.

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

3.2 Going concern

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries, the General Partner has a reasonable expectation that the 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.

3.3 NAV valuation

The NAV per unit which investors acquire units at is based on a quarterly discounted cash flow market valuation. The NAV stated in these financial statements, however does not use this quarterly valuation. The valuation included in the financial statements in accordance with a finance lease methodology.

The finance lease methodology states how the investment should be accounted for in terms of it fully amortising over its lease term. Unlike the valuation, this methodology does not therefore take into account the market value of the investment. The Partnership therefore has two NAVs per quarter: one which is valuing the investment at the market valuation and one which is valuing them as a finance lease.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.4 Net investments in finance leases

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.

The rental payments received on the lease are distributed to investors every quarter. The distribution is split between a return of capital and income in accordance with the lease model. At the beginning of the lease term, the rental payments received are lower than the capital and income returns from the lease model (the finance lease income on the face of the Statement of Comprehensive Income) and therefore the distribution paid is all income. As such, the lease debtor increases over the first half of the lease term. As the term of the lease progresses, the lease income will eventually exceed the income return on the finance lease and so the distribution to investors will be split between both capital and income. Over the second half of the lease term, the lease debtor will be amortised and eventually reduced to zero.

3.5 Financial instruments

The Partnership 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 Partnership becomes a party to the contractual provisions of the instrument.

Basic financial assets, including debtors and cash at bank and in hand, 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 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 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.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.5 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 third party without imposing additional restrictions.

(ii) Financial liabilities

Financial liabilities are recognised when the Partnership 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 liabilities 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).

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.

3.6 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.

3.7 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.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.8 Cash at bank and in hand

Cash at bank and in hand comprise of cash and cash on deposit with banks, both of which are immediately available.

3.9 Cash flow

The Partnership has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity under FRS102 and the Partnership's cash flows are included in the consolidated statements of cash flows of Aviva Investors Infrastructure Income Limited Partnership. The Partnership intends to continue availing of the above exemption in future periods.

3.10 Finance income

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

3.11 Administrative expenses

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

3.12 Distributions

Income produced by the Partnership is distributed to the Partners to the extent that the Partnership's 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.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Partnership's 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.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Administrative expenses

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|-------------------------------|--------------------------------------|--------------------------------------|
| Auditors' fees | 21,326 | 21,576 |
| Fund Manager fees | 116,090 | 100 |
| Bank charges | 837 | 70 |
| Professional fees | 56,197 | 5,500 |
| Other administrative expenses | 100,347 | 40,131 |
| | <u>294,797</u> | <u>67,377</u> |

The Partnership had no employees in the current or prior year. The Directors received no emoluments for services to the Partnership for the financial year (2017: £Nil).

6. Interest receivable

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|----------------|--------------------------------------|--------------------------------------|
| Finance income | <u>2,569</u> | <u>724</u> |

7. Finance costs - distributions to Partners

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|---|--------------------------------------|--------------------------------------|
| Finance costs - distributions to partners | <u>1,015,130</u> | <u>-</u> |

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:

| | 31 Dec 2018 | 31 Dec 2017 |
|---|-------------|-------------|
| Aviva Investors Infrastructure Income Limited Partnership | 99.90% | 99.90% |
| Aviva Investors Energy Centres No.1 GP Limited | 0.10% | 0.10% |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. 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.

9. Net investment in finance leases

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|--|-------------------|-------------------|
| Total amounts receivable | 118,774,819 | 116,665,676 |
| Less: interest allocated to future periods | (71,758,091) | (74,711,513) |
| Net investment in finance leases | 47,016,728 | 41,954,163 |
| Not later than 1 year | (700,192) | (4,978,653) |
| Later than 1 year and not later than 5 years | (123,666) | (478,296) |
| Later than 5 years | 47,840,586 | 47,411,112 |
| Net investment in finance leases | 47,016,728 | 41,954,163 |

On 27 February 2014, the Partnership 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 £40,254 (31 December 2017: £32,821) due within one year and a debtor greater than one year of £2,187,689 (31 December 2017: £2,230,544).

On 18 June 2015, the Partnership 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 £183,787 (31 December 2017: £193,085) due within one year and a debtor greater than one year of £15,384,084 (31 December 2017: £15,192,867).

On 29 July 2015, the Partnership entered into an agreement for the construction of an energy centre to be utilised by Tayside NHS healthcare services in the 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 £181,607 (31 December 2017: £190,417) due within one year and a debtor greater than one year of £15,784,493 (31 December 2017: £15,598,939).

On 29 December 2015, the Partnership entered into an agreement for the construction of an energy centre in Aberdeen to be utilised by NHS Grampian. The cash flows associated with this agreement have been built into a finance lease model. This has resulted in a creditor of £512,936 (31 December 2017: £119,827) due within one year and a debtor greater than one year of £9,398,738 (31 December 2017: £8,853,143).

On 24 May 2017, the Partnership 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 debtor of £137,884 (31 December 2017: creditor of £4,508,145) due within one year and a debtor greater than one year of £4,961,916 (31 December 2017: £5,057,234).

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Net investments in finance leases (continued)

The net figure of £47,016,728 (31 December 2017: £41,954,163) has been included within fixed assets on the statement of financial position.

10. Debtors

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|---|------------------|------------------|
| VAT Recoverable | - | 779,839 |
| Amounts owed by third parties | 658,118 | 951,385 |
| Amounts owed by related parties (see Note 14) | 61,479 | 68,340 |
| Other debtors | 5,203 | - |
| | <u>724,800</u> | <u>1,799,564</u> |

All of the Partnership's debtors are neither past due nor impaired.

11. Creditors: Amounts falling due within one year

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|---------------------------------|------------------|------------------|
| Accruals | 177,811 | 70,887 |
| Amounts owed to third parties | 57,320 | 14,591 |
| Amounts owed to related parties | 10,216 | 190 |
| VAT payable | 170,255 | - |
| | <u>415,602</u> | <u>85,668</u> |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Net assets attributable to Partners

| | Limited Partners 100% £ |
|--|-------------------------------|
| Proceeds from Partners | |
| At 1 January 2018 | 41,311,748 |
| Proceeds received | 3,864,945 |
| Proceeds repaid | (2,037,555) |
| At 31 December 2018 | <u>43,139,138</u> |
| Profit and loss account | |
| At 1 January 2018 | 2,904,398 |
| Total comprehensive income during the year | 2,488,532 |
| At 31 December 2018 | <u>5,392,930</u> |
| Net assets attributable to Partners at 31 December 2018 | <u>48,532,068</u> |
| Proceeds from Partners | |
| At 1 January 2017 | 24,562,108 |
| Proceeds received | 16,749,640 |
| At 31 December 2017 | <u>41,311,748</u> |
| Profit and loss account | |
| At 1 January 2017 | 577,571 |
| Total comprehensive income during the year | 2,326,827 |
| At 31 December 2017 | <u>2,904,398</u> |
| Net assets attributable to Partners at 31 December 2017 | <u>44,216,146</u> |

The General Partner has 0% of ownership as such no net assets attributable to the General Partner has been disclosed.

13. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the reporting date (31 December 2017: £Nil).

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. Related party transactions

| | 2018 Expense paid in year £ | 2018 (Payable) / receivable at year end £ | 2017 Expense paid in year £ | 2017 (Payable) / receivable at year end £ |
|---|--------------------------------------|---|--------------------------------------|---|
| Aviva Investors UK Fund Services Limited - fund management fees | (116,090) | (79,305) | (100) | (60) |
| Expenses paid on behalf of Aviva Investors REaLM Energy Centres GP Limited | - | - | - | 21,431 |
| Expenses paid on behalf of Aviva Investors Energy Centres No.1 GP Limited | - | 61,479 | - | 46,909 |
| Aviva Investors Infrastructure Income Limited Partnership | - | - | - | (190) |
| Distribution to Aviva Investors Infrastructure Income Limited Partnership | (1,015,130) | - | - | - |
| | <u>(1,131,220)</u> | <u>(17,826)</u> | <u>(100)</u> | <u>68,090</u> |

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 0.1% (2017: 0.1%) of the net income from the Partnership. During the year the General Partner received £Nil priority distributions (31 December 2017: £Nil).

The Directors received no emoluments for services to the Partnership for the year (2017: £Nil).

15. Financial Instruments

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

Financial assets measured at amortised cost:

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|-----------------------------|-------------------|-------------------|
| Finance leases (see Note 9) | 47,016,728 | 41,954,163 |
| Debtors (see Note 10) | 724,800 | 1,799,564 |
| Cash at bank and in hand | 1,206,142 | 548,087 |
| | <u>48,947,670</u> | <u>44,301,814</u> |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Financial Instruments (continued)

Financial liabilities measured at amortised amount:

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|-------------------------|------------------|------------------|
| Creditors (see Note 11) | <u>(415,602)</u> | <u>(85,668)</u> |

Finance income

| | 1 Jan 2018 to 31 Dec 2018 £ | 1 Jan 2017 to 31 Dec 2017 £ |
|---|--------------------------------------|--------------------------------------|
| Total interest income for financial assets at undiscounted amount receivable: | <u>3,798,459</u> | <u>2,394,204</u> |

16. Parent and ultimate controlling undertaking

The Partnership's General Partner is Aviva Investors Energy Centres No.1 GP Limited, a company incorporated in Great Britain and registered in England and Wales.

The Partnership's immediate parent undertaking is Aviva Investors Infrastructure Income Limited Partnership (formerly Aviva Investors REaLM Infrastructure Limited Partnership), and the ultimate parent undertakings are Aviva Investors Infrastructure Income Unit Trust.

Aviva Investors Infrastructure Income Limited Partnership, which has 99.90% interest of the Partnership, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2018. 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

17. Events after the reporting period

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the General Partner and there are no material events to be disclosed or adjusted for in these audited financial statements.

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018, 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: | £0.36m | £0.38m |
| Of which, Fixed Remuneration: | 34% | 39% |
| Variable Remuneration: | 60% | 54% |
| Pension/Benefits: | 6% | 7% |
| Number of Code staff: | 10 | 7 |

AVIVA INVESTORS ENERGY CENTRES No.1 LIMITED PARTNERSHIP
ADDITIONAL AIFMD DISCLOSURES - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2018

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 that 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.