

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD
FROM 28 MAY 2015 TO 31 DECEMBER 2015**

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AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
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CONTENTS

	<u>Pages</u>
Directors, Officers and Other Information	1
Strategic Report	2 - 5
Directors' Report	6 - 7
Independent Auditors' Report	8 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
<i>Statement of Changes in Equity</i>	12
Notes to the Financial Statements	13 - 22

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
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DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

I G Berry
V Leroy
L Monnier

Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
No.1 Undershaft
London
EC3P 3DQ

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

State Street Bank and Trust Company - Jersey Branch
Lime Grove House
Green Street
St Helier
Jersey
JE1 2ST

Registered Office

No.1 Poultry
London
EC2R 8EJ

Company Number

Registered in England and Wales: No. 09612980

Other Information

Aviva Investors REaLM Infrastructure No.3 Limited (the "Company") is a member of the Aviva Plc group of companies.

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

STRATEGIC REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

The Company was incorporated on 28 May 2015. The Directors of the Company present their first strategic report of the Company for the period from 28 May 2015 to 31 December 2015.

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company is that of a holding Company. The principal activity of the Group is that of investment in a portfolio of Biomass assets. The Group consists of the Company and all its subsidiary undertakings as set out in note 8. This will continue to be the principal activity of the Company for the foreseeable future.

REVIEW OF THE COMPANY'S BUSINESS

Objective and strategy

The objective of the Company is to achieve investment returns from investments in biomass projects.

COMPANY PERFORMANCE

The financial position of the Company at 31 December 2015 is shown in the Statement of Financial Position on page 11, with the results shown in the Statement of Comprehensive Income on page 10.

Given the nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

CAPITAL MANAGEMENT AND OBJECTIVES

£413,601 of new equity, in the form of issued shares, was injected into the Company during the period from 28 May 2015 to 31 December 2015.

The Company received interest bearing loans during the period from Aviva Investors REaLM Infrastructure Unit Trust (the "Unit Trust") amounting to £41,047,048.

PURCHASES AND DISPOSALS

On 12 June 2015 the Company incorporated Biomass UK No.1 LLP of which it holds 75% interest.

On 27 November 2015 the Company acquired 100% of Biomass UK No.2 Limited.

On 31 December 2015 the Company acquired 100% of Biomass UK No.3 Limited.

There were no disposals during the period ended 31 December 2015.

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 Directors 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 a result of proposed acquisitions.

AVIVA INVESTORS ReaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

**STRATEGIC REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015 -
(CONTINUED)**

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Aviva Group's approach to risk and capital management

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

Management of financial and non-financial risks

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

Market risk

The Company is exposed to market risk in relation to impairment of its investments held at cost. If the fair value of the investment is below the cost value an impairment would be required. Market risk is managed by ongoing proactive asset management.

Interest rate risk

The Company's principal exposure to interest rate risk comes from its loan borrowings from the Unit Trust. The loan borrowings are issued at fixed rates which expose the Company to fair value interest rate risk. However, the Directors believe that there is minimal interest rate risk as the loan borrowings are with a related party and managed on a group basis.

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

	Effective interest rate %	Less than 1 year £	1-5 years £	More than 5 years £	Total £
As at 31 December 2015					
Floating rate					
Cash	0.50	3,998,881	-	-	3,998,881
Fixed rate					
Loan payable - Senior loan	9.19	-	-	20,573,848	20,573,848
Loan payable - Mezzanine loan	11.94	-	-	20,473,200	20,473,200
		-	-	41,047,048	41,047,048

At 31 December 2015, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the calculated post-tax profit for the period would have been £41,047 lower/higher.

AVIVA INVESTORS ReaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

STRATEGIC REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015 - (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

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

Credit risk

The Company does not have a significant exposure to credit risk as receivables are mainly short-term trading items. The Company's investments are managed by agents who have responsibility for the prompt collection of amounts due.

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 Company's obligations as and when they fall due.

Liquidity risk

The Company 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 Directors monitor the maturity of the Company's obligations as and when they fall due.

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2015 was as follows:

	<u>On demand</u>	<u>1-3</u>	<u>4-12</u>	<u>More than</u>	<u>Total</u>
	<u>£</u>	<u>months</u>	<u>months</u>	<u>12 months</u>	<u>£</u>
		<u>£</u>	<u>£</u>	<u>£</u>	
Financial assets					
Debtors	2,710,208	-	-	31,341,969	34,052,177
Cash at bank and in hand	3,998,881	-	-	-	3,998,881
	<u>6,709,089</u>	<u>-</u>	<u>-</u>	<u>31,341,969</u>	<u>38,051,058</u>
Financial liabilities					
Creditors	2,784,007	-	-	-	2,784,007
Loan payable	-	-	-	41,047,048	41,047,048
	<u>2,784,007</u>	<u>-</u>	<u>-</u>	<u>41,047,048</u>	<u>43,831,055</u>

EMPLOYEES

The Company has no employees. The key management personnel have been identified as the Directors of the Company. The Directors received no remuneration.

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
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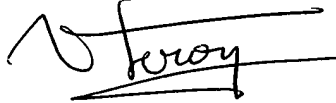
**STRATEGIC REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015 -
(CONTINUED)**

ENVIRONMENTAL

The Company is managed by Aviva Investors for whom a key component of being a responsible business is ensuring environmental, social and corporate governance (ESG).

The Company benefits from Aviva Investors being a founding signatory of the Principles for Responsible Investment (PRI).

For and on behalf of the board

A handwritten signature in black ink, appearing to read 'Veronique Leroy', is written over two horizontal lines.

Veronique Leroy
Director of Aviva Investors REaLM Infrastructure No.3 Limited

11 MAY 2016

AVIVA INVESTORS ReaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

DIRECTORS' REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

The Company was incorporated on 28 May 2015. The Directors present their first annual report and the audited financial statements of the Company for the period from 28 May 2015 to 31 December 2015.

RESULTS AND DIVIDENDS

The total comprehensive loss for the Company, for the period from 28 May 2015 to 31 December 2015 was £178,874.

The Directors are unable to recommend the payment of any dividends in respect of the financial period from 28 May 2015 to 31 December 2015.

DIRECTORS

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

I G Berry	(appointed 28 May 2015)
D S Dahan	(appointed 28 May 2015, resigned 31 March 2016)
V Leroy	(appointed 28 May 2015)
L Monnier	(appointed 31 March 2016)

FUTURE DEVELOPMENTS

The future developments of the Company are set out in the Strategic Report.

EVENTS AFTER THE REPORTING PERIOD

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

GOING CONCERN

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Unit Trust has confirmed that it will not seek repayment of part or all of the amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL INSTRUMENTS

The business of the Company includes use of financial instruments. Details of the Company's risk management objectives and policies, and exposures to market risk, interest rate risk, credit risk, operational risk and liquidity risk relating to financial instruments are set out in pages 3 and 4 of the financial statements.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors during the year. It is the intention of the Directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Sections 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 INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

DIRECTORS' REPORT FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015 - (CONTINUED)

QUALIFYING INDEMNITY PROVISIONS - (CONTINUED)

Aviva plc 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.

DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS

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

- (a) 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 Company's auditors are unaware; and
- (b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Company's 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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. They 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.

For and on behalf of the board


Veronique Leroy
Director of Aviva Investors REaLM Infrastructure No.3 Limited

11 MAY 2016

Independent auditors' report to the members of Aviva Investors REaLM Infrastructure No.3 Limited

Report on the financial statements

Our opinion

In our opinion, Aviva Investors REaLM Infrastructure No.3 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the period then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Aviva Investors REaLM Infrastructure No.3 Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 May 2016

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

	Note	28 May 15 to 31 Dec 15 £
Administrative expenses	4	(50,385)
OPERATING LOSS		(50,385)
Interest receivable and similar income	5	498,468
Interest payable and similar charges	6	(626,957)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(178,874)
Tax on loss on ordinary activities	7	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(178,874)

Continuing operations

All amounts reported in the statement of comprehensive income for the period from 28 May 2015 to 31 December 2015 relate to continuing operations.

(The notes on pages 13 to 22 form an integral part of these financial statements)

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

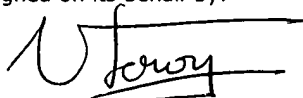
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 £
FIXED ASSETS		
Investments	8	6,014,724
Debtors: amounts falling due after one year	9	31,341,969
		<u>37,356,693</u>
CURRENT ASSETS		
Debtors: amounts falling due within one year	10	2,710,208
Cash at bank and in hand		3,998,881
		<u>6,709,089</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(2,784,007)</u>
NET CURRENT ASSETS		<u>3,925,082</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>41,281,775</u>
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Loan payable	12	<u>(41,047,048)</u>
NET ASSETS		<u><u>234,727</u></u>
CAPITAL AND RESERVES		
Called up share capital	13	413,601
Profit and loss account *		<u>(178,874)</u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>234,727</u></u>

* Profit and loss account represents accumulated comprehensive income for the year.

The financial statements on pages 10 to 22 were approved by the Board of Directors on 11 MAY 2016 and signed on its behalf by:



Veronique Leroy
Director of Aviva Investors REaLM Infrastructure No.3 Limited

(The notes on pages 13 to 22 form an integral part of these financial statements)

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

	<u>Called up share capital</u> £	<u>Profit and loss account</u> £	<u>Total Shareholders' funds</u> £
BALANCE AT 28 MAY 2015	-	-	-
Issued share capital	413,601	-	413,601
Total comprehensive loss for the period	-	(178,874)	(178,874)
BALANCE AT 31 DECEMBER 2015	<u>413,601</u>	<u>(178,874)</u>	<u>234,727</u>

(The notes on pages 13 to 22 form an integral part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

(a) (i) General information

Aviva Investors REaLM Infrastructure No.3 Limited (the "Company") acts as a holding company. The Company and its subsidiaries (together "the Group") invests in a portfolio of Biomass assets. These will continue to be the principal activity of the Company and the Group for the foreseeable future.

The Company is registered as a private company limited by shares and its registered address is No.1 Poultry, London, EC2R 8EJ.

(ii) Statement of compliance

The Company's 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.

(iii) Basis of accounting

The Company's financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company 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 Group and Company 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 2.

(b) Consolidation

The Company has taken advantage of exemptions under Section 400 of the Companies Act 2006 not to prepare group financial statements as it and its subsidiaries are included in the consolidated financial statements of Aviva Investors REaLM Infrastructure Limited Partnership.

(c) Cash flow

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity under FRS 102 and the Company's cash flows are included in the consolidated statement of cash flows of Aviva Investors REaLM Infrastructure Limited Partnership. The Company intends to continue availing of the above exemption in future periods.

(d) Going concern basis

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Unit Trust has confirmed that it will not seek repayment of part or all of the amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

(e) Investments in subsidiary undertakings

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

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

1 ACCOUNTING POLICIES - (CONTINUED)

(f) Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Provisions are made where there is objective evidence that the amount will not be recovered in full.

For debtors with amounts falling due after one year, interest income is recognised on an accruals basis using the effective interest rate method.

(g) Current liabilities

Other payables are recognised on an accruals basis.

(h) Financial instruments

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

(i) Financial assets

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

Basic financial assets, including debtors, 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 a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

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

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

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

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 which 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.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

1 ACCOUNTING POLICIES - (CONTINUED)

(h) Financial instruments - (continued)

(ii) Financial liabilities - (continued)

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

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

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

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

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

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

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

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

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

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

(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.

(i) Borrowings

Borrowings are recognised at the fair value of the consideration received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a finance expense in the statement of comprehensive income.

Borrowings are classified as current liabilities in the financial statements unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The adjustments that resulted from the use of United Kingdom Retail Price Index ("RPI") on the loans on each interest payment date have been capitalised as part of the loans in these audited financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

1 ACCOUNTING POLICIES - (CONTINUED)

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Profit and loss account

Profit and loss account represents accumulated comprehensive income for the period.

(l) Cash at bank and in hand

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

(m) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income. The current tax charge is calculated based on the tax laws enacted as at the statement of financial position date where the Company generates its income.

Deferred income tax is recognised on temporary differences arising between bases of assets and liabilities and their carrying amounts in the financial statements.

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

(n) Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Company's property portfolio. This includes administration, finance and management expenses.

(o) Interest receivable and similar income

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

(p) Interest payable and similar charges

Interest payable and similar charges are recognised on an accruals basis and include loan facility interest.

(q) Related party transactions

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

2 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.

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

3	OPERATING LOSS	28 May 15 to 31 Dec 15 £
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This is stated after charging:
Auditors' remuneration

7,739

4	ADMINISTRATIVE EXPENSES	28 May 15 to 31 Dec 15 £
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Management fees
Administration fees
Auditors' fees - audit services
Professional fees
Bank charges

22,979
15,397
7,739
3,050
1,220

50,385

The Company had no employees in the current period. The Directors received no emoluments for services to the Company for the financial period.

5	INTEREST RECEIVABLE AND SIMILAR INCOME	28 May 15 to 31 Dec 15 £
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Loan interest receivable from subsidiary undertakings
Other bank interest

498,428
40

498,468

6	INTEREST PAYABLE AND SIMILAR CHARGES	28 May 15 to 31 Dec 15 £
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Loan interest expense

626,957

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

7 TAX ON LOSS ON ORDINARY ACTIVITIES

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 20%.

	28 May 15 to 31 Dec 15 £
<i>Analysis of tax charge in the period</i>	
<i>UK corporation tax charge on loss for the period</i>	-
<i>Tax on loss on ordinary activities</i>	-

Factors affecting tax charge for the period

The tax assessed for the period is based on the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	28 May 15 to 31 Dec 15 £
Loss on ordinary activities before taxation	(178,874)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	(35,775)
Adjusted deferred tax to average tax rate of 18%	3,577
Deferred tax assets not recognised	32,198
Current tax charged for the period	-

Deferred tax assets of £32,198 have not been recognised in these financial statements as there is insufficient evidence as to the availability of suitable profits in the foreseeable future.

8 INVESTMENTS

	31 Dec 15 £
Investment in subsidiary undertakings	
At start of period	-
Acquisition of subsidiaries during the period	6,014,724
At end of period	6,014,724

The following is a breakdown of the investments for the period from 28 May 2015 to 31 December 2015.

	31 Dec 15 £
Biomass UK No.1 LLP	1,181,838
Biomass UK No.2 Limited	2,287,970
Biomass UK No.3 Limited	2,544,916
Total investments	6,014,724

AVIVA INVESTORS ReaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

8 INVESTMENTS - (CONTINUED)

The company holds directly 75% of ordinary share capital of Biomass UK No.1 LLP and 100% of ordinary share capital of Biomass UK No.2 Limited and Biomass UK No.3 Limited which are incorporated in the United Kingdom and whose principal activity is that of investment in Biomass assets:

Company	Country of incorporation	Business activity
Biomass UK No.1 LLP	United Kingdom	Biomass energy
Biomass UK No.2 Limited	United Kingdom	Biomass energy
Biomass UK No.3 Limited	United Kingdom	Biomass energy

The Directors believe that the carrying values of the investments are supported by their underlying net assets.

9 DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

The following is a breakdown of debtors falling due after one year for the period from 28 May 2015 to 31 December 2015.

	<u>31 Dec 15</u>
	<u>£</u>
Loan to Biomass UK No.1 LLP	14,622,967
Loan to Biomass UK No.2 Limited	7,621,523
Loan to Biomass UK No.3 Limited	9,097,479
	<hr/>
Total debtors falling due after one year	31,341,969
	<hr/> <hr/>

Loan to Biomass UK No.1 LLP

In 2015, the Company entered into a loan facility with Biomass UK No.1 LLP. The loan was utilised in two tranches: tranche A with a maximum amount of £29,500,000 and bearing interest of 12.00% per annum, tranche B with a maximum amount of £29,500,000 and bearing interest of 9.25% per annum. At the period end, £7,287,500 was drawn down on tranche A and £7,307,334 on tranche B. An amount of £47,967 representing RPI adjustment on the loan was capitalised during the period. The loan is unsecured and repayable in full on 30 June 2032.

Loan to Biomass UK No.2 Limited

In 2015, the Company entered into a loan facility with Biomass UK No.2 Limited. The loan was utilised in two tranches: tranche A with a maximum amount of £30,000,000 and bearing interest of 12.00% per annum, tranche B with a maximum amount of £30,000,000 and bearing interest of 9.25% per annum. During the period, £3,802,700 was drawn down on tranche A and £3,802,700 on tranche B. An amount of £16,123 representing RPI adjustment on the loan was capitalised during the period. The loan is unsecured and repayable in full on 31 December 2032.

Loan to Biomass UK No.3 Limited

In 2015, the Company entered into a loan facility with Biomass UK No.3 Limited. The loan was utilised in two tranches: tranche A with a maximum amount of £30,000,000 and bearing interest of 12.00% per annum, tranche B with a maximum amount of £30,000,000 and bearing interest of 9.25% per annum. During the period, £4,540,000 was drawn down on tranche A and £4,540,000 on tranche B. An amount of £17,479 representing RPI adjustment on the loan was capitalised during the period. The loan is unsecured and repayable in full on 31 December 2032.

AVIVA INVESTORS ReaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>31 Dec 15</u> £
VAT receivable	2,379,878
Loan interest receivable	330,330
	<u>2,710,208</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>31 Dec 15</u> £
Amounts owed to group undertakings	2,202,930
Loan interest owed to related party	526,309
Accruals and deferred income	33,543
Amounts owed to third parties	21,225
	<u>2,784,007</u>

12 LOAN PAYABLE	<u>31 Dec 15</u> £
9.19% Senior loan (tranche A)	20,573,848
11.94% Mezzanine loan (tranche B)	20,473,200
	<u>41,047,048</u>

On 7 August 2015, the Company entered into a loan facility for a total available amount of £500,000,000 with the Unit Trust. The loan facility is unsecured, due to be repaid in full on 31 December 2045 and was utilised in two tranches: tranche A facility bearing interest of 9.19% per annum, tranche B facility bearing interest of 11.94% per annum. During the period, £20,473,200 was drawn down on tranche A and £20,473,200 on tranche B. An amount of £100,648 applied to tranche A representing RPI adjustment on the loan was capitalised during the period.

13 CALLED UP SHARE CAPITAL	<u>31 Dec 15</u> £
Allotted, called up and fully paid share capital of the Company at 31 December was 413,601 ordinary shares of £1 each.	<u>413,601</u>

In 2015 the Company approved the allotment of 413,601 ordinary shares of £1 each in the Company at par to Aviva Investors Infrastructure GP Limited.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There were no commitments or contingent liabilities at the reporting date.

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

15 RELATED PARTY TRANSACTIONS

	<u>2015</u>	
	(Expenses paid) / income earned in the year £	(Payable) / receivable at year end £
Expenses paid on behalf of Aviva Investors REaLM Infrastructure Limited Partnership	-	(1,199)
Expenses paid on behalf of Biomass UK No.1 LLP	-	(945,194)
Expenses paid on behalf of Biomass UK No.2 Limited	-	(521,495)
Expenses paid on behalf of Biomass UK No.3 Limited	-	(696,070)
Expenses paid on behalf of Sunrise Renewables (Barry) Limited	-	(2,403)
Expenses paid on behalf of Sunrise Renewables (Hull) Limited	-	(35,486)
Biomass UK No.1 LLP - loan	47,967	14,622,967
Biomass UK No.2 Limited - loan	16,123	7,621,523
Biomass UK No.3 Limited - loan	17,479	9,097,479
Biomass UK No.1 LLP - loan interest	373,145	286,617
Biomass UK No.2 Limited - loan interest	19,925	19,925
Biomass UK No.3 Limited - loan interest	23,788	23,788
Aviva Investors REaLM Infrastructure Unit Trust - loan	(100,648)	(41,047,048)
Aviva Investors REaLM Infrastructure Unit Trust - loan interest	(526,309)	(526,309)
Aviva Investors UK Fund Services Limited - fund management fees	(22,979)	(22,979)
Biomass UK No.1 LLP - equity	-	(75)
Biomass UK No.2 Limited - equity	-	(1,009)
	<u>(151,509)</u>	<u>(12,126,967)</u>

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

16 FINANCIAL INSTRUMENTS

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

	<u>31 Dec 15</u> £
Financial assets	
Measured at amortised cost:	
Cash at bank and in hand	3,998,881
Measured at undiscounted amount receivable:	
Debtors (see notes 9 and 10)	34,052,177
	<u>38,051,058</u>
Financial liabilities	
Measured at amortised cost:	
Loan payable (see note 12)	(41,047,048)
Measured at undiscounted amount payable:	
Creditors (see note 11)	(2,784,007)
	<u>(43,831,055)</u>

AVIVA INVESTORS REaLM INFRASTRUCTURE NO.3 LIMITED
Registered in England and Wales: No. 09612980

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD FROM 28 MAY 2015 TO 31 DECEMBER 2015

16 FINANCIAL INSTRUMENTS - (CONTINUED)

The Company's income and expense in respect of financial instruments are summarised below:

	28 May 15 to 31 Dec 15 £
Interest income and expense	
Total interest income for financial assets at amortised cost	498,468
Total interest expense for financial liabilities at amortised cost	(626,957)
	<hr/> (128,489) <hr/>

17 PARENT AND CONTROLLING ENTITY

The Company is owned by Aviva Investors REaLM Infrastructure Limited Partnership ("LP") which has 100% interest of the Company.

The LP is controlled by Aviva Investors Infrastructure GP Limited, a company incorporated in Great Britain and registered in England and Wales. Aviva Investors Infrastructure GP Limited is owned by Norwich Union (Shareholder GP) Limited, a subsidiary of the Aviva plc group of companies.

The ultimate parent undertaking and controlling party of Norwich Union (Shareholder GP) Limited is Aviva plc, a company incorporated in the United Kingdom.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate the financial statements at 31 December 2015. The consolidated financial statements of Aviva plc are available on application to the:

Group Company Secretary
Aviva plc
St Helen's
1 Undershaft, London
EC3P 3DQ

18 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 Directors and there are no material events to be disclosed or adjusted for in these audited financial statements.