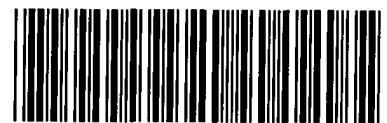


Registered in England and Wales No: 09612980

**AVIVA INVESTORS INFRASTRUCTURE
INCOME NO.3 LIMITED
(FORMERLY AVIVA INVESTORS REALM
INFRASTRUCTURE NO.3 LIMITED)
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2019**

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AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

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AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors	N Tebbutt S K McLachlan D G Murphy
Company Secretary	Aviva Company Secretarial Services Limited St Helen's 1 Undershaft London EC3P 3DQ
Registered Number	09612980
Registered Office	St Helen's 1 Undershaft London EC3P 3DQ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	HSBC 8 Canada Square London E14 5HQ
Fund Manager	Aviva Investors UK Fund Services Limited ("Aviva Investors") St Helen's 1 Undershaft London EC3P 3DQ

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of the Company present their Strategic Report of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company is that of a holding Company. The Company, together with all its subsidiary undertakings, as set out in Note 10, is referred to as the "Group". The principal activity of the Group is that of investment in a portfolio of Biomass assets. This will continue to be the principal activity of the Group 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 2019 is shown in the Statement of Financial Position on page 13, with the results shown in the Statement of Comprehensive Income on page 12.

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

£1,093,600 of new equity, in the form of issued shares, was injected into the Company during the year ended 31 December 2019 (31 December 2018: £176,500).

The Company received interest bearing loans during the year from Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust") amounting to £114,961,989 (31 December 2018: £69,822,352).

PURCHASES AND DISPOSALS

On 24 October 2019 the Company acquired the share capital of Biomass UK No.4 Limited, whose principal activity is biomass energy, for a total consideration of £1.

On 13 December 2019 the Company acquired the share capital of RDF Energy No.1 Limited, whose principal activity is biomass energy, for a total consideration of £5,148,000.

There were no disposals during the year ended 31 December 2019.

EVENTS AFTER THE REPORTING FINANCIAL YEAR

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK Infrastructure is yet to see the full impact of COVID 19 in terms of investment and operational activity. Liquidity and transaction volumes are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Management believe that the fund should be well positioned compared to other investment strategies because it focuses on cash flows which are long-term and supported by factors largely independent of the current crisis. Management is also aware that the entity is not immune from the challenges likely to be presented to the wider industry and economy.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

EVENTS AFTER THE REPORTING FINANCIAL YEAR (CONTINUED)

Management has evaluated the sensitivity of the carrying value of its investments in the underlying infrastructure projects. For the year ended 31 December 2019, a 50bps movement in the underlying assets would result in a total impairment of £7,939,095 in related intercompany loans and a total impairment of £3,081,825 in investments in joint ventures.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. The impact of COVID-19 is uncertain and may be material; the Directors will continue to monitor the situation.

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to be the same in the forthcoming year.

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

Aviva plc and its 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.

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:

COVID-19

The outbreak of the novel coronavirus (also known as COVID-19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable we will see a period of slow economic growth or even recession.

Whilst it is not possible to fully assess the impact on specific industries or their constituents at this stage, the Directors believe the entity/partnership has a strong balance sheet and the right strategy in place to mitigate against the worst consequences of the outbreak. Business continuity plans have been enacted for itself and service providers, so the Directors expects the entity to be in a position to continue operations throughout this period.

However, there is unlikely to be an entity that is completely immune from the consequences of the outbreak and the Directors consider that the novel coronavirus presents increased uncertainty and risk with respect to the entity performance and financial results. The Directors will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

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.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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

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 index linked and issued at fixed rates which expose the Company to fair value interest rate risk.

The tables below set 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 2019					
Floating rate					
Cash at bank and in hand	0.75	18,231,742	-	-	18,231,742
Index linked					
Loan receivable	7.81	-	-	54,875,024	54,875,024
Loan receivable	9.25	-	-	80,299,713	80,299,713
Loan receivable	12.00	-	-	75,053,003	75,053,003
Loan receivable	9.25	-	-	552,864	552,864
Loan receivable	8.61	-	-	12,984,400	12,984,400
Loan payable	0.00	-	-	(11,723,432)	(11,723,432)
Loan payable - Senior Loan	6.25	-	-	(34,330,330)	(34,330,330)
Loan payable - Senior loan	9.19	-	-	(180,550,977)	(180,550,977)
Loan payable - Mezzanine loan	11.94	-	-	(127,254,757)	(127,254,757)
		-	-	(130,094,492)	(130,094,492)

	Effective interest rate %	Less than 1 year £	1 - 5 years £	More than 5 years £	Total £
As at 31 December 2018					
Floating rate					
Cash at bank and in hand	0.75	175,729	-	-	175,729
Index linked					
Loan receivable	7.81	-	-	30,719,547	30,719,547
Loan receivable	9.25	-	-	61,058,982	61,058,982
Loan receivable	12.00	-	-	54,513,425	54,513,425
Loan payable - Senior Loan	6.25	-	-	(15,496,394)	(15,496,394)
Loan payable - Senior loan	9.19	-	-	(115,446,852)	(115,446,852)
Loan payable - Mezzanine loan	11.94	-	-	(93,108,293)	(93,108,293)
		-	-	(77,759,585)	(77,759,585)

At 31 December 2019, if interest rates had been 10 basis points higher/lower with all other variables held constant, the calculated post-tax loss for the year would have been £12,437 (31 December 2018: £77,760) lower/higher.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 1) receivables are mainly intercompany items, 2) the Company's credit investments are managed by agents who have responsibility for the prompt collection of amounts due and 3) cash at bank is held with financial institutions with good credit ratings.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors UK Fund Services Limited, which manages and administers the 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 on the unsecured loan agreement 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. For details on ongoing operational risks, please refer to Note 3.4.

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2019 was as follows:

	On demand £	1 - 3 months £	4 - 12 months £	More than 12 months £	Total £
Financial assets					
Debtors	33,439,819	-	-	223,765,004	257,204,823
Cash at bank and in hand	18,231,742	-	-	-	18,231,742
	<u>51,671,561</u>	<u>-</u>	<u>-</u>	<u>223,765,004</u>	<u>275,436,565</u>
Financial liabilities					
Creditors	43,809,894	-	-	-	43,809,894
Loan payable	-	-	-	353,859,496	353,859,496
	<u>43,809,894</u>	<u>-</u>	<u>-</u>	<u>353,859,496</u>	<u>397,669,390</u>

The maturity analysis of the Company'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					
Debtors	26,332,482	-	-	146,291,954	172,624,436
Cash at bank and in hand	175,729	-	-	-	175,729
	<u>26,508,211</u>	<u>-</u>	<u>-</u>	<u>146,291,954</u>	<u>172,800,165</u>
Financial liabilities					
Creditors	32,277,072	-	-	-	32,277,072
Loan payable	-	-	-	224,051,539	224,051,539
	<u>32,277,072</u>	<u>-</u>	<u>-</u>	<u>224,051,539</u>	<u>256,328,611</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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

COVID-19

Management's assessment of the financial risks associated with COVID-19 and the Company's response to such risks is detailed above within principal risks and uncertainties.

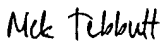
EMPLOYEES

The Company has no employees (31 December 2018: Nil). The key management personnel have been identified as the Directors of the Company. The Directors received no remuneration (31 December 2018: £Nil).

ENVIRONMENTAL

The Company is managed by Aviva Investors, a founding signatory of the UN-backed Principles for Responsible Investment. Aviva Investors follows a Responsible Investment policy, under which a key component of being a responsible business is ensuring good environmental, social and corporate governance principles. In particular as of 31 December 2019, the Directors had no material Health and Safety, Environmental and Governance concerns to report.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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N Tebbutt

Director of Aviva Investors Infrastructure Income No. 3 Limited

Date: 28 April 2020

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

The Company changed its name from Aviva REaLM Infrastructure No.3 Limited to Aviva Infrastructure Income No.3 Limited on 3 October 2019.

Results and Dividends

The total comprehensive expense for the Company, for 2019 was £34,633,985 (31 December 2018: £54,771,203). The Directors do not recommend the payment of a dividend for the financial year ended 31 December 2019 (31 December 2018: £Nil).

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:

N Tebbutt
S K McLachlan
I G Berry (resigned 20 January 2020)

On 24 January 2020 D G Murphy was appointed as a director.

Future development

The Directors expect the general level of activity to be the same in the forthcoming year.

Events after the reporting financial year

Events after the reporting financial year are set out in the Strategic Report.

Going concern

During the year, the Company made a total comprehensive expense of £34,633,985 (31 December 2018: £54,771,203) which resulted in a net liability as at 31 December 2019 of £116,213,489 (31 December 2018: £82,673,104), despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust") has confirmed that it will not seek repayment of part or the entire amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. In addition, a letter of support has been provided by the Unit Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please refer to Notes 3.2 for further details.

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 to 6 and Note 19 of the financial statements.

Independent auditors

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 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 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.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

- In the case of each Director in office at the date the Directors' Report is approved:
so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:



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N Tebbutt

Director of Aviva Investors Infrastructure Income No.3 Limited

Date: 28 April 2020

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED FOR THE YEAR ENDED 31 DECEMBER 2019

Report on the audit of the financial statements

Disclaimer of opinion

Because of the significance of the possible impact of the uncertainties described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on Aviva Investors Infrastructure Income No.3 Limited's financial statements.

We were engaged to audit 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 2019, the Statement of Comprehensive Income for the year ended 31 December 2019 and the Statement of Changes in Equity for the year ended 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies. The financial reporting framework that has been applied in their preparation is 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).

Basis for disclaimer of opinion

During the course of our audit we identified uncertainties which could have a possible impact on the financial statements.

The company has an impaired loan receivable balance as at 31 December 2019 of £155,905,580 due from its underlying subsidiaries. Multiple uncertainties exist at the underlying subsidiaries as a result of contractual disputes with third parties, which in turn result in material uncertainties that could have a potential significant impact on the recoverable amount of these loan receivable balances.

Furthermore, the company's forecasts show that if the loan receivable balance is not recoverable then the company may not be able to repay the loan payable balance due to its parent company, which results in a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Further information regarding these matters is included in note 3.4.

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.

Reporting on the Strategic Report and Directors' Report

Notwithstanding our disclaimer of an opinion on the financial statements, 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 2019 is consistent with the financial statements.

Because of the significance of the matter described in the Basis of disclaimer paragraph above we have been unable to form an opinion whether, 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 2019 has been prepared in accordance with applicable legal requirements.

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 9, 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 responsibility is to conduct an audit of the financial statements in accordance with ISAs (UK) and to issue an auditors' report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2020

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
	Note		
Impairment of investments	10	(13,234)	-
Impairment of loans receivable	12	(31,492,934)	(52,348,733)
Administrative expenses	5	(144,812)	(521,689)
Operating loss	6	(31,650,980)	(52,870,422)
Interest receivable and similar income	7	30,938,840	21,403,615
Interest payable and similar expenses	8	(33,921,845)	(23,109,770)
Loss before taxation		(34,633,985)	(54,576,577)
Tax on loss	9	-	(194,626)
Loss for the financial year		(34,633,985)	(54,771,203)
Other comprehensive income for the year		-	-
Total comprehensive expense for the year		(34,633,985)	(54,771,203)

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

The notes on pages 15 to 32 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 Dec 2019 £	31 Dec 2018 £
Fixed assets			
Investment in joint ventures	11	6,019,336	855,342
Debtors: amounts falling due after more than one year	12	223,765,004	146,291,954
		<u>229,784,340</u>	<u>147,147,296</u>
Current assets			
Debtors: amounts falling due within one year	13	33,439,819	26,332,482
Cash at bank and in hand		18,231,742	175,729
		<u>51,671,561</u>	<u>26,508,211</u>
Creditors: amounts falling due within one year	14	<u>(43,809,894)</u>	<u>(32,277,072)</u>
Net current assets/(liabilities)		<u>7,861,667</u>	<u>(5,768,861)</u>
Total assets less current liabilities		<u>237,646,007</u>	<u>141,378,435</u>
Creditors: amounts falling due after more than one year	15	<u>(353,859,496)</u>	<u>(224,051,539)</u>
Net liabilities		<u>(116,213,489)</u>	<u>(82,673,104)</u>
Capital and reserves			
Called up share capital	16	2,780,202	1,686,602
Accumulated losses		(118,993,691)	(84,359,706)
Total shareholders' deficit		<u>(116,213,489)</u>	<u>(82,673,104)</u>

The financial statements on pages 12 to 32 were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

Nick Tebbutt

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N Tebbutt

Director of Aviva Investors Infrastructure Income No.3 Limited

Date: 28 April 2020

The notes on pages 15 to 32 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Accumulated losses	Total Shareholders' deficit
	£	£	£
Balance at 1 January 2018	1,510,102	(29,588,503)	(28,078,401)
Loss and total comprehensive expense for the year	-	(54,771,203)	(54,771,203)
Issued share capital	176,500	-	176,500
Balance at 31 December 2018 and 1 January 2019	1,686,602	(84,359,706)	(82,673,104)
Loss and total comprehensive expense for the year	-	(34,633,985)	(34,633,985)
Issued share capital	1,093,600	-	1,093,600
Balance at 31 December 2019	2,780,202	(118,993,691)	(116,213,489)

The notes on pages 15 to 32 form an integral part of these financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Aviva Investors Infrastructure Income No.3 Limited (the "Company") acts as a holding company. The Company and its subsidiaries (together the "Group") invest in a portfolio of Biomass assets. This 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, incorporated in the United Kingdom. Its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. 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.

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.

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.

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 4.

3.2 Going concern basis

During the year, the Company made a total comprehensive expense of £34,633,985 (31 December 2018: £54,771,203) which resulted in a net liability as at 31 December 2019 of £116,213,489 (31 December 2018: £82,673,104), despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust") has confirmed that it will not seek repayment of part or the entire amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. In addition, a letter of support has been provided by the Unit Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3.3 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 Infrastructure Income Limited Partnership.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.4 Basis for disclaimer of opinion

The Company has an impaired loan receivable balance as at 31 December 2019 of £155,905,580 (31 December 2018: £115,572,407) due from its underlying subsidiaries. Given the multiple uncertainties that exist in the underlying subsidiaries as a result of contractual disputes with third parties, a disclaimer of opinion will be issued in the audit reports of each of those subsidiaries for the year ended 31 December 2019. This results in a material uncertainty that could have a potential significant impact on the recoverable amount of this loan receivable balance.

Furthermore, the Company's forecasts show that if the loan receivable balance is not recoverable then the Company may not be able to repay the loan payable balance due to its parent company, which results in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

3.5 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 Infrastructure Income Limited Partnership. The Company intends to continue availing of the above exemption in future periods.

3.6 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of the 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, 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 a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.6 Financial instruments (continued)

(i) Financial assets (continued)

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.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial liabilities 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 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 principle amount or any interest attributable to the current year 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 charges 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 cash or other consideration expected to be paid or received, net of impairment.

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

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.6 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.

3.7 Administrative expenses

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

3.8 Interest receivable and similar 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 interest rate method.

3.9 Interest payable and similar expenses

Interest payable and similar expenses are recognised on an effective interest rate basis and include loan facility interest.

3.10 Taxation

The tax expense for the year 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.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.11 Investments in subsidiary undertakings

Investments in subsidiary undertakings are initially measured at the transaction price and are subsequently measured at the lower of cost or cost less impairment. Acquisition costs are capitalised as incurred and are included in the assets carrying amount.

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.

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 profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

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 profit and loss account.

3.12 Joint ventures

An entity is treated as a joint venture where the Company is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

Investments in joint ventures are initially measured at the transaction price and are subsequently measured at the lower of cost or cost less impairment. Acquisition costs are capitalised as incurred and are included in assets' carrying amount.

3.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.14 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.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.15 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 are resulted from the use of United Kingdom Retail Price Index ("RPI") on the interest payment date have been capitalised as part of the loans in these audited financial statements.

3.16 Share capital

Ordinary shares 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.

3.17 Accumulated losses

Accumulated losses represent accumulated comprehensive income and loss for the year and prior periods.

3.18 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, disclosure is necessary to understand the effect of transactions on the Company financial statements.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 estimate 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.

Impairment of investment in subsidiaries and loan receivables

Non-financial assets and financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an assets net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Investments in joint ventures

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Judgement has been exercised in determining that the Company's investment in Hooton Bio Power Limited meets the definition of joint control and the definition of 'a jointly controlled entity' under FRS 102 section 15.8.

Assessing whether the Company controls Hooton Bio Power Limited requires judgement. The Company holds 55.80% of the voting rights but through a shareholder's agreement strategic matters such as approving business plan, financing and disposals of investments need to be approved by unanimous consent that, as per management judgement, indicates the investment is a joint venture.

Assessing whether the Company controls RDF Energy No.1 Limited requires judgement. The Company holds 57.20% of the voting rights but through a shareholder's agreement strategic matters such as approving business plan, financing and disposals of investments need to be approved by unanimous consent that, as per management judgement, indicates the investment is a joint venture.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Administrative expenses

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Management fees	190,726	149,365
Professional fees*	(69,260)	348,967
Administration fees	14,000	14,000
Auditors' fees - audit services	9,346	9,357
	<u>144,812</u>	<u>521,689</u>

*The professional fees were a credit for the year due to the reversal of accruals for external valuation fees in the prior year for £113,040.

The Company had no employees in the current year or prior year. The Directors receive no emoluments for services to the Company for the financial year (31 December 2018: £Nil).

6. Operating loss

This is stated after charging:

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	<u>9,346</u>	<u>9,357</u>

7. Interest receivable and similar income

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Loan interest receivable from subsidiary undertakings	30,938,840	21,403,191
Other income	-	424
	<u>30,938,840</u>	<u>21,403,615</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Interest payable and similar expenses

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Other interest payable	-	6
Loan interest expense	33,921,845	23,109,764
	<u>33,921,845</u>	<u>23,109,770</u>

9. Tax on loss

The Company's losses for this accounting year are taxed at an effective rate of 19.00% (31 December 2018: 19.00%).

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Group taxation relief	-	194,626
	<u>-</u>	<u>194,626</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (31 December 2018: 19.00%). The differences are explained below:

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Loss before taxation	(34,633,985)	(54,576,577)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (31 December 2018: 19.00%)	(6,580,457)	(6,569,550)
Expenses not deductible for tax purposes	5,986,172	6,146,260
Income not taxable for tax purposes	(2,958,852)	(2,323,205)
Adjustments to tax charge in respect of prior periods	-	194,626
Timing differences not recognised in the computation	83,613	834,879
Adjust closing deferred tax to average rate of 19.00% (31 December 2018: 19.00%)	674,523	201,223
Adjust opening deferred tax to average rate of 19.00% (31 December 2018: 19.00%)	(279,173)	-
Deferred tax not recognised	3,074,174	1,710,393
Total tax charge for the year	-	194,626

Deferred tax assets of £5,733,443 (31 December 2018: £3,589,873) have not been recognised in these financial statements as there is insufficient evidence as to the availability of suitable profits in the foreseeable future.

The deferred tax balances have been calculated using the future tax rate in force at the balance sheet date, being 17%. On 11 March 2020, the government announced that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net unrecognised deferred tax asset position by £674,523.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Investments in subsidiary companies

	31 Dec 2019 £	31 Dec 2018 £
Investment in subsidiary undertakings		
At start of year	-	-
Acquisition in investments during the year	13,234	-
Impairment in investment during the year	(13,234)	-
At end of year	-	-

The company owns interest in the below mentioned companies:

Company	Entity interest	Country of incorporation	Business activity
Biomass UK No.1 LLP ⁽¹⁾	83.30%	United Kingdom	Biomass energy
Biomass UK No.2 Limited ⁽¹⁾	100.00%	United Kingdom	Biomass energy
Biomass UK No.3 Limited ⁽¹⁾	100.00%	United Kingdom	Biomass energy
Biomass UK No.4 Limited (formerly Aviva Investors Infrastructure Income D Limited until 24 October 2019) ⁽¹⁾	100.00%	United Kingdom	Biomass energy
Sunrise Renewables (Hull) Ltd ^{(1)(*)}	100.00%	United Kingdom	Biomass energy
Boston Biomass Limited ^{(1)(*)}	83.30%	United Kingdom	Dormant company
Boston Wood Recovery Limited ^{(1)(*)}	100.00%	United Kingdom	Dormant company

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

^(*) Ownership held indirectly

Sunrise Renewables (Barry) Ltd was dissolved on 2 January 2019. As at 31 December 2018, the Company indirectly held 100% share capital of Sunrise Renewables (Barry) Ltd.

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Investment in joint ventures

	31 Dec 2019 £	31 Dec 2018 £
Investment in joint ventures		
At start of year	855,342	-
Acquisition of joint ventures during the year	5,163,994	855,342
At end of year	6,019,336	855,342

During the period the Company acquired 61,380,000 ordinary shares of Hooton Bio Power Limited for an accumulated total of £527,050.

During the period the Company acquired 7,436,000,000 ordinary shares of RDF Energy No.1 Limited for an accumulated total of £4,636,944.

The company owns equity interest in the below mentioned company:

Company	Equity interest	Country of incorporation	Business activity
Hooton Bio Power Limited ⁽¹⁾	55.80%	United Kingdom	Biomass energy
RDF Energy No.1 Limited ⁽¹⁾	57.20%	United Kingdom	Biomass energy

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

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. Debtors: amounts falling due after more than one year

The following is a breakdown of debtors falling due after one year for the years ended 31 December 2019 and 31 December 2018.

	31 Dec 2019 £	31 Dec 2018 £
Loan to Biomass UK No.1 LLP	89,240,773	64,977,605
Impairment on Loan to Biomass UK No.1 LLP	(42,432,806)	(24,533,205)
Loan to Biomass UK No.2 Limited	84,504,853	61,675,162
Impairment on Loan to Biomass UK No.2 Limited	(33,719,847)	(21,941,852)
Loan to Biomass UK No.3 Limited	87,493,527	63,360,279
Impairment on Loan to Biomass UK No.3 Limited	(29,733,784)	(27,965,582)
Loan to Hooton Bio Power Limited	54,875,024	30,719,547
Loan to Biomass UK No.4 Limited	600,000	-
Impairment on Loan to Biomass UK No.4 Limited	(47,136)	-
Loan to RDF Energy No.1 Limited	12,984,400	-
Total debtors falling due after one year	223,765,004	146,291,954

The impairment charge included in statement of comprehensive income for year ended 31 December 2019 was £31,492,934 (31 December 2018: £52,348,733).

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 £50,000,000 and bearing interest of 12.00% per annum, tranche B with a maximum amount of £50,000,000 and bearing interest of 9.25% per annum. During the year, £11,739,698 (31 December 2018: £6,125,796) was drawn down on tranche A and £11,739,698 (31 December 2018: £6,125,797) on tranche B. An amount of £783,772 (31 December 2018: £847,423) representing RPI adjustment on the loan was capitalised during the year. 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 £50,000,000 and bearing interest of 12.00% per annum tranche B with a maximum amount of £50,000,000 and bearing interest of 9.25% per annum. During the year, £11,043,086 (31 December 2018: £6,314,618) was drawn down on tranche A and £11,043,086 (31 December 2018: £6,314,618) on tranche B. An amount £743,520 (31 December 2018: £794,222) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2032.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. Debtors: amounts falling due after more than one year (continued)

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 £50,000,000 and bearing interest of 12.00% per annum, tranche B with a maximum of £50,000,000 and bearing interest of 9.25% per annum. During the year, £11,685,775 (31 December 2018: £5,340,852) was drawn down on tranche A and £11,685,775 (31 December 2018: £5,340,852) on tranche B. An amount of £761,699 (31 December 2018: £824,424) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2032.

Loan to Hooton Bio Power Limited

In 2018, the Company entered into a loan facility with Hooton Bio Power Limited. The loan has a maximum amount of £88,000,000 and bears interest of 7.81% per annum. During the year, £23,369,321 (2018: £30,558,200) was drawn down on the loan. An amount of £786,155 (2018: £161,347) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2051.

Loan to Biomass UK No.4 Limited

In 2019, the Company entered into a loan facility with Biomass UK No.4 Limited. The loan has a maximum amount of £5,000,000 and bears interest of 9.25% per annum. During the year, £600,000 was drawn down on the loan.

Loan to RDF Energy No.1 Limited

In 2019, the Company entered into a loan facility with RDF Energy No.1 Limited. The loan has a maximum amount of £75,000,000 and bears interest of 8.61% per annum. During the year, £12,984,400 was drawn down on the loan.

13. Debtors: amounts falling due within one year

	31 Dec 2019 £	31 Dec 2018 £
Amounts owed by group undertakings	31,454,921	24,764,544
Other receivables	131,975	-
VAT receivable	1,852,923	1,567,938
	<u>33,439,819</u>	<u>26,332,482</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Creditors: amounts falling due within one year

	31 Dec 2019 £	31 Dec 2018 £
Amounts owed to group undertakings	8,924,172	7,114,959
Loan interest owed to related party	34,495,975	24,802,332
Accruals	389,747	359,781
	<u>43,809,894</u>	<u>32,277,072</u>

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

	31 Dec 2019 £	31 Dec 2018 £
9.19% Senior loan (tranche A)	180,550,977	115,446,852
11.94% Mezzanine loan (tranche B)	127,254,757	93,108,293
6.25% Senior loan	34,330,330	15,496,394
RDF Energy No.1 Limited	11,723,432	-
	<u>353,859,496</u>	<u>224,051,539</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 year, £62,383,302 (31 December 2018: £35,232,322) was drawn down on tranche A and £34,146,464 (31 December 2018: £19,175,027) on tranche B. An amount of £2,720,824 (31 December 2018: £2,560,177) applied to tranche A representing RPI adjustment on the loan was capitalised during the year.

On 18 October 2018 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 2060 and was utilised in one tranche bearing interest of 6.25% per annum. During the year, £18,432,223 (2018: £15,415,003) was drawn down. An amount of £401,712 (2018: £81,391) representing RPI adjustment on the loan was capitalised during the year.

The amount payable to RDF Energy No.1 Limited represents an unsecured loan of £12,984,400 of which £1,260,968 was drawn down during the year. As at 31 December 2019, the remaining payable to RDF Energy No.1 Limited amounted to £11,723,432. No interest has been charged on this loan.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Called up share capital

	31 Dec 2019	31 Dec 2018
	£	£
Called up share capital	2,780,202	1,686,602

Allotted, called up and fully paid share capital of the Company at 31 December 2019 was 2,780,202 (31 December 2018: 1,686,602) ordinary shares of £1 each.

During the year ended 31 December 2019, the Company approved the allotment 1,093,600 ordinary shares (31 December 2018: 176,500) of £1 each in the Company at par to Aviva Investors Infrastructure GP Limited held on behalf of Aviva Investors Infrastructure Income Limited Partnership.

17. Contingent liabilities and capital commitments

There were no commitments or contingent liabilities at the reporting date (31 December 2018: £Nil).

18. Related party transactions

	2019 Income earned/ (expenses paid) in the year £	2019 (Payable)/ receivable at year end £	2018 Income earned/ (expenses paid) in the year £	2018 (Payable)/ receivable at year end £
Expenses paid and VAT received on behalf of Biomass UK No.1 LLP	-	(1,985,988)	-	(1,929,232)
Hooton Bio Power Limited - Loan	-	54,875,024	-	30,719,547
Hooton Bio Power Limited - Loan interest	3,141,231	3,491,007	349,776	349,776
Biomass UK No.1 LLP - loan	783,772	89,240,773	847,423	64,977,605
Biomass UK No.1 LLP - loan interest	8,273,812	10,154,801	6,336,662	8,780,155
Impairment on Loan to Biomass UK No.1 LLP	-	(42,432,806)	(8,815,788)	(18,698,467)
Aviva Investors Infrastructure Income Unit Trust - loan	(3,122,536)	(342,136,064)	(2,641,568)	(224,051,539)
Aviva Interest Infrastructure Income Unit Trust - loan interest	(30,303,294)	(34,495,975)	(20,468,195)	(24,802,332)
Aviva Interest UK Fund Services Limited - fund management fees	(190,726)	(236,393)	(149,365)	(87,167)
Biomass UK No.1 LLP - equity	-	(75)	-	(75)
RDF Energy No.1 Limited - loan	-	(11,723,432)	-	-
	(21,417,741)	(275,249,128)	(24,541,055)	(164,741,729)

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

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Financial instruments

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

Financial assets measured at amortised cost less impairment

	31 Dec 2019	31 Dec 2018
	£	£
Debtors (see Note 12 and 13)	257,204,823	192,624,436
Cash at bank and in hand	18,231,742	175,729
	<u>275,436,565</u>	<u>192,800,165</u>

Financial liabilities measured at amortised cost

	31 Dec 2019	31 Dec 2018
	£	£
Creditors (see Note 14)	43,809,894	32,277,072
Loan payable (see Note 15)	353,859,496	224,051,539
	<u>397,669,390</u>	<u>256,328,611</u>

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

Interest income and expense

	1 Jan 2019 to 31 Dec 2019	1 Jan 2018 to 31 Dec 2018
	£	£
Total interest income for financial assets at amortised cost	30,938,840	21,403,191
Total interest expense for financial liabilities at amortised cost	(33,921,845)	(23,109,770)
	<u>(2,983,005)</u>	<u>(1,706,579)</u>

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20. Financial risk management

Management's assessment of the financial risks associated with COVID-19 and the Company's response to such risks is detailed in Note 22.

21. Parent and controlling entity

The Company's immediate parent undertaking is Aviva Investors Infrastructure Income Limited Partnership and its ultimate parent undertaking is Aviva Investors Infrastructure Income Unit Trust, which is registered in Jersey. The General Partner of the Aviva Investors Infrastructure Income Limited Partnership is the Aviva Investors Infrastructure GP Limited, a company incorporated in Great Britain and registered in England and Wales.

Aviva Investors Infrastructure Income Limited Partnership, which has 100.00% interest of the Company, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2019. 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

22. Events after the reporting financial year end

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK Infrastructure is yet to see the full impact of COVID 19 in terms of investment and operational activity. Liquidity and transaction volumes are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Management believe that the fund should be well positioned compared to other investment strategies because it focuses on cash flows which are long-term and supported by factors largely independent of the current crisis. Management is also aware that the entity is not immune from the challenges likely to be presented to the wider industry and economy. Management has evaluated the sensitivity of the carrying value of its investments in the underlying infrastructure projects. For the year ended 31 December 2019, a 50bps movement in the underlying assets would result in a total impairment of £7,939,095 in related intercompany loans and a total impairment of £3,081,825 in investments in joints ventures.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. The impact of COVID-19 is uncertain and may be material; the Directors will continue to monitor the situation.