Registered in England and Wales No: 09612980

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

CONTENTS

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors	S K McLachlan D G Murphy R J Day
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 2021

The Directors of the Company present their Strategic Report of the Company for the year ended 31 December 2021.

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 and Energy from Waste 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 2021 is shown in the Statement of Financial Position on page 14, with the results shown in the Statement of Comprehensive Income on page 13.

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

£790,000 of new equity, in the form of issued shares, was injected into the Company during the year ended 31 December 2021 (31 December 2020: £175,000).

The Company received interest bearing loans during the year from Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust") amounting to £55,413,317 (31 December 2020: £71,576,187).

PURCHASES AND DISPOSALS

There were no purchases or disposals during the year ended 31 December 2021.

EVENTS AFTER THE REPORTING FINANCIAL YEAR

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

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

On 30 January 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On 22 February 2022, the United Kingdom government lifted all remaining COVID-19 restrictions. The Directors will continue to monitor the COVID-19 situation closely and act accordingly to protect the interest of the investors.

Ukraine Russia conflict

Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the Directors are actively monitoring the situation and will assess any impact as it is deemed to arise. The Directors recognise that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on the global financial markets, including any potential adverse impact on the Company and its investment. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Directors do not envisage that this will have a material impact on the Company.

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 and loans to subsidiaries. The loan borrowings and receivables are index linked and issued at fixed rates which expose the Company to fair value interest rate risk.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Management of financial and non-financial risks (continued)

Interest rate risk (continued)

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 2021					
Floating rate					
Cash at bank and in hand	0.25	21,076	-	-	21,076
Index linked					
Loan receivable	7.81	-	-	89,625,580	89,625,580
Loan receivable	0.00	-	-	101,693,755	101,693,755
Loan receivable	0.00	-	-	99,043,086	99,043,086
Loan receivable	0.00	-	-	3,917,729	3,917,729
Loan receivable	8.61	-	-	4,135,691	4,135,691
Loan payable - Senior loan	0.00	-	-	(58,536,700)	(58,536,700)
Loan payable - Senior loan	0.00	-	-	(279,957,139)	(279,957,139)
Loan payable - Mezzanine loan	0.00	-	-	(224,834,768)	(224,834,768)
		-	-	(264,912,766)	(264,912,766)

	Effective interest rate	Less than 1 year	1 - 5 years	More than 5 years	Total
	%	£	£	£	£
As at 31 December 2020					
Floating rate					
Cash at bank and in hand	0.10	1,046,745	-	-	1,046,745
Index linked					
Loan receivable	7.81	-	-	75,908,818	75,908,818
Loan receivable	9.25	-	-	82,988,686	82,988,686
Loan receivable	12.00	-	-	77,886,940	77,886,940
Loan receivable	9.25	-	-	2,065,525	2,065,525
Loan receivable	8.61	-	-	18,213,005	18,213,005
Loan payable - Senior loan	6.25	-	-	(43,198,714)	(43,198,714)
Loan payable - Senior loan	9.19	-	-	(219,518,515)	(219,518,515)
Loan payable - Mezzanine loan	11.94	-	-	(153,084,125)	(153,084,125)
		-	-	(158,738,380)	(158,738,380)

At 31 December 2021, 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 £264,892 (31 December 2020: £157,692) lower/higher.

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 and 31 December 2020 was as follows:

As at 31 December 2021

	On demand	1 - 3 months	4 - 12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Debtors	19,144,862	-	-	-	19,144,862
Cash at bank and in hand	21,076	-	-	-	21,076
Loan receivable	-	-	-	298,415,841	298,415,841
	19,165,938	-	-	298,415,841	317,581,779
Financial liabilities					
Creditors	24,024,986	-	-	-	24,024,986
Loan payable	-	-	-	563,328,607	563,328,607
	24,024,986	-	-	563,328,607	587,353,593

As at 31 December 2020

	On demand	1 - 3 months	4 - 12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Debtors	59,637,153	-	-	-	59,637,153
Cash at bank and in hand	1,046,745	-	-	-	1,046,745
Loan receivable	-	-	-	257,062,974	257,062,974
	60,683,898	-	-	257,062,974	317,746,872
Financial liabilities					
Creditors	90,140,257	-	-	-	90,140,257
Loan payable	-	-	-	415,801,354	415,801,354
	90,140,257	-	-	415,801,354	505,941,611

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 2020: Nil). The key management personnel have been identified as the Directors of the Company. The Directors received no remuneration (31 December 2020: £Nil).

ENVIRONMENTAL

Our approach to responsible investment in real assets

Our duty as long-term stewards of our clients' assets is the responsible allocation and management of capital. We do this to create stable income and capital growth for our clients, contributing to long-term value creation. To create and protect value, we must balance the needs of our clients with the needs of our stakeholders: customers, partners, communities and wider society. We do this by understanding material environmental, social and governance (ESG) factors and sustainability risks that can impact investment returns and assessing investments for their potential to adversely impact our stakeholders.

Governance and oversight of our responsible investment activity is led by our real assets stewardship forum, which is chaired by the chief investment officer and has membership from our senior leadership team as well as the chief responsible investment officer. The stewardship forum oversees the direction of our ESG and stewardship activities, as well as the delivery of our sustainability goals and external stakeholder matters. Our real assets investment oversight committee retains oversight of ESG integration in our investment activities and is supported by our origination forum, which guides ESG integration in our investment strategy.

We encourage a culture of team and individual accountability through integrating ESG in asset planning and review meetings. Our reporting on ESG metrics through these meetings allows us to hold our teams to account for delivering our responsible investment goals. The integration of ESG factors in investment decisions is part of the pay criteria of our main investment desk heads. In addition, through our global reward framework, all investment employees are expected to support our responsible investment activities and integrate ESG issues into their investment processes.

Find out more about our approach to responsible investment at https://www.avivainvestors.com/en-gb/about/responsible-investment/

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

DocuSigned by:

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S K McLachlan
Director of Aviva Investors Infrastructure Income No. 3 Limited

Date: 23 June 2022

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

Results and Dividends

The total comprehensive expense for the Company for the year ended 31 December 2021 was £82,896,762 (31 December 2020: £67,077,325). The Directors do not recommend the payment of a dividend for the financial year ended 31 December 2021 (31 December 2020: £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:

C J McCall (resigned on 15 October 2021)
S K McLachlan
D G Murphy
R J Day (appointed on 10 November 2021)

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

The Company has net liabilities of £265,222,576 (31 December 2020: £183,115,814). Included within this is an unsecured loan of £563,328,607 (31 December 2020: £415,801,354) from Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust"). The Unit Trust has confirmed that it will not seek repayment of part or all of the amount loaned to this Company for at least 12 months from the date of the approval of these financial statements, where to do so would place this Company in an insolvent position. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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.

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 2021

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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S K McLachlan
Director of Aviva Investors Infrastructure Income No.3 Limited

Date: 23 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Report on the audit of the financial statements

Disclaimer of opinion

Because of the significance of the matters 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 (the "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 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies. 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 2021 of £200,736,840 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 2021 is consistent with the financial statements.

Because of the significance of the matter described in the Basis for disclaimer of opinion 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 has been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit and performed subject to the pervasive limitation described above, we did not identify any material misstatements in the Strategic report and Directors' report.

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 2021

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, 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.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act, 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2022

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 (restated) £
Interest receivable and similar income	5	**39,553,935**	40,339,711
Interest payable and other expenses	6	**(32,930,363)**	(45,327,048)
Impairment of investments in subsidiary companies	10	**(41,787)**	(2,794,980)
Impairment of joint ventures	11	**(1,507,412)**	(3,598,731)
Impairment of loans receivable	12	**(87,165,277)**	(54,825,326)
Administrative expenses	7	**(805,858)**	(1,065,577)
Operating loss	8	**(82,896,762)**	(67,271,951)
Loss before taxation		**(82,896,762)**	(67,271,951)
Tax on loss	9	**-**	194,626
Loss for the financial year		**(82,896,762)**	(67,077,325)
Other comprehensive income for the year		**-**	-
Total comprehensive expense for the year		**(82,896,762)**	(67,077,325)

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2021 and 31 December 2020 relate to continuing operations.

The notes on pages 16 to 34 form an integral part of these financial statements.

REGISTERED NUMBER: 09612980

AVIVA INVESTORS INFRASTRUCTURE INCOME NO.3 LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note		31 Dec 2021 £		31 Dec 2020 £
Fixed assets					
Investment in subsidiary companies	10		**-**		41,787
Investment in joint ventures	11		**1,890,115**		2,560,526
Debtors: amounts falling due after more than one year	12		**298,415,841**		257,062,974
			300,305,956		259,665,287
Current assets					
Debtors: amounts falling due within one year	13	**21,803,985**		62,114,465	
Cash at bank and in hand		**21,076**		1,046,745	
		21,825,061		63,161,210	
Current liabilities					
Creditors: amounts falling due within one year	14	**(24,024,986)**		(90,140,957)	
Net current liabilities			**(2,199,925)**		(26,979,747)
Total assets less current liabilities			**298,106,031**		232,685,540
Creditors: amounts falling due after more than one year	15		**(563,328,607)**		(415,801,354)
Net liabilities			**(265,222,576)**		(183,115,814)
Capital and reserves					
Called up share capital	16		**3,745,202**		2,955,202
Accumulated losses			**(268,967,778)**		(186,071,016)
Total shareholders' deficit			**(265,222,576)**		(183,115,814)

The financial statements on pages 13 to 34 were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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S K McLachlan

Director of Aviva Investors Infrastructure Income No.3 Limited

Date: 23 June 2022

The notes on pages 16 to 34 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 2021

	Called up share capital	Accumulated losses	Total Shareholders' deficit
	£	£	£
Balance at 1 January 2020	2,780,202	(118,993,691)	(116,213,489)
Loss and total comprehensive expense for the year	-	(67,077,325)	(67,077,325)
Issued share capital	175,000	-	175,000
Balance at 31 December 2020 and 1 January 2021	2,955,202	(186,071,016)	(183,115,814)
Loss and total comprehensive expense for the year	-	(82,896,762)	(82,896,762)
Issued share capital	790,000	-	790,000
Balance at 31 December 2021	3,745,202	(268,967,778)	(265,222,576)

The notes on pages 16 to 34 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 2021

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.

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

The Company has net liabilities of £265,222,576 (31 December 2020: £183,115,814). Included within this is an unsecured loan of £563,328,607 (31 December 2020: £415,801,354) from Aviva Investors Infrastructure Income Unit Trust (the "Unit Trust"). The Unit Trust has confirmed that it will not seek repayment of part or all of the amount loaned to this Company for at least 12 months from the date of the approval of these financial statements, where to do so would place this Company in an insolvent position. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3.3 Consolidation

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.

3. Accounting policies (continued)

3.4 Basis for disclaimer of opinion

The Company has an impaired loan receivable balance as at 31 December 2021 of £200,736,840 (31 December 2020: £160,875,626) 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 2021. 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.

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, including creditors and loans payable, 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 principal 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.

3. Accounting policies (continued)

3.6 Financial instruments (continued)

(ii) Financial liabilities (continued)

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

If there is an exchange of financial instruments with substantially different terms between the existing borrower and lender, the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Comprehensive Income.

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

3.9 Interest payable and similar expenses

Interest payable on loans and similar expenses are recognised on an effective interest rate basis and form part of the operating expenses.

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.

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.

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 adjusted 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.

3.19 Restatement of prior year presentation

In order to appropriately reflect the income and expense generated from the operations of the Company as a parent to 7 companies, in the current financial statements, the prior year balances on the statement of comprehensive income have been restated to reclassify the following:

a) Interest receivable and similar income of £40,339,711 to operating income; and

b) Interest payable and similar expenses of £45,327,048 to operating expense.

There is no impact on the statement of financial position and statement of changes in equity for the year ended 31 December 2020.

4. Critical accounting judgements and key sources of estimate 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.

4.1 Critical accounting estimates and assumptions

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fractional year are outlined below.

a. 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.

4.2 Critical accounting judgements and assumptions

a. 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.

4. Critical accounting judgements and key sources of estimate uncertainty (continued)

4.2 Critical accounting judgements and assumptions (continued)

b. Loan modification

The terms to the existing loan borrowings from the Unit Trust (refer to Note 15) and loans to subsidiaries (refer to Note 12) have been modified. Management has taken into consideration both the quantitative and qualitative factors to determine whether the modification of the terms of the loans provided to the underlying investments is substantial.

The quantitative assessment has concluded that, because the modification creates a more than 10% change in the present value of the expected cash flows, this is quantitatively a substantial change. The qualitative assessment has concluded that the removal of the terms linking repayments to inflation represents a qualitatively substantial change. As a result, the changes to terms result in the old loans being derecognised, and new loans recognised.

5. Interest receivable and similar income

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Interest receivable and similar income	**39,553,935**	40,339,711

6. Interest payable and similar expense

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Loan interest expense	**32,930,363**	45,326,704
Other interest expense	**-**	344
	32,930,363	45,327,048

7. Administrative expenses

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Management fees	480,545	573,813
Professional fees	302,463	469,842
Administration fees	14,000	14,000
Auditors' fees *	8,850	7,922
	805,858	1,065,577

*During the year no non-audit fees were paid to statutory auditors (2020: £Nil).

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 (3 December 2020: £Nil).

8. Operating loss

This is stated after charging:

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	8,850	7,922

9. Tax on loss

The Company's losses for the accounting year are taxed at an effective rate of 19.00% (31 December 2020: 19.00%).

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Corporation tax		
Current tax on loss for the year	-	-
Adjustments in respect of previous periods	-	(194,626)
Total tax on loss	-	(194,626)

9. Tax on loss (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (31 December 2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (31 December 2020 - 19.00%). The differences are explained below:

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Loss before taxation	**(82,896,762)**	(67,271,951)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (31 December 2020: 19.00%)	**(15,750,385)**	(12,781,671)
Expenses not deductible for tax purposes	**16,855,750**	11,710,784
Income not taxable for tax purposes	**(3,330,315)**	(3,932,918)
Adjustments to tax charge in respect of previous periods	**-**	(194,626)
Remeasurement of deferred tax for changes in tax rates	**(3,610,022)**	(657,079)
Deferred tax not recognised	**5,834,972**	5,660,884
Total tax credit for the year	**-**	(194,626)

The Company has unrecognised temporary differences of £60,167,000 (2020: £53,591,000) to carry forward indefinitely against future taxable income. This comprises £34,602,000 of trade losses and £36,872,000 of disallowed interest expense carried forward, partially offset by £11,307,000 of accelerated capital allowances.

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

In the Finance Bill 2021, which was substantively enacted on 24 May 2021, the corporation tax will increase to 25% from 1 April 2023. There is no impact on the Company's net assets as a consequence of this amendment.

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NOTES TO THE FINANCIAL STATEMENTS
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10. Investment in subsidiary companies

	31 Dec 2021 £	31 Dec 2020 £
Investment in subsidiary undertakings		
At start of year	**41,787**	-
Increase in investment in subsidiaries during the year	-	2,836,767
Impairment in investment in subsidiaries during the year	**(41,787)**	(2,794,980)
At end of year	-	41,787

The company owns interest in the below mentioned companies:

Company	Entity interest	Country of incorporation	Business activity
Biomass UK No.1 LLP[(1)]	100.00%	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 [(1)]	100.00%	United Kingdom	Biomass energy
Sunrise Renewables (Hull) Limited [(2)(*)(†)]	100.00%	United Kingdom	Biomass energy
Boston Biomass Limited[(1)(*)]	100.00%	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.

[(2)] Address of the registered office: 30 Finsbury Square, London, England, EC2A 1AG

[(*)] Ownership held indirectly

[(†)] In liquidation

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

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11. Investment in joint ventures

	31 Dec 2021	31 Dec 2020
	£	£
Investment in joint ventures		
At start of year	**2,560,526**	6,019,336
Increase in investment in joint ventures during the year	**837,001**	139,921
Impairment in investment in joint ventures during the year	**(1,507,412)**	(3,598,731)
At end of year	**1,890,115**	2,560,526

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..

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 2021 and 31 December 2020.

	31 Dec 2021	31 Dec 2020
	£	£
Loan to Biomass UK No.1 LLP	**145,940,380**	108,681,673
Impairment on Loan to Biomass UK No.1 LLP	**(50,184,217)**	(41,195,781)
Loan to Biomass UK No.2 Limited	**131,674,636**	107,396,114
Impairment on Loan to Biomass UK No.2 Limited	**(97,919,613)**	(65,881,470)
Loan to Biomass UK No.3 Limited	**135,641,507**	105,556,738
Impairment on Loan to Biomass UK No.3 Limited	**(64,415,852)**	(53,681,648)
Loan to Hooton Bio Power Limited	**89,625,580**	75,908,818
Loan to Biomass UK No.4 Limited	**4,172,125**	2,065,525
Impairment on Loan to Biomass UK No.4 Limited	**(254,396)**	-
Loan to RDF Energy No.1 Limited	**39,285,789**	18,213,005
Impairment on RDF Energy No.1 Limited	**(35,150,098)**	-
Total debtors falling due after one year	**298,415,841**	257,062,974

The impairment charge included in statement of comprehensive income for year ended 31 December 2021 was £87,165,277 (31 December 2020: £54,825,326).

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, £5,437,500 (31 December 2020: £9,500,000) was drawn down on tranche A and £5,437,500 (31 December 2020: £9,500,000) on tranche B. An amount of £26,383,707 (31 December 2020: £440,900) 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, £4,175,000 (31 December 2020: £11,222,500) was drawn down on tranche A and £4,175,000 (31 December 2020: £11,222,500) on tranche B. An amount £15,928,522 (31 December 2020: £446,261) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2032.

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, £4,612,500 (31 December 2020: £8,815,000) was drawn down on tranche A and £4,612,500 (31 December 2020: £8,815,000) on tranche B. An amount of £20,859,769 (31 December 2020: £433,211) 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, £7,917,317 (31 December 2020: £20,410,937) was drawn down on the loan. An amount of £5,799,445 (31 December 2020: £622,857) 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, £1,750,000 (31 December 2020: £1,450,000) was drawn down on the loan. An amount of £356,600 (31 December 2020: £15,525) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2052.

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, £18,876,000 (31 December 2020: £5,113,680) was drawn down on the loan. An amount of £2,196,784 (31 December 2020: £114,925) representing RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2052.

On 1 July 2021, the terms of existing loans to Biomass UK No.1 LLP, Biomass UK No.2 Limited, Biomass UK No.3 Limited and Biomass UK No.4 Limited were modified through a Deed of Amendment. The modification to the terms is considered a substantial modification, as described in Note 4.2(b). Consequently, the existing loans were derecognised and new loans recognised (in the table above, the 2021 column represents the newly recognised loans, the 2020 column the derecognised loans).

The terms of the new loans are, however, identical to those which existed prior to 1 July 2021 (as set out above), except that from 1 July 2021, the interest rate will be 0%, and there will be no indexation. It is the intention of the directors that the loans are further amended such that they become interest bearing once the underlying company facilities (Biomass UK No.1 LLP, Biomass UK No.2 Limited, Biomass UK No.3 Limited) reach steady state operations.

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13. Debtors: amounts falling due within one year

	31 Dec 2021 £	31 Dec 2020 £
Amounts owed by Group undertakings	**19,144,862**	59,637,853
VAT receivable	**2,659,123**	2,476,612
	21,803,985	62,114,465

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayments and are payable on demand.

14. Creditors: amounts falling due within one year

	31 Dec 2021 £	31 Dec 2020 £
Amounts owed to related undertakings	**23,220,947**	19,950,202
Loan interest owed to related party	**-**	67,683,572
Accruals and deferred income	**804,039**	2,507,183
	24,024,986	90,140,957

The amounts owed to related undertakings are unsecured, interest free, have no fixed date of repayments and are payable on demand.

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

	31 Dec 2021 £	31 Dec 2020 £
Senior loan (tranche A)	**279,957,139**	219,518,515
Mezzanine loan (tranche B)	**224,834,768**	153,084,125
Senior loan	**58,536,700**	43,198,714
	563,328,607	415,801,354

The following two paragraphs explain the loan arrangements prior to 1 July 2021:

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 was 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. An amount of £6,804,895 (31 December 2020: £1,759,792) applied to tranche A and £Nil (31 December 2020: £Nil) applied to tranche B representing RPI adjustment on the loan was capitalised during the year, prior to 1 July 2021.

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 was unsecured, due to be repaid in full on 31 December 2060 and was utilised in one tranche bearing interest of 6.25% per annum. An amount of £1,384,469 (31 December 2020: £329,311) representing RPI adjustment on the loan was capitalised during the year, prior to 1 July 2021.

On 1 July 2021, the terms of existing loans with the Unit Trust were modified through a Deed of Amendment. The modification to the terms is considered a substantial modification, as described in Note 4.2(b). Consequently, the existing loans were derecognised and new loans recognised (in the table above, the 2021 column represents the newly recognised loans, the 2020 column the derecognised loans).

The terms of the new loans are, however, identical to those which existed prior to 1 July 2021 (as set out above), except that from 1 July 2021, the interest rate will be 0%, and there will be no indexation. It is the intention of the directors that the loans are further amended such that they become interest bearing once the underlying company facilities (Biomass UK No.1 LLP, Biomass UK No.2 Limited, Biomass UK No.3 Limited) reach steady state operations.

16. Called up share capital

	31 Dec 2021 **£**	31 Dec 2020 £
Called up share capital	**3,745,202**	2,955,202

Allotted, called up and fully paid share capital of the Company at 31 December 2021 was £3,745,202 (31 December 2020: 2,955,202) ordinary shares of £1 each.

During the year ended 31 December 2021, the Company approved the allotment 790,000 ordinary shares (31 December 2020: 175,000) 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 2020: £Nil).

18. Related party transactions

	2021 Income earned/ (expenses paid) in the year £	**2021 Receivable/ (payable) at year end £**	2020 Income earned/ (expenses paid) in the year £	2020 Receivable/ (payable) at year end £
Hooton Bio Power Limited - loan	**5,799,445**	**89,625,580**	622,857	75,908,818
Hooton Bio Power Limited - loan interest	**6,389,607**	**15,444,712**	5,564,099	9,055,106
Aviva Investors Infrastructure Income Unit Trust - loan	**(8,189,365)**	**(563,328,607)**	(2,089,104)	(415,801,354)
Aviva Investors Infrastructure Income Unit Trust - loan interest	**(24,740,999)**	**-**	(43,237,600)	(67,683,572)
Aviva Investors UK Fund Services Limited - fund management fees	**(480,546)**	**(526,705)**	(573,813)	(2,079,561)
RDF Energy No.1 Limited - loan receivable	**2,196,784**	**4,135,691**	114,925	18,213,005
RDF Energy No.1 Limited - loan interest	**2,446,626**	**3,700,150**	1,195,329	1,253,524
Expenses paid and VAT received on behalf of RDF Energy No.1 Limited	**-**	**(6,585,011)**	-	(5,514,070)

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

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 2021	31 Dec 2020
	£	£
Debtors: amounts falling due after more than one year (see Note 12)	**298,415,841**	257,062,974
Debtors: amounts falling due within one year (see Note 13)	**19,144,862**	59,637,153
Cash at bank and in hand	**21,076**	1,046,745
	317,581,779	317,746,872

Financial liabilities measured at amortised cost

	31 Dec 2021	31 Dec 2020
	£	£
Creditors amounts falling due within one year (see Note 14)	**24,024,986**	90,140,257
Creditors: amounts falling due after more than one year (see Note 15)	**563,328,607**	415,801,354
	587,353,593	505,941,611

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

Interest income and expense

	1 Jan 2021 to 31 Dec 2021	1 Jan 2020 to 31 Dec 2020
	£	£
Total interest income for financial assets at amortised cost	**39,553,935**	40,339,711
Total interest expense for financial liabilities at amortised cost	**(32,930,363)**	(45,327,048)
	6,623,572	(4,987,337)

20. 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 2021. 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

21. Events after the reporting financial year end

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