

Registered Number: 11519981

**EQUITIX INFRASTRUCTURE 3C LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**COMPANY INFORMATION**

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**Directors** F Boshell (Appointed 25 October 2021)  
H Crossley  
G Jackson  
S L Jones  
J Smith (Resigned 25 October 2021)

**Registered number** 11519981

**Registered office** 3rd Floor, South Building  
200 Aldersgate Street, London  
England, EC1A 4HD

**Independent auditors** KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their report and the audited financial statements of Equitix Infrastructure 3C Limited (the "Company") for the year ended 31 December 2021.

**DIRECTORS**

The Directors who served during the year are shown on page 2.

**RESULTS AND DIVIDENDS**

The Company's performance reflects the position under the various inter-company and inter-group agreements that are in place at the end of the year, and the ongoing performance and value of the investment portfolio. Please refer to the Strategic Report for further detail.

The Directors recommended dividends of £nil during the year (2020: £nil).

**FINANCIAL RISK MANAGEMENT**

The Company's management of financial risks including interest rate, credit and liquidity risk during the year are detailed in note 14.

**GOING CONCERN**

The Company's forecasts and projections taking account of reasonably possible changes in trading performance, and the net current liabilities position of the Company, show that the Company should be able to operate within the level of its current resources. The Company has obtained a letter of support from its ultimate parent to assist in meeting the liabilities of the Company as they fall due for at least 12 months from the approval of these financial statements.

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for a minimum of 12 months from the date of signing of this report. Refer to note 2.2 for further details on the Directors' assessment of going concern.

In forming this conclusion, the following has been taken into consideration:

- all committed investments of the Company and its subsidiaries holding companies are covered by commitments from the Partners of Equitix Fund III LP ('the Fund');
- the Company has limited other outgoings and funding can be drawn down from the Fund's Partners if required to meet these obligations; and
- the Fund financial model, which consolidates the returns from the Company's investment portfolio.

The Directors of the Company have considered the impact of the COVID-19 global pandemic which continued through 2021 when preparing these financial statements. Refer to Note 2 Accounting Policies.

**FUTURE DEVELOPMENTS**

Details of future developments can be found in the Strategic Report on page 6 and form part of this report by cross-reference.

**FINANCIAL RISK MANAGEMENT**

The Company's management of financial risks including interest rate, credit and liquidity risk during the year are detailed in note 14.

**AUDITORS**


Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



**F Boshell**  
Director

Date : 4th July 2022

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors are responsible for preparing the strategic report, the directors' report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standard 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;
- make judgments and estimates that are reasonable, relevant and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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## EQUITIX INFRASTRUCTURE 3C LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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#### PRINCIPAL ACTIVITIES

The principal activity of Equitix Infrastructure 3C Limited (the "Company") is to act as the holding company for the Equitix Fund III LP investments in core Public Private Partnerships ("PPP").

#### BUSINESS REVIEW

The results for the year are shown on page 10 in the Statement of Total Comprehensive Income. This shows a loss before tax of £1,510k (2020: £364k). The loss for the year includes a decrease in the fair value of the investments of £1,510k (2020: £364k). The Directors do not recommend the payment of a dividend.

#### KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are primarily client and financially focused, including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by at the individual project company;
  - the comparison of actual cash flows to those that have been forecast;
  - the value of investments held in the group portfolio in association with the expected future cash flows;
- and
- that all operational projects are performing within the restrictions of all project documentation.

The latest financial model shows the values of the current portfolio are performing in line with expectations and the project documentation with no material or significant unavailability deductions being suffered in the period. There have been no identified service failures within the period of ownership.

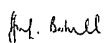
#### FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company has provided loans to and invested equity in its subsidiaries. A principal risk is the Company not receiving interest payments in order to make interest payments to the lender company. Therefore, the Company's main concerns are attributable to the sound operation of the underlying infrastructure assets, ensuring that the modelled cash flows, made up of, but not limited to, subordinated debt principal repayments, subordinated debt interest payments, dividends and other fees are indeed received. The Company will monitor actual and projected cash flows to ensure that the returns are as expected. In addition, the Company will also look to optimise returns from the underlying infrastructure assets through achieving efficiencies at project level and by maximising synergies at portfolio level.

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



**F Boshell**  
Director

Date: 4th July 2022

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## EQUITIX INFRASTRUCTURE 3C LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INFRASTRUCTURE 3C LIMITED

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#### Opinion

We have audited the financial statements of Equitix Infrastructure 3C Limited (the "Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INFRASTRUCTURE 3C LIMITED

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**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as inquiring whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of the meetings of the Directors; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investments at fair value. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the

*Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, money laundering and GDPR compliance recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.



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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INFRASTRUCTURE 3C LIMITED**

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**Fraud and breaches of laws and regulations – ability to detect (continued)***Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and Directors' report**

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

We have nothing to report in these regards.

**Directors' responsibilities**

As explained more fully in the Directors' responsibilities statement on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INFRASTRUCTURE 3C LIMITED**

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**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at:  
[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Matthew Williams (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

Date: 6 July 2022

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**STATEMENT OF TOTAL COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Notes	2021 £000	2020 £000
Interest income	7	2,316	1,713
Fair value loss on investments	10	(1,510)	(364)
<b>Operating profit</b>	5	<u>806</u>	<u>1,349</u>
Finance costs	8	(2,316)	(1,713)
<b>Loss before tax</b>		<u>(1,510)</u>	<u>(364)</u>
Tax expense	9	-	-
<b>Loss for the year</b>		<u>(1,510)</u>	<u>(364)</u>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<u>(1,510)</u>	<u>(364)</u>

All the above items relate to continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

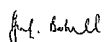
**EQUITIX INFRASTRUCTURE 3C LIMITED**  
**REGISTERED NUMBER: 11519981**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value	10	33,557	32,751
		<u>33,557</u>	<u>32,751</u>
<b>Total assets</b>		<u>33,557</u>	<u>32,751</u>
<b>Non-current liabilities</b>			
Borrowings	11	(32,370)	(32,370)
		<u>(32,370)</u>	<u>(32,370)</u>
<b>Current liabilities</b>			
Interest payable	12	(3,824)	(1,508)
		<u>(3,824)</u>	<u>(1,508)</u>
<b>Total liabilities</b>		<u>(36,194)</u>	<u>(33,878)</u>
<b>Net liabilities</b>		<u>(2,637)</u>	<u>(1,127)</u>
<b>Equity</b>			
Share capital	13	-	-
Retained losses		(2,637)	(1,127)
		<u>(2,637)</u>	<u>(1,127)</u>
<b>Shareholder's deficit</b>		<u>(2,637)</u>	<u>(1,127)</u>

The notes on pages 14 to 24 form part of these financial statements.

The financial statements of Equitix Infrastructure 3C Limited, registered number 11519981, were approved by the Board of Directors and were signed on its behalf by:



**F Boshell**  
Director

Date: 4th July 2022

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Share capital £'000</b>	<b>Accumulated losses £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2021</b>	-	(1,127)	(1,127)
Loss for the year	-	(1,510)	(1,510)
<b>Total comprehensive loss for the year</b>	-	(1,510)	(1,510)
<b>At 31 December 2021</b>	-	(2,637)	(2,637)

	<b>Share capital £'000</b>	<b>Accumulated losses £'000</b>	<b>Total Equity £'000</b>
<b>At 1 January 2020</b>	-	(763)	(763)
Loss for the year	-	(364)	(364)
<b>Total comprehensive loss for the year</b>	-	(364)	(364)
<b>At 31 December 2020</b>	-	(1,127)	(1,127)

The notes to these financial statements can be found on pages 14 to 24 and form an integral part of these financial statements.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Company does not have a bank account and therefore has no cash transactions (2020: none).

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. GENERAL INFORMATION**

Equitix Infrastructure 3C Limited is a private company limited by shares, incorporated, domiciled and registered in England and Wales in the UK under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 3 and in the Strategic Report on page 5. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates. Monetary amounts are rounded to the nearest £'000.

**2. ACCOUNTING POLICIES****2.1 Basis of preparation**

These financial statements have been prepared and approved by the directors in accordance with applicable law and UK-adopted international accounting standards. A summary of the principal accounting policies, all of which have been applied consistently throughout the current are set out below.

The Company qualifies as an Investment Entity (Amendments to IFRS 10, IFRS 12, and IAS 27) on the basis of the following criteria:

- (i) the Company obtains funds from multiple ultimate investors for the purpose of providing those investors with investment management services;
- (ii) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (iii) the Company measures and evaluates the performance of substantially all of its investment on a fair value basis.

As such it is required to account for its investments at fair value through profit and loss and hence has not prepared consolidated financial statements.

Joint ventures are those entities over which the Company has significant influence and joint control as defined in IAS 28 'Investments in Associates and Joint Ventures'. By virtue of the Company meeting the definition of a fund management company and the wholly-owned subsidiary of an investment fund and the exemption provided by IAS 28, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit and

**2.2 Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Financial projections indicate that sufficient funds will be generated by the operating activities of the Company to enable ongoing obligations to be met as they fall due; with consideration being given to a period of at least 12 months from the date of approval of the Financial Statements.

Whilst the Company holds a single asset investment, the investment's income stream is substantially backed by UK Government and therefore, the Directors consider that no severe but plausible downside event would prevent the Company being able to meet its liabilities as they fall due.

Further, whilst the Company is in a net current liability and net liability position, the parent has indicated its intention to continue to make available such funds as are needed [and does not intend to seek repayment of any amounts payable to them] for at least the next twelve months from the date of approval of the financial statements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have also considered the COVID-19 pandemic and potentially lower valuations of investments but does not consider this has any significant impact on the going concern basis of preparation of financial statements.

Consequently, the Directors consider that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES (continued)****2.3 Revenue***Interest income*

Interest income is recognized on effective interest rate method, this is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Dividend income*

Dividend income is recognised when shareholders' rights to receive payment have been established.

**2.4 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.5 Taxation**

The tax expense represents the sum of tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the period. Taxable loss differs from the net loss as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

*Deferred tax*

Deferred tax is provided on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**2.6 Receivables**

Receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the Statement of Financial Position date which are classified as non current assets.

**2.7 Borrowings**

Borrowings are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**2.8 Share capital**

Ordinary shares are classified as equity.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.9 Expenses**

The Company's fees, finance costs and all other expenses are charged through the statement of comprehensive income.

**2.10 Dividends**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when dividends are paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Estimates**

*Related party loans*

The Company's loan agreements with its related group entity, Equitix Capital Eurobond 3C Limited, carry an interest rate of 7.2%. On inception of the loan, the interest rate was determined with reference to market rates at that date. The Directors have considered whether the market rate for such debt, or the specific credit risk of the loan (with reference to the performance of the investment), have materially changed - and concluded they have not.

*Investments at fair value through profit or loss*

The company holds share capital of, and owns debt due from, several subsidiaries, which in turn own a portfolio of invested companies and their associated intermediate holding companies. The fair value on investments is determined by valuing the underlying portfolio invested companies and intermediate holding companies.

The transaction price of any transactions with 3 months of the measurement date are used as an estimate of fair value as the Directors judge this to be a reasonable indicator.

Otherwise, the fair value of the investment in aggregate is calculated by discounting total future cashflows from the investments. Where the interest rate of the debt element of the investment is considered not to reflect market rates at the date of valuation, then in order to separately disclose the fair value of the debt a market debt rate is determined and applied to the separate debt cash flows.

The principal drivers of internally prepared valuations are therefore:

- i) expected future net cash flows; and
- ii) the discount rate to be applied.

Future cash flows involve a degree of uncertainty in terms of their amount and timing. Cash flows in the underlying investments are exposed to risks in relation to deductions that may be made by the relevant procuring party in relation to performance conditions, demand, availability and inflation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimates (continued)

(i) Future cash flows are the future distributions and interest income expected to be received by the Company from its investments. This involves a degree of uncertainty in terms of their amount and timing as cash flows in the underlying Investments are exposed to risks, for example, in relation to deductions that may be made by any relevant Government Authority in relation to performance conditions and macro-economic changes. These cashflows are based on the latest financial model available for each investment. These are updated for actual figures periodically and, for levered investments, reviewed by senior debt providers; as such these provide the most reliable estimate of future cash flows. The Investment Manager updates these financial models for the latest macroeconomic forecasts to ensure consistency across the Company's portfolio.

If the expected future net cash flows were decreased or increased by 10%, with all other variables held constant, the impact on the value of financial assets would be a decrease of £3,545k (2020: £7,310k) or increase of £3,545k (2020: £7,310k) respectively.

ii) Discount rates are based on a risk-free rate adjusted by an appropriate premium to reflect the specific risks of the investment. The risk-free rate is derived from UK government bond rates for the 24-month average yield-to-maturity matching individual investment life.

A discount rate premium is then calculated considering multiple factors pertaining to the specific risk of the investment, including base infrastructure risk, construction risk (if applicable), duration risk due to an extended project life, sector specific risks, and any project specific risks.

The discount rate used for the 2021 valuation was 8% (2020: ranged between 6.00% to 9.5%) . An increase or decrease in the discount rates applied by +/- 1% would have resulted in a decrease of £2,453k (2020: £6,508k) or an increase of £2,822k (2020: £7,539k) in the fair value of the investments, respectively.

The estimate of fair value may vary from the price achieved in an actual sale as potential acquirers may use different valuation criteria for their own strategic reasons.

In addition, the following economic assumptions were used in the discounted cash flow valuations:

UK inflation rate	4.1% for 2022, long term 3%
UK deposit interest rates	0.25% for 2022, long term 1%
UK corporation tax	19% for 2022, long term 25%

**Judgements**

*Deferred tax*

The Company has not recognised deferred tax on the temporary difference between the fair value of the investment and its tax base because the Directors are of the view that the fair value of the subordinated debt component of the investment approximates to its nominal value and so any movement in fair value is attributable to the equity component only. In this case there would be no taxation arising because the value of the equity component will be realised through the receipt of non-taxable dividends and/or by a sale for which reliefs from taxation will be available.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. UK ADOPTED INTERNATIONAL ACCOUNTING STANDARDS - ADOPTION OF NEW AND REVISED STANDARDS**

There were no new or amended standards effective this year that have had a material impact on these financial statements.

A number of UK-adopted IFRSs have been issued but are not yet effective and have not been applied in these financial statements. The Directors do not expect that, when effective, they will have any material impact on the financial statements in future periods.

**5. OPERATING PROFIT**

The operating profit of the Company of £806k (2020: £1,349k) is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix Infrastructure 3C Limited of £5k (2020: £3.9k) has been borne by Equitix Fund III LP, who will not seek compensation from the Company. There were no non-audit fees for the year (2020: none).

**6. DIRECTORS' REMUNERATION**

No staff were directly employed by the Company (2020: none)

No Directors received any remuneration for services to the Company during the period. The Company's Directors are secondees from Equitix Limited. No recharge for services rendered has been made during the period (2020: none).

**7. INVESTMENT INCOME**

	2021 £'000	2020 £'000
Interest income	2,316	1,713
	<u>2,316</u>	<u>1,713</u>

**8. FINANCE COSTS**

	2021 £'000	2020 £'000
Interest expense	2,316	1,713
	<u>2,316</u>	<u>1,713</u>

# EQUITIX INFRASTRUCTURE 3C LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. TAX

	2021 £'000	2020 £'000
Current tax	-	-
<b>Total tax</b>	<b>-</b>	<b>-</b>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the result before tax are as follows:

	2021 £'000	2020 £'000
Loss before tax	(1,510)	(364)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(287)	(69)
Income and fair value movements not subject to taxation	287	69
<b>Total tax</b>	<b>-</b>	<b>-</b>

#### Changes in tax rates and factors affecting the future tax charges

The March 2021 Budget announced a proposed increase in corporation tax rates with a corporation tax rate of 25% applying with effect from 1 April 2023. This will increase the Company's future current tax charge accordingly.

### 10. INVESTMENTS

	2021 £'000	2020 £'000
Opening balance	32,751	31,646
Repayments	-	(40)
Movement in accrued interest of debt element	2,316	1,509
Fair value loss	(1,510)	(364)
<b>Closing balance</b>	<b>33,557</b>	<b>32,751</b>

The methodology, judgements and inputs into the valuation estimate are disclosed in note 3.

The investment comprises a debt element and an equity element as follows:

	2021 £'000	2020 £'000
Debt securities	29,732	31,242
Equity	-	-
Accrued interest on debt	3,825	1,509
<b></b>	<b>33,557</b>	<b>32,751</b>

The debt element carries a coupon rate of 7.2% (2020: 7.2%) and is repayable in 2038.

Investments are generally restricted on their ability to transfer funds to the Company under the terms of the senior funding arrangement for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the company;
- Project performance is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

A list of principal subsidiaries and joint ventures of the Company can be found on note 17 of these financial statements.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**11. BORROWINGS**

	2021 £'000	2020 £'000
Loans from Equitix Capital Eurobond 3C Limited	<u>32,370</u>	<u>32,370</u>
	32,370	32,370
Included on the Statement of Financial Position as follows:		
Non-current	<u>32,370</u>	<u>32,370</u>
	<u>32,370</u>	<u>32,370</u>

Borrowings represent loans from the parent company, Equitix Capital Eurobond 3C Limited, for the purpose of acquiring the investment portfolio. The loans are repayable in 2038 and bear interest at 7.2%.

**12. OTHER PAYABLES**

	2021	2020
Interest payable	<u>3,824</u>	<u>1,508</u>
	3,824	1,508
Included on the Statement of Financial Position as follows:		
Current	<u>3,824</u>	<u>1,508</u>
	<u>3,824</u>	<u>1,508</u>

**13. SHARE CAPITAL**

	2021 Number	2021 £	2020 Number	2020 £
Authorised, issued and unpaid				
Ordinary shares at £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

There were no dividends declared but unpaid at 31 December 2021 (2020: nil).

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**14. FINANCIAL INSTRUMENTS***Capital risk management*

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

*Categories of financial instruments***Financial assets**

	2021 £'000	2020 £'000
Investments	33,557	32,751
	<u>33,557</u>	<u>32,751</u>

**Financial liabilities at amortised cost**

Borrowings	32,370	32,370
Interest payable	3,824	1,509
	<u>36,194</u>	<u>33,879</u>

Financial risk management*Risk management objectives*

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include interest rate risk, credit risk and liquidity risk.

The Company follows Equitix Fund III LP policies approved by the board of Directors. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

*Interest rate risk management*

The Company has limited exposure to interest rate risk as loans held with Equitix Capital Eurobond 3C Limited have a fixed interest rate of 7.2% and the majority of the underlying borrowings are fixed rate loans. Therefore the Company has limited exposure to cash flow risk due to changes in interest rates over variable rate borrowings.

*Liquidity risk management*

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

*Credit risk management*

The Company is exposed to credit risk in respect to its investments as outlined in the Statement of Financial Position through possible default of the relevant counterparty. The maximum gross exposure to credit risk, before credit enhancements and other mitigates, is represented by the carrying amounts of the financial assets that are carried on the Statement of Financial Position. This risk is mitigated through a combination of diversification of exposures across multiple projects and sectors, the majority of credit counterparties for projects being government, government backed or quasi-government bodies, and the presences of collateral and credit enhancements at the project level including charges over, or ownership of, physical assets. This risk is therefore not considered to be significant.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**14. FINANCIAL INSTRUMENTS (continued)**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on contractual undiscounted cash flows of financial liabilities based on the earliest date the Company could be required to satisfy borrowing repayments. The table includes principal repayment and interest cash flows.

**Liabilities**

	2021 £'000	2020 £'000
<b>Less than 1 year</b>		
Interest payable	3,824	1,509
Borrowings	-	-
	<u>3,824</u>	<u>1,509</u>
<b>1-5 years</b>		
Interest payable	8,694	8,694
Borrowings	-	-
	<u>8,694</u>	<u>8,694</u>
<b>5+ years</b>		
Interest payable	26,083	28,257
Borrowings	32,370	32,370
	<u>58,453</u>	<u>60,627</u>
<b>Total</b>		
Interest payable	38,601	38,460
Borrowings	32,370	32,370
	<u><u>70,971</u></u>	<u><u>70,830</u></u>

The fair value of the investments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The following hierarchy classifies each class of financial asset or liability depending upon the valuation technique applied in determining its fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities, where inputs are observable;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) where inputs are directly or indirectly observable; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data, where the inputs are unobservable.

Investments comprise both debt and equity investments. Both of these elements are considered Level 3 valuations. See note 3.

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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**15. RELATED PARTY TRANSACTIONS**

During the year the Company entered into the following transactions with related parties.

Statement of Comprehensive Income transactions

	2021 Interest income £'000	2021 Interest Expense £'000	2020 Interest income £'000	2020 Interest Expense £'000
Related party				
AC (AWRP) Holdco 3 Limited	2,316	-	1,713	-
Equitix Capital Eurobond 3C Limited	-	(2,316)	-	(1,713)
	<u>2,316</u>	<u>(2,316)</u>	<u>1,713</u>	<u>(1,713)</u>

Statement of Financial Position transactions

	2021 Amounts owed by related party £'000	2021 Amounts owed To related party £'000	2020 Amounts owed by related party £'000	2020 Amounts owed To related party £'000
Related party				
AC (AWRP) Holdco 3 Limited	33,557	-	32,751	-
Equitix Capital Eurobond 3C Limited	-	(36,194)	-	(33,878)
	<u>33,557</u>	<u>(36,194)</u>	<u>32,751</u>	<u>(33,878)</u>

The amounts owed by related parties are loan notes that are recognised as investments held at fair value in the Statement of Financial Position.

**16. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent company is Equitix Capital Eurobond 3C Limited, a company incorporated in England and Wales, with the registered address, 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD. The Company's ultimate parent and controlling entity, is Equitix Fund III LP, a Limited Partnership registered in England and Wales. The registered office address of the partnership is located at 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD. The Company's results are not consolidated as the immediate parent company and its ultimate parent entity meets the criteria of Investment Entities under IFRS 10. The Company's parent does not prepare consolidated accounts.

**17 FUTURE COMMITMENTS**

The Company is committed to providing £3.6m of funding for its underlying infrastructure asset Amey Cepsa (AWRP) Limited. This commitment shall be called upon when certain conditions are met for the deferred consideration to be paid.



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**EQUITIX INFRASTRUCTURE 3C LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**18 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2021**

<b>Company name</b>	<b>Percentage of shares held</b>	<b>Principal activity</b>	<b>Registered address</b>
AC (AWRP) Holdco 3 Limited *	100%	Parent company to AC (AWRP) Holdco 2 Limited	200 Aldersgate Street, London, England, EC1A 4HD
AC (AWRP) Holdco 2 Limited **	100%	Parent company to AC (AWRP) Holdco 1 Limited	200 Aldersgate Street, London, England, EC1A 4HD
AC (AWRP) Holdco 1 Limited **	100%	Parent company to Amey Infrastructure Management (2) Ltd	200 Aldersgate Street, London, England, EC1A 4HD
Amey Infrastructure Management (2) Ltd **	49.90%	Parent company to AWRP Holding Co Limited	3rd Floor 3 - 5 Charlotte Street, Manchester, England, England, M1 4HB
AWRP Holding Co Limited **	16.63%	PFI Waste management concession	3rd Floor 3 - 5 Charlotte Street, Manchester, England, England, M1 4HB
AWRP SPV Limited**	16.63%	PFI Waste management concession	3rd Floor 3 - 5 Charlotte Street, Manchester, England, England, M1 4HB

\* Designates investments that are held directly.

\*\* Designates investments that are held indirectly.

**19 POST BALANCE SHEET EVENTS**

There were no significant events or transactions following the Statement of Financial Position date.