

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016**

**Registered Number: 08430937**

## **EQUITIX CAPITAL EUROBOND 3 LIMITED**

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>CONTENTS</b>	<b>Page</b>
Directors and advisers	1
Strategic report	2-3
Directors' report	4
Statement of Directors' responsibilities	5
Independent auditor's report to the members of Equitix Capital Eurobond 3 Limited	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the financial statements	11-23
List of investments	24-32

**DIRECTORS AND ADVISERS**

**Directors**

G A Jackson  
H B Crossley  
N G B Parker  
J C Smith

**Registered office**

Welken House  
10-11 Charterhouse Square  
London  
EC1M 6EH

**Auditor**

KPMG LLP  
[Chartered Accountants]  
London  
E14 5GL

**Principal bankers**

Royal Bank of Scotland Plc  
9th Floor, 280 Bishopsgate  
London  
EC2M 4RB

## STRATEGIC REPORT

### PRINCIPAL ACTIVITIES

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

### BUSINESS REVIEW

#### *Scottish Hub projects*

On 24 February 2016, the Company entered into a loan agreement for £1.1m (with an interest rate of 12.0%) with its ultimate parent entity, Equitix Fund III LP. At the same time the Company entered into a loan agreement for £1.1m (with an interest rate of 10.5%) with its subsidiary Equitix Hubco 3 Limited, for the purpose of acquiring a 30% interest in the equity funding in Hub North Scotland (Elgin High School) Limited.

#### *Infrastructure projects*

On 28 July 2016, the Company entered into a loan agreement for £44.0m (with an interest rate of 12.0% with its ultimate parent entity, Equitix Fund III LP. At the same time the Company entered into a loan agreement for £44.0m (with an interest rate of 4.0%) with its subsidiary Welken 3 Limited, for the purpose of acquiring 15% economic interest in a UK transport project.

#### *Equitix Italia S.r.l projects*

On the 13 May 2016 the Company entered into a loan agreement for £0.6m (with an interest rate of 12.0%) with its ultimate parent entity Equitix Fund III LP. At the same time the Company entered into a loan agreement for £0.6m (£0.4m with an interest rate of 6.75% and £0.2m being non-interest bearing) with its subsidiary, Equitix Italia 3 Srl, for the purpose of acquiring an additional 6% interest in Sant Anna Hospital in Como, Italy. Following this acquisition, the Company has an aggregate interest of 26% in Sant Anna Hospital in Como, Italy.

On the 23 June 2016 the Company entered into a loan agreement for £0.7m (with an interest rate of 12.0%) with its ultimate parent entity Equitix Fund III LP. At the same time the Company entered into a loan agreement for £0.7m (£0.5m with an interest rate of 6.75% and £0.2m being non-interest bearing) with its subsidiary, Equitix Italia 3 Srl, for the purpose of acquiring an additional 7% interest in Sant Anna Hospital in Como, Italy. Following this acquisition, the Company has an aggregate interest of 33% in Sant Anna Hospital in Como, Italy.

On the 29 July 2016 the Company entered into a loan agreement for £9.4m (with an interest rate of 12.0%) with its ultimate parent entity Equitix Fund III LP. At the same time the Company entered into a loan agreement for £9.4m (£5.9m with an interest rate of 6.75% and £3.5m being non-interest bearing) with its subsidiary, Equitix Italia 3 Srl, for the purpose of acquiring an additional 62.5% interest in Sant Anna Hospital in Como, Italy. Following this acquisition, the Company has an aggregate interest of 95.5% in Sant Anna Hospital in Como, Italy.

On 25 January 2016, the Company entered into a loan agreement for £10.4m (with an interest rate of 12.0%) with its ultimate parent entity, Equitix Fund III LP. At the same time the Company entered into a loan agreement for £10.4m (with an interest rate of 10.0%) with its subsidiary Equitix Italia 3 Srl, for the purpose of acquiring 85% interest in the equity funding in Garbagnate Salute SpA.

### 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 progress of the individual project companies;
- the comparison of actual cash flows costs 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 show 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 year. One of the projects outlined above are in the construction phase and have a specific services agreement in place. The construction activity is progressing to schedule and has suffered no significant delays to date.

The results for the year are shown on page 7 in the Statement of Comprehensive Income. This shows a loss before tax of £19,386k (2015: £9,911k) and a net finance expense amounting to £51,313k (2015: £37,682k). The loss for the year includes an increase in the fair value of the investments of £21,193k (2015: £25,466k). The Directors do not recommend the payment of a dividend (2015: £nil).

**STRATEGIC REPORT (CONTINUED)**

**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 entered into inter-company loan agreements with its ultimate parent entity and with its subsidiaries. A principal risk is the Company not receiving interest payments in order to make interest payments to its parent 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.

By order of the Board



J C Smith  
28 April 2017

## **DIRECTORS' REPORT**

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2016.

### **DIRECTORS**

The Directors who served throughout the year, except as noted, are shown on page 1.

### **RESULTS AND DIVIDENDS**

The Company's performance reflects the position under the various inter-company and inter-group agreements that have been put in place during the year, see Strategic Report for further detail.

### **FINANCIAL RISK MANAGEMENT**

The Company's management of financial risks including interest rate, credit and liquidity risk during the period are detailed in note 2.

### **GOING CONCERN**

The Company's forecasts and projections taking account of reasonably possible changes in trading performance, and the net liability position of the Company, show that the Company should be able to operate within the level of its current resources. The Company's going concern is dependent upon performance of the entities within the Equitix Fund III LP group. The Company has obtained a letter of support from its parent entity, Equitix Fund III LP. After making enquiries, the Directors have a reasonable expectation that the Company and its parent have 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, despite any economic uncertainties. 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 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.

### **AUDITOR**

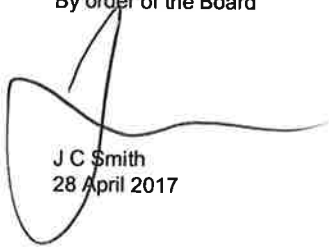
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is 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



J C Smith  
28 April 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX CAPITAL EUROBOND 3 LIMITED**

We have audited the financial statements of Equitix Capital Eurobond 3 Ltd for the year ended 31 December 2016 set out on pages 7 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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
- certain disclosures of Directors' remuneration specified by law are not made;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Henry Todd (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Chartered Accountants and Statutory Auditor  
London, UK

Date: 28 April 2017



EQUITIX CAPITAL EUROBOND 3 LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
	Notes		
Investment income	7	10,094	1,877
Other income		640	428
Fair value gain on investments in subsidiaries	9, 11	21,193	25,466
<b>Operating profit</b>	5	<b>31,927</b>	<b>27,771</b>
Finance costs	8	(51,313)	(37,682)
<b>Loss before tax</b>		<b>(19,386)</b>	<b>(9,911)</b>
Tax	10	-	-
<b>Loss after tax from continuing operations</b>		<b>(19,386)</b>	<b>(9,911)</b>

All of the above relates to continuing activities.

The notes to these financial statements can be found on pages 11 to 32.

There are no other items of comprehensive income other than the profit for the year, therefore a separate Statement of Other Comprehensive Income has not been prepared.

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

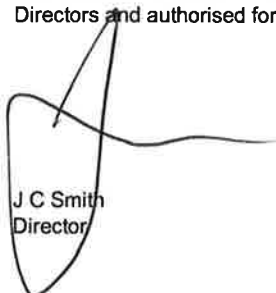
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

	Notes	As at 31 December 2016 £'000	As at 31 December 2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value	11	<u>518,390</u>	<u>408,640</u>
		<b>518,390</b>	<b>408,640</b>
<b>Current assets</b>			
Trade and other receivables	12	<u>3,649</u>	<u>614</u>
Cash at bank and in hand		<u>32</u>	<u>43</u>
		<b>3,681</b>	<b>657</b>
<b>Total assets</b>		<u><b>522,071</b></u>	<u><b>409,297</b></u>
<b>Current liabilities</b>			
Interest payable	14	<u>(84,455)</u>	<u>(41,716)</u>
Other payables	14	<u>(171)</u>	<u>(198)</u>
		<b>(84,626)</b>	<b>(41,914)</b>
<b>Net current liabilities</b>		<u><b>(80,945)</b></u>	<u><b>(41,257)</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	13	<u>(468,542)</u>	<u>(379,094)</u>
		<b>(468,542)</b>	<b>(379,094)</b>
<b>Total Liabilities</b>		<u><b>(553,168)</b></u>	<u><b>(421,008)</b></u>
<b>Net liabilities</b>		<u><b>(31,097)</b></u>	<u><b>(11,711)</b></u>
<b>Equity</b>			
Share capital	15	<u>1</u>	<u>1</u>
Retained losses		<u>(31,098)</u>	<u>(11,712)</u>
<b>Shareholder's deficit</b>		<u><b>(31,097)</b></u>	<u><b>(11,711)</b></u>

The notes to these financial statements can be found on pages 11 to 32.

The financial statements of Equitix Capital Eurobond 3 Limited, registered number 08430937, were approved by the Board of Directors and authorised for issue on 28 April 2017 and were signed on its behalf by:

  
J C Smith  
Director

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Share capital</b>	<b>Retained losses</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 January 2015	1	(1,801)	(1,800)
Loss for the year	-	(9,911)	(9,911)
Balance as at 31 December 2015	1	(11,712)	(11,711)
Balance as at 1 January 2016	1	(11,712)	(11,711)
Loss for the year	-	(19,386)	(19,386)
Balance as at 31 December 2016	1	(31,098)	(31,097)

The notes to these financial statements can be found on pages 11 to 32.

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
<b>Cash flows from operating activities</b>		
Loss for the year	(19,386)	(9,911)
<i>Adjustments for:</i>		
Interest income	(10,094)	(1,877)
Fair value gain on investments	(21,193)	(25,466)
Finance cost	51,313	37,682
	<u>640</u>	<u>428</u>
Decrease/(increase) in other receivables	(34)	(518)
Decrease in payables	<u>(27)</u>	<u>(100)</u>
<b>Cash generated from/(used in) operations</b>	579	(190)
Investment revenue	15,595	588
Interest paid	<u>(17,076)</u>	<u>(334)</u>
<b>Cash (outflow)/inflow from operations</b>	(902)	64
<b>Investing activities</b>		
Investments in joint ventures and subsidiaries net of repayments	(89,448)	(162,958)
Repayments of capital	<u>891</u>	<u></u>
<b>Net cash used in investing activities</b>	(88,557)	(162,958)
<b>Financing activities</b>		
Loans from parent company	<u>89,448</u>	<u>162,840</u>
<b>Net cash from financing activities</b>	89,448	162,840
<b>Net decrease in cash and cash equivalents</b>	<u>(11)</u>	<u>(54)</u>
<b>Cash and cash equivalents at beginning of year</b>	43	97
<b>Cash and cash equivalents at end of year</b>	<u>32</u>	<u>43</u>

The notes to these financial statements can be found on pages 11 to 32.

## Notes to the financial statements for the year ended 31 December 2016

**1 GENERAL INFORMATION**

Equitix Capital Eurobond 3 Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 4 and in the Strategic Report on pages 2-3. 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****a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the current period are set out below.

The Company has adopted Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27) and meets the definition of an Investment Entity under IFRS 10. As such, the Company recognises investments at fair value through profit and loss.

These financial statements, for the year ended 31 December 2016, have been prepared in accordance with the amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements incorporating accounting for Investment Entities, IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements.

IFRS 10 requires the Company to measure its interests in subsidiaries investments in accordance with IAS 39 and IFRS Fair Value Measurement. The investments are held at fair value with changes in fair value recognised in profit or loss (see note 9).

The Investment Entities standard introduced an exception to the principle that all subsidiaries should be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss, in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement instead of consolidating those subsidiaries. The Company meets the definition of an investment entity 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 investments on a fair value basis.

To determine if the Company meets the definition of an investment entity, further consideration is given to the following characteristics of an investment entity that are demonstrated by the Company:

- i) it has more than one investment;
- ii) it has more than one ultimate investor;
- iii) it has investors that are not related parties;
- iv) it has ownership interests in the form of equity or similar interest; and
- v) it holds investments for a limited period only i.e. it has an exit strategy for its investments.

Following the determination that the Company is an investment entity, the company recognises its investments at fair value through profit or loss.

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 loss, in accordance with the equivalent measurement exception under IAS 28 and IFRS 13, with changes in fair value recognised in profit or loss in the period of change.

In the current period, the Company continues to apply the following accounting standards:

- Annual Improvements to IFRSs - 2010-2012 Cycle (January 2015)
- Annual Improvements to IFRSs - 2011-2013 Cycle (December 2014)

Notes to the financial statements for the year ended 31 December 2016

2 ACCOUNTING POLICIES (continued)

b) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 4.

The parent company has indicated their willingness to continue supporting the entity into the foreseeable future.

c) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

*Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which 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. It is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. In relation to the fair value exercise, interest revenue is adjusted to remove any double counting of cash flows.

Income from participating interests is recognised when the shareholders' rights to receive payment have been established.

Other income associated with the provision of services is accrued on a time basis over the period to which the delivery of the service is set, net of VAT and other sales related tax.

d) Borrowings

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. 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.

e) Borrowing costs

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

f) 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 year. 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 years 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 balance sheet date.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable 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, and is accounted for using the balance sheet liability method. 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. Such assets and liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable difference arising on investments, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at each balance sheet 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.

## Notes to the financial statements for the year ended 31 December 2016

## 2 ACCOUNTING POLICIES (continued)

f) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and the rates that have been enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in Other Comprehensive Income.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company, and the Company intends to settle its current tax assets and liabilities on a net basis.

g) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

*Financial assets*

Financial assets, are classified in the following categories: fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

i) Investments at fair value through profit or loss

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Both elements are exposed to the same primary risk, being performance risk. The performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value observable transactions are considered and fair value is measured using assumptions that market participants would use when pricing assets including assumptions regarding risk. The sub debt and equity are considered to have the same risk characteristics. As such, the debt and equity form a single class of financial instrument for the purposes of this disclosure. The Company measures its investments as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating Statement of Comprehensive Income.

*Investments in subsidiaries*

The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment related services or activities. The Company measures its investments in PFI and PPP assets that are subsidiaries at fair value in accordance with IAS 39 Financial Instruments and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the year of the charge.

*Investments in joint ventures and associates*

The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Company therefore measures its interest in joint ventures and associates at fair value through profit or loss in accordance with IAS 39 Financial Instrument and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the charge.

Equitix Capital Eurobond 3 Limited holds 100% of the issued share capital of several subsidiaries, which own a portfolio of investee companies and their associated intermediate holding companies. The fair value of investments is determined by valuing the underlying portfolio investee companies and intermediate holding companies. Investments are designated as "financial assets at fair value through profit and loss" as these assets are managed on a fair value basis for capital gain. The investments are initially recognised at fair value and are subsequently re-measured at fair value, which is determined by the Directors. Recognised gains and losses and unrealised gains and losses arising from the revaluation of investments at the period end are taken directly to the Statement of Comprehensive Income.

The current portfolio of investments held by the Company are valued using discounted cash flow analysis based on financial models that form part of the project documents. Future forecast shareholder cash flows are discounted at a rate which allows for influences of individual project attributes and general economic conditions to reflect a value as at the Balance Sheet date; these values are then compared against recent, similar market transactions as a gauge of estimations and uncertainties.

## Notes to the financial statements for the year ended 31 December 2016

## 2 ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

## ii) Loans and receivables

Trade receivables, loans and other receivables that are non derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and other receivables'. Loans and other 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 balance sheet date which are classified as non current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Financial assets, other than those through profit or loss, are assessed for indicators of impairment at each Balance Sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative impact on the asset. Significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss can be reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

*Fair value estimation*

The fair value of financial instruments that are not traded in an active market with unobservable inputs, is derived in one of the following ways:

## (i) Investments at fair value through profit or loss

Fair value is calculated by discounting future cash flows, from investments in both equity and subordinated loans (interest and repayments), at an appropriate discount rate. In determining the discount rate, regard has been given to risk free rates and risk premia that are specific to the individual concessions and recent market transactions. The discount rate used for the 31 December 2016 were in the range of 10.2% to 5.9% (2015: 10.2% to 5.9%).

## (ii) Loans and receivables

Loans and borrowings are held at amortised cost. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

*Financial liabilities and equity*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are classified as 'other financial liabilities' and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. 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.

*Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. 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.

h) Financial risk management

The Company has loans from Equitix Fund III LP, the Company's immediate parent, with fixed interest rates. These loans, including accrued interest, are repayable when the Company has sufficient surplus cash. The value of the loans shown on the Balance Sheet represents the value of the loans as at the Balance Sheet date. The Company also has a fixed rate Eurobond loan note listed on the Channel Islands Securities Exchange.

The Company does not have any other borrowings, loans or overdrafts that expose the Company to financial risks.

i) Share capital

Ordinary shares are classified as equity.



## Notes to the financial statements for the year ended 31 December 2016

**2 ACCOUNTING POLICIES (continued)****j) Cash and cash equivalents**

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

**k) Payables and receivables**

Payables/receivables are financial liabilities/assets with fixed or determinable payments that are not quoted in an active market. Payables/receivables are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised cost using the effective interest method. Given the nature of payables/receivables, however, and the short time length involved between their origination and settlement, their amortised cost is generally materially the same as their fair value at the date of origination.

**l) Expenses**

All expenses are accounted for on an accruals basis. The Company's fees, finance costs and all other expenses are charged through the statement of comprehensive income.

**m) Assessable risks***Credit risk*

The Company is not exposed to significant credit risk as the Company derives the majority of its interest from investments which are PFI/PPP concessions with government and semi-government departments, local authorities and other public sector clients.

*Liquidity risk*

The Company adopts a prudent approach to liquidity management and maintains sufficient cash reserves at group level to meet its obligations.

*Foreign exchange risk*

The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

*Performance risk*

The Company mitigates performance risk through a robust asset management process, and passes on risks of non-performance to service providers and subcontractors.

**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.

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.

*Inter-company agreements - Interest Rate*

The Company's loan agreements with its immediate parent, Equitix Fund III LP, carry an interest rate of 12%, reflecting the market rate attributable to similar instruments within the Group, therefore the Directors believe that the loan note value in these financial statements reflects fair value at the Balance Sheet date.

*Eurobond Loan Notes - Interest Rate*

The Company has listed Eurobonds on the Channel Islands Securities Exchange with a fixed interest rate of 12% which have been purchased by Equitix Fund III LP, the ultimate parent of the Company. These form the primary source of funding for the Company. The debt terms are comparable to the applicable terms for similar listed debt instruments in the current market so, therefore, the Directors believe that the loan note value in these financial statements reflects fair value at the Balance Sheet date.

*Investments at fair value through profit or loss*

By virtue of the Company's status as an investment entity and the associated requirement of IFRS 10, subsidiaries are designated upon initial recognition and subsequently to be accounted for at fair value through profit or loss.

## Notes to the financial statements for the year ended 31 December 2016

**3 CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

The fair values of unlisted investments, which are not traded in an active market, are determined using valuation techniques. As disclosed in note 2 to the financial statements, the Directors use discounted cash flow analysis to make their best estimation of the fair value. 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.

The principal drivers of internally prepared valuations are therefore:

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

The fair value estimation takes into account the future distributions to be received by the Company from its investments.

Future distributions 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 (majority Government Authority) in relation to performance conditions, demand, availability and inflation.

The fair value estimation takes into account the future distributions to be received by the Company from its investments.

Future distributions 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 (majority Government Authority) in relation to performance conditions, demand, availability and inflation.

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 £51,505k (2015: £40,783k) loss/gain respectively.

The discount rate is determined in relation to the particular risks for each investment. All relevant risks such as interest rate risk, credit risk and liquidity risk are incorporated in the fair value of the investments by adjusting the expected cash flows or discount rate used for the valuation of investments. The discount rates used for the 2016 valuation ranged between 10.2% and 5.9% (2015: 10.2% and 5.9%). If the discounts rate used in the valuation were increased or decreased by 100 bps, the impact on the value of the financial assets would be a loss of £45,767k (2015: £37,613k) or a gain of £52,190k (2015: £43,382k) respectively.

A small portion of the fair value of investments shown on the Balance Sheet is attributed to the future disposal proceeds of project assets. The value ascribed to these assets has been independently verified by a recognised industry expert in prior year and reassessed by the Director at year end, and is based upon the current asset use continuing at the point of realisation and beyond. Additional risk premia between 0.5% and 1.0% have been added to reflect any additional associated risk.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is derived in one of the following ways:

- i) Financial assets at fair value through profit and loss

Financial assets are recognised initially at fair value. Subsequent to initial recognition, the financial assets are measured at fair value using the discounted cash flow methodology. In determining the discount rate, regard is had to risk free rates and risk premia that are specific to the individual concession.

- ii) Loans, receivables, and payables

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values.

- iii) Borrowings

Intercompany loans are held at amortised cost.

## Notes to the financial statements for the year ended 31 December 2016

**4 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED STANDARDS**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future

- Annual Improvements to IFRSs - 2012-2014 Cycle (January 2016);
- Disclosure Initiative - Amendments to IAS1 (January 2016);

The following standards, amendments and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS12;
- Disclosure Initiative - Amendments to IAS7;

The Directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Company in future periods.

**5 OPERATING PROFIT**

The operating profit of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix Capital Eurobond 3 Limited of £6k (2015: £5k) has been borne by Equitix Fund III LP, who will not seek compensation from the Company.

**6 DIRECTORS' REMUNERATION**

No staff were directly employed by the company (2015: none).

No Directors received any remuneration for services to the Company during the year (2015: £nil). The Company is managed by secondees from Equitix Limited. No recharge for services rendered has been made during the year (2015: £nil).

**7 INVESTMENT INCOME**

Recognised in the Statement of Comprehensive Income	2016 £'000	2015 £'000
Investment revenue	10,094	1,877
Total investment revenue	<u>10,094</u>	<u>1,877</u>

**8 FINANCE COSTS**

Recognised in the Statement of Comprehensive Income	2016 £'000	2015 £'000
Finance cost		
Interest expense on loans from immediate parent company	(51,313)	(37,682)
Total finance cost	<u>(51,313)</u>	<u>(37,682)</u>

**9 FAIR VALUE GAIN ON INVESTMENTS**

The gain on investments of £21,193k (2015: £25,466k) has been included in the Statement of Comprehensive Income.

The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Further detail is given in note 3 and 11.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 10 TAX ON LOSS ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
Current Tax:	-	-

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

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(19,386)	(9,911)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(3,877)	(2,007)
Income and fair value movements not subject to taxation	(4,239)	(5,157)
Losses not utilised in the period	8,116	7,164
<b>Total current tax expense for the period</b>	<b>-</b>	<b>-</b>

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses for the period as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £8,055k (2015: £6,289k) calculated at 19%, the rate substantively enacted at the Balance Sheet date.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

## 11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	2016 £'000	2015 £'000
Opening balance	408,640	220,216
Acquisitions	89,448	163,210
Capital repayments	(891)	(252)
Fair value gains	21,193	25,466
<b>Closing balance</b>	<b>518,390</b>	<b>408,640</b>

The following economic assumptions were used in the discounted cash flow valuations:

UK inflation rates	1.6% for 2016, long term 3%
UK deposit interest rates	0.5% for 2016, long term 3.5%
UK corporation tax	20% for 2016, long term 17%

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 pages 24 to 31 of these financial statements.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

## Notes to the financial statements for the year ended 31 December 2016

### 12 RECEIVABLES

	2016 £'000	2015 £'000
Interest receivable from investments		
Other receivables	3,069	-
<b>Total receivables</b>	<b>580</b>	<b>614</b>
	<b>3,649</b>	<b>614</b>

Included on the balance sheet as follows:

Current	3,649	614
	<b>3,649</b>	<b>614</b>

The carrying amount of these assets approximates their fair value. There are no past due or impaired receivable balances.

### 13 BORROWINGS

	2016 £'000	2015 £'000
Loans from parent company		
Loans from Eurobond	-	(14,668)
	<b>(468,542)</b>	<b>(364,426)</b>
	<b>(468,542)</b>	<b>(379,094)</b>

Included on the Statement of Financial Position as follows:

Current		
Non-current	-	-
	<b>(468,542)</b>	<b>(379,094)</b>
	<b>(468,542)</b>	<b>(379,094)</b>

The carrying amount of these liabilities approximates their fair value.

During the year the Company entered into loan agreements with its parent company, Equitix Fund III LP, details can be found in the Strategic Report on pages 2 and 3.

On 21 November 2016 the Company issued a further £105m loan notes to Equitix Fund III LP under the Eurobond facility which is listed on the Channel Islands Stock Exchange ("CISE"). This loan is repayable in 2038 and bears interest at a rate of 12%. Under this agreement, all existing 364 day loans were repaid.

### 14 OTHER PAYABLES

	2016 £'000	2015 £'000
Interest payable		
Other payables	(84,455)	(41,716)
	<b>(171)</b>	<b>(198)</b>
	<b>(84,626)</b>	<b>(41,914)</b>

Included on the Statement of Financial Position as follows:

Current	(84,626)	(41,914)
	<b>(84,626)</b>	<b>(41,914)</b>

The carrying amount of these liabilities approximates their fair value.

### 15 SHARE CAPITAL

	2016 Number	2016 £'000	2015 Number	Authorised 2015 £'000
Ordinary shares of £1 each	1	1	1	1

#### Issued and unpaid

	2016 Number	2016 £'000	2015 Number	2015 £'000
Ordinary shares of £1 each	1	1	1	1
As at 31 December	1	1	1	1

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 16 FINANCIAL INSTRUMENTS (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Assets		Less than 1	1-2 years	3-5 years	5+ years	Total
	2016	year	£'000	£'000	£'000	£'000
Interest receivable from investments						
Other receivables						
		£'000	£'000	£'000	£'000	£'000
		3,069	-	-	-	3,069
		580	-	-	-	580
		3,649	-	-	-	3,649
Assets		Less than 1	1-2 years	3-5 years	5+ years	Total
	2015	year	£'000	£'000	£'000	£'000
Interest and other receivables						
		£'000	£'000	£'000	£'000	£'000
		614	-	-	-	614
		614	-	-	-	614

### Fair value of financial instruments

The Company holds a number of financial instruments on the statement of financial position at their fair values. 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 observable for the asset or liability;
- 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.

There have been no transfers between these categories in the current period.

## 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 market risk, credit risk and liquidity risk.

The Company does not enter into financial derivative contracts. The Company follows the Group's policies approved by the board of Directors. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

### Market risk

The Company's activities expose it primarily to the financial risks of interest rates and performance risk.

### Interest rate risk management

The Company has limited exposure to interest rate risk as loans held with Equitix Fund III LP have a fixed interest rate of 12% and the underlying borrowings are fixed rate loans. Therefore the Company is not exposed to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

### Interest rate sensitivity analysis

The Group has limited exposure to interest rate risk because the loan held with Equitix Fund III LP and the Eurobonds have fixed interest rates of 12%.

### Performance risk management

Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cash flows as expected. To mitigate this risk, the projects are closely managed by the asset management team and risks of non-performance are passed on to service providers and subcontractors by the contract structure, leaving the investment insulated from issues of non-performance.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 16 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. The capital structure of the Company borrowings are as disclosed in note 13, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in note 15. The Company is not subject to any externally imposed capital requirements.

### *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

### *Categories of financial instruments*

	Carrying value
<b>Financial assets</b>	<b>2016</b>
Fair value through profit and loss	£'000
Investments	
Loans and receivables	518,390
Interest receivable	
Other receivables	3,069
	<u>580</u>
<b>Financial liabilities at amortised cost</b>	
Borrowings	
Eurobond	
Interest payable	(468,542)
Other payables	(84,455)
	<u>(171)</u>

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on 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 assumed interest cash flows:

### **Liabilities**

	Less than 1 year £'000	1-2 years £'000	3-5 years £'000	5+ years £'000	Total £'000
2016					
Borrowings	-	-	-	(468,542)	(468,542)
Interest and other payables	(84,626)	-	-	-	(84,626)
	<u>(84,626)</u>	<u>-</u>	<u>-</u>	<u>(468,542)</u>	<u>(553,168)</u>

### **Liabilities**

	Less than 1 year £'000	1-2 years £'000	3-5 years £'000	5+ years £'000	Total £'000
2015					
Borrowings	-	-	-	(379,094)	(379,094)
Interest and other payables	(41,914)	-	-	-	(41,914)
	<u>(41,914)</u>	<u>-</u>	<u>-</u>	<u>(379,094)</u>	<u>(421,008)</u>

Borrowings comprise inter-company loan agreements entered into between the Company and Equitix Fund III LP. The carrying value of the loan notes represents the current fair value.

Notes to the financial statements for the year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (continued)

*Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. For cash and cash equivalents the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

The Company's subsidiaries and investments transact with creditworthy infrastructure companies that have a cash flow derived from projects in agreement with government or semi-government authorities.

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

*Fair value of financial instruments*

The fair value of financial assets and liabilities is determined as follows:

The fair value of non-derivative financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other non-derivative financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The directors consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in the financial statements, are approximately equal to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>2016</b>				
Investments at fair value through profit or loss	-	-	518,390	518,390
	-	-	518,390	518,390
<b>2015</b>				
Investments at fair value through profit or loss	-	-	408,640	408,640
	-	-	408,640	408,640

Financial liabilities held at amortised cost are determined to be level 3 items, the basis for their measurement and recognition are disclosed in notes 2 and 13.

The key assumptions used in determining the fair values of level 3 investments and a sensitivity analysis is disclosed in note 3. The reconciliation below quantifies the impact of the key unobservable inputs, being the discount rates, on the value of the investments:

Level 3 Reconciliation - Investments at fair value through profit or loss

	2016 £'000	2015 £'000
Opening net book value	408,640	220,216
Acquisitions of investments	89,448	163,210
Capital repayments	(891)	(252)
Movement due to unwinding of discounting calculation	32,352	21,625
Movement due to change in discount rate	11,404	18,392
Movement due to change in cash flows	(2,995)	(5,099)
Movement in value due to distributions	(19,568)	(9,452)
Closing net book value	518,390	408,640



# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 17 RELATED PARTY TRANSACTIONS

### Gearing ratio

The gearing ratio at the year end is as follows:

	2016 £'000	2015 £'000
Debt		
Cash and cash equivalents	(468,542)	(379,094)
Net debt	32	43
Equity	(468,510)	(379,051)
Net debt to equity ratio	(31,097)	(11,711)
	93.8%	97.0%

Debt is defined as long- and short-term borrowings (excluding derivatives) as detailed in note 13.

Equity includes all capital and reserves of the Company that are managed as capital.

### Trading transactions

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

### Profit and loss account transactions

Related party	2016 £'000	2015 £'000
Equitix Infrastructure 3 Limited	Sale of services	Sale of services
Equitix Concessions 3 Limited	467	361
Equitix Housing 3 Limited	16	44
Ealing Lighting(Finance) Limited	7	23
Islington Lighting (Finance) Limited	74	-
	76	-
	640	428

Related party	2016 £'000 Interest income	2016 £'000 Interest expense	2015 £'000 Interest income	2015 £'000 Interest expense
Equitix Fund III LP	-	(51,313)	-	(37,682)
Equitix Hubco 3 Limited	365	-	394	-
Equitix Infrastructure 3 Limited	4,546	-	1,469	-
Equitix Concessions 3 Limited	3,200	-	238	-
Equitix Housing 3 Limited	135	-	-	-
Equitix Italia 3 S.r.l	1,848	-	(224)	-
	10,094	(51,313)	1,877	(37,682)

### Balance Sheet

Related party	2016 £'000 Amounts owed by related	2016 £'000 Amounts owed to related	2015 £'000 Amounts owed by related	2015 £'000 Amounts owed to related
Equitix Fund III LP	-	(528,882)	614	(421,008)
Equitix Housing 3 Limited	8,727	-	36	-
Equitix Hubco 3 Limited	6,318	-	4,230	-
Equitix Infrastructure 3 Limited	296,824	-	274,487	-
Equitix Concessions 3 Limited	44,859	-	28,028	-
Equitix Onshore Wind 3 Limited	53,120	-	55,782	-
Equitix Italia 3 S.r.l	36,775	-	16,720	-
	446,623	(528,882)	379,897	(421,008)

Notes to the financial statements for the year ended 31 December 2016

**18 FUTURE COMMITMENTS**

The Company is committed to investing £89.90m (2015: £67.68m) across its underlying infrastructure assets, Solutions for North Tyne Limited, Hayabusa Limited, AmeyCespa (AWRP) SPV Limited, Equitix (Howden House) Limited, Hub South West Scotland (Greenfaulds) Limited, NPH Healthcare Limited, North West Priority Schools, Hub North Scotland (Anderson) Limited, Midlands Priority Schools, Full Circle Generation Limited, Hub North Scotland (Elgin) Limited, Hub North Scotland (Wick) Limited and Welken 3 Limited. These commitments shall be called on upon successful completion of the construction phases.

**19 ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent company is Equitix Fund Holdco 3 Limited, a Company incorporated in Guernsey. The Company's ultimate parent and controlling entity, is Equitix Fund III LP, a Limited Partnership registered in England and Wales. The Company's results are not consolidated as the Company and its ultimate parent entity meets the criteria of Investment Entities under IFRS 10. The Company's parent does not prepare consolidated accounts.

**20 POST BALANCE SHEET**

On 6 January 2017, Full Circle Generation Limited issued a drawdown notice to the Company for £97k. At the same time the Company entered in to loan agreement with Equitix Capital Eurobond 3 Limited for the purpose of financing the shareholder drawdown.

On 10 January 2017 the Hub North Scotland (Wick) Limited project reached practical completion. As a result the Company paid the £427,604 premium to Equitix Limited

On 5 April 2017, Full Circle Generation Limited issued a drawdown notice to the Company for £344k. At the same time the Company entered in to loan agreement with Equitix Capital Eurobond 3 Limited for the purpose of financing the shareholder drawdown.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
Hub SW NHSL Sub Hubco Limited *	36%	1 ordinary share	Project company for the provision of Healthcare Services	Suite 1a Willow House, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3PB
Aberdeen Community Healthcare Village Limited *	30%	300 ordinary shares	Project company which covers the operation and management of the health facilities	11 Thistle Place, Aberdeen, AB10 1UZ
Hub North Scotland (FWT) Limited *	30%	300 ordinary shares	Project company which covers the operation and management of the health facilities	11 Thistle Place, Aberdeen, AB10 1UZ
Solutions for North Tyneside Limited **	70%	700 ordinary shares	Project company which covers the construction, operation and management of the housing project	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Criterion Healthcare PLC *	44.01%	22005 ordinary shares	Project company which covers the operation and management of the local hospital	Victoria House Victoria Road, Chelmsford, Essex, England, CM1 1JR
Scotia Water Dalmuir Limited **	80%	2 ordinary shares	Project company which covers the operation and management of the local waste water facility	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
South East Essex Fundco Limited *	47.1%	4,710 ordinary shares	Project company which covers the operation and management of the care facilities	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
South East Essex Fundco 2 Limited *	47.1%	4,710 ordinary shares	Project company which covers the operation and management of the care facilities	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
CCP Fundco 1 Limited **	52.5%	1 ordinary share	Project company which covers the operation and management of the care facilities	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
CCP Fundco 2 Limited **	52.5%	5,250 ordinary shares	Project company which covers the operation and management of the care facilities	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
South West Hampshire FundCo Limited *	46.5%	4,650 ordinary shares	Project company which covers the operation and management of the care facilities	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
Dudley Infracare LIFT (1) Limited *	25.68%	257 ordinary shares	Project company which covers the operation and management of the care facilities	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, England, GL20 8UQ
Hub North Scotland (Alford) Limited *	30%	300 ordinary shares	Project company which covers the operation and management of the health facilities	11 Thistle Place, Aberdeen, AB10 1UZ

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
Barlockhart Moor Wind Energy Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Blantyre Muir Wind Energy Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Carsington Wind Energy Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Crimp Wind Power Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Flimby Wind Energy Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Scotia Wind (Craigengelt) Limited *	50.00%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Sober Hill Wind Farm Limited *	50%	50 ordinary shares	Project company which covers the operation and management of the wind facilities	Level 20 25 Canada Square, London, E14 5LQ
Amey Cespa (AWRP) SPV Limited *	33.3%	6,668 ordinary shares	Project company which covers the operation and management of the waste facilities	The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4 4DQ
Equitix (Howden House) Limited **	100.0%	10 ordinary shares	Project company which covers the operation and management of the housing facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Education Link (2001) Limited **	100.0%	2 ordinary shares	Project company which covers the operation and management of the education facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix (Copeland) Limited **	100.0%	89,550 ordinary shares	Project company which covers the operation and management of the housing facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Ealing Lighting (Finance) Limited **	100.0%	100 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Tay Valley Lighting (Hampshire) Limited **	100.00%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Tay Valley Lighting (West Sussex) Limited **	100%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
Tay Valley Lighting (Knowsley) Limited **	100%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Tay Valley Lighting (Nottingham) Limited **	100%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Islington Lighting (Finance) Limited **	100%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Hub North Scotland (Wick) Limited *	30%	300 ordinary shares	Project company which covers the operation and management of the health facilities	11 Thistle Place, Aberdeen, AB10 1UZ
Northumberland Energy Recovery Limited *	29%	2,875 ordinary shares	Project company which covers the operation and management of the waste facilities	Suez House, Grenfell Road, Maidenhead, Berkshire, England, SL6 1ES
Hub SW Greenfaulds Sub Hub Co Limited *	36.00%	1 ordinary share	Project company which covers the operation and management of the education facilities	Suite 1a Willow House, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3PB
Thanet OFTO Limited **	80%	800 ordinary shares	Project company which covers the operation and management of offshore energy facilities	6th Floor Balfour Beatty Capital Limited 350, Euston Road, London, NW1 3AX
NPH Healthcare Limited *	50.0%	50 ordinary shares	Project company which covers the operation and management of health facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
PSBP NW ProjectCo Limited *	45.0%	1 ordinary share	Project company which covers the operation and management of the education facilities	Kent House, 14-17 Market Place, London, W1W 8AJ
Consort Healthcare (Edinburgh Royal Infirmary) Limited *	50.0%	25,000 ordinary shares	Project company which covers the operation and management of health facilities	2nd Floor 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF
Progetto Nuovo Sant'Anna S.r.l. **	96.0%	2,865,000 ordinary shares	Project company which covers the operation and management of health facilities	21 Viale Alberto e Piero Pirelli, Milan
Hub North Scotland (Anderson) Limited *	30.0%	300 ordinary shares	Project company which covers the operation and management of the education facilities	11 Thistle Place, Aberdeen, AB10 1UZ
PSBP Midlands Limited *	42.50%	425 ordinary shares	Project company which covers the operation and management of the waste facilities	84 Salop Street, Wolverhampton, United Kingdom, WV3 0SR

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

Notes to the financial statements for the year ended 31 December 2016

**21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)**

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
Justice Support Services (Norfolk and Suffolk) Limited **	100%	100,000 ordinary shares	Project company which covers the operation and management of the other housing facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Alliance Community Partnership Limited **	70%	70 ordinary shares	Parent company for private sector participants in the Scottish South-West Hub	Suite 1a Willow House, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3PB
Equitix Storage and Handling 3 Limited **	100%	1 ordinary share	Parent company to the Equitix Fund III Storage and Handling division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix Housing 3 Limited **	100%	100 ordinary shares	Parent company to the Equitix Fund III Housing division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix Onshore Wind 3 Limited **	100%	100 ordinary shares	Parent company to the Equitix Fund III Onshore Wind division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix Infrastructure 3 Limited **	100.00%	100 ordinary shares	Parent company to the Equitix Fund III Healthcare division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix Hubco 3 Limited **	99%	99 'A' ordinary shares	Parent company to the Equitix Fund III Scottish Hub division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix SW Hubco Limited *	49.0%	49 'B' ordinary shares	Parent company to the Equitix Fund III Scottish South-West Hub division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Hub South West Scotland Limited **	60.0%	60 ordinary shares	Hub company to the Scottish South-West Hub	Suite 1a Strathclyde Business Park, Willow House, Bellshill, Lanarkshire, ML4 3PB
Hub SW NHSL Holdco Limited *	36.0%	1 ordinary share	Parent company to the Hub SW NHS Lanarkshire Sub Hub Co Limited	Suite 1a Willow House, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3PB
Currie & Brown Equitix Limited *	50.0%	51 'B' ordinary shares	Joint venture company for investments in the Scottish Northern Hub	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
ACP: North Hub Limited *	50.0%	10,512 ordinary shares	Parent company for the private sector participants in Hub North Scotland Limited	PO BOX 17452 2 Lochside View Edinburgh, EH12 1LB
Hub North Scotland Limited *	30.00%	51 ordinary shares	Parent company to the North Hub project companies	11 Thistle Place, Aberdeen, AB10 1UZ
Solutions 4 North Tyneside Holdings Limited **	70%	35,700 ordinary shares	Parent company to Solutions 4 North Tyneside (Finance) Plc and Solutions for North Tyneside Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
HPC Bishop Auckland Hospital Limited **	100%	300 ordinary shares	Parent company to HPC BAS Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
HPC BAS Limited **	100%	400,000 ordinary shares	One of the parent companies to Criterion Healthcare Holdings Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Criterion Healthcare Holdings Limited *	44%	22,005 ordinary shares	Parent company to Criterion Healthcare Plc	Victoria House Victoria Road, Chelmsford, Essex, England, CM1 1JR
Equitix Concessions 3 Limited **	100%	100 ordinary shares	Parent company to the Equitix Fund III Waste division	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Scotia Water Dalmuir Holdings Limited **	80%	801 ordinary shares	Parent company to Scotia Water Dalmuir Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
GBConsortium 2 Limited **	87.50%	4,515 ordinary shares	Parent company to Arden Estates Partnerships Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
Arden Estates Partnerships Limited **	53%	9,765 ordinary shares	Parent company to CCP Fundco 1 Limited and CCP Fundco 2 Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
GBPrimaryCare Limited **	78.8%	7,875 ordinary shares	Parent company to Prydium Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
Prydium Limited *	47.3%	4,725 ordinary shares	Parent company to South East Essex Fundco Limited and South East Essex Fundco 2 Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
GBPrimaryCare (SWH) Limited **	77.5%	4,650 ordinary shares	Parent company to South West Hampshire LIFT Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
South West Hampshire LIFT Limited *	46.5%	4,650 ordinary shares	Parent company to Hampshire LIFT Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG
Hampshire LIFT Limited *	23.3%	1 ordinary share	LIFT company to SW Hampshire Fundco Limited	5th Floor Colbalt Square, 83-85 Hagley Road, Birmingham, B16 8QG

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

# EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

## 21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
InfraCare Midlands Limited *	43%	257 ordinary shares	Parent company to InfraCare Dudley Limited	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, England, GL20 8UQ
InfraCare Dudley Limited *	43%	257 ordinary shares	Parent company to Dudley Infracare LIFT Limited	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, England, GL20 8UQ
Dudley Infracare LIFT Limited *	26%	257 ordinary shares	Parent company to Dudley Infracare LIFT Holdings companies & Dudley Infracare Development Holdings companies	Farncombe House, Farncombe, Broadway, Worcestershire, United Kingdom, WR12 7LJ
Dudley Infracare LIFT Holdings (1) Limited *	26%	257 ordinary shares	Parent company to Dudley Infracare LIFT (1) Limited	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, England, GL20 8UQ
Dudley Infracare Developments Holdings Limited	26%	1 ordinary share	Parent company to Dudley Infracare Developments Limited	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, England, GL20 8UQ
Dudley Infracare Developments Limited	42.80%	1 ordinary share	Development company to Dudley Infracare LIFT (1) Limited	Challenge House International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, England, GL20 8UQ
Equitix Hayabusa 3 Limited *	100%	100 ordinary shares	One of the parent companies to the joint venture in Hayabusa Limited	Welken House, 10-11 Charterhouse Square,
Hayabusa Limited	50.0%	46 ordinary shares	Holding company to the wind portfolio	Level 20 25 Canada Square, London, E14 5LQ
Education Link (Holdings) Limited *	100.0%	88,805 ordinary shares	Parent company to Education Link (2001) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
AmeyCespa (AWRP) SPV Holding Co Limited	33.3%	6,668 ordinary shares	Parent company to AmeyCespa (AWRP) SPV Limited	The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4 4DQ
SEC Highway Lighting (No2) Limited *	100.0%	100 ordinary shares	Project company to Islington Lighting (Finance) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.



**EQUITIX CAPITAL EUROBOND 3 LIMITED**

Notes to the financial statements for the year ended 31 December 2016

**21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)**

<b>Company name</b>	<b>Percentage of shares held</b>	<b>Number and class of shares held</b>	<b>Principal activity</b>	<b>Registered address</b>
SEC Highway Lighting (No3) Limited *	100%	100 ordinary shares	Parent Co to Ealing Lighting (Finance) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
TVL (Hampshire) Holding Limited *	100%	5,000 ordinary shares	Parent company to Tay Valley Lighting (Hampshire) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
TVL (Southampton) Holding Limited *	100%	5,000 ordinary shares	Parent company to Tay Valley Lighting (Southampton) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
TVL (West Sussex) Holding Limited *	100%	5,000 ordinary shares	Parent company to Tay Valley Lighting (West Sussex) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
TVL (Nottingham) Holding Limited *	100%	5,000 ordinary shares	Parent company to Tay Valley Lighting (Nottingham) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
TVL (Knowsley) Holding Limited *	100.00%	5,000 ordinary shares	Parent company to Tay Valley Lighting (Knowsley) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
SEC Lighting Services Trading Limited *	100%	10,000,002 ordinary shares	Parent company to street lighting portfolio	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Northumberland Energy Recovery Holdings Limited	28.8%	2,875 ordinary shares	Parent company to Northumberland Energy Recovery Limited	Suez House, Grenfell Road, Maidenhead, Berkshire, England, SL6 1ES
Hub SW Greenfaulds Holdco Limited	36.0%	1 ordinary share	Parent company to Hub SW Greenfaulds Sub Hub Co Limited	Suite 1a Willow House, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3PB
Thanet OFTO Holdco Limited	80.0%	800 ordinary shares	Parent company to Thanet OFTO Limited	6th Floor Balfour Beatty Capital Limited 350, Euston Road, London, NW1 3AX
Thanet OFTO Intermediate Limited	80.0%	1 ordinary share	Intermediate holding company to Thanet OFTO Limited	6th Floor Balfour Beatty Capital Limited 350, Euston Road, London, NW1 3AX
NPH Healthcare (Holdings) Limited	50.0%	50 ordinary shares	Parent company for NPH Healthcare Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
NPH Healthcare (Intermediate) Limited	50.0%	50 ordinary shares	Intermediate holding company to NPH Healthcare Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
PSBP NW HoldCo Limited	45.0%	45 ordinary shares	Parent company to PSBP NW ProjectCo Limited	Kent House, 14-17 Market Place, London, W1W 8AJ

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.

**EQUITIX CAPITAL EUROBOND 3 LIMITED**

**Notes to the financial statements for the year ended 31 December 2016**

**21 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (continued)**

<b>Company name</b>	<b>Percentage of shares held</b>	<b>Number and class of shares held</b>	<b>Principal activity</b>	<b>Registered address</b>
PSBP NW DebtCo Limited	45%	1 ordinary share	Finance company to PSBP NW ProjectCo Limited	Kent House, 14-17 Market Place, London, W1W 8AJ
Consort Healthcare (Edinburgh Royal Infirmary) (Holdings) Limited	50%	37,000 'B' & 212,500 'A' ordinary shares	Parent company to Consort Healthcare (Edinburgh Royal Infirmary) Limited	2nd Floor 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF
Consort Healthcare (Edinburgh Royal Infirmary) Finance Limited	50%	50 ordinary shares	Finance company to Consort Healthcare (Edinburgh Royal Infirmary) Limited	2nd Floor 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF
Equitix Italia 3 S.r.l	100%	10,000 ordinary shares	Parent company for the Equitix Fund III Italian Division	Van San Clemente 1, 20100, Milan
PSBP Midlands (Holdings) Limited	43%	425 ordinary shares	Parent company to PSBP Midlands Limited	Carillion House, 84 Salop Street, Wolverhampton, United Kingdom, WV3 0SR
Solutions 4 North Tyneside (Finance) Plc	70.00%	35,000 ordinary shares	Finance company to Solutions 4 North Tyneside Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
PSBP Midlands DebtCo Limited	43%	1 ordinary share	Finance company to PSBP Midlands Limited	Carillion House, 84 Salop Street, Wolverhampton, United Kingdom, WV3 0SR
Asolo Hospital S.p.A.	53.9%	3,559,182	Project company which covers the operation and management of the healthcare facilities	Via Forestuzzo no. 41, Asolo
Justice Support Services (Norfolk and Suffolk) Holdings Limited	100.0%	100,000 ordinary shares	Parent company to Justice Support Services (Norfolk and Suffolk) Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Full Circle Generation Holding Company Limited	28.0%	443,833 ordinary shares	Parent company for the Full Circle Generation Limited	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Full Circle Generation Limited	33.5%	1 ordinary share	Project company which covers the operation and management of the waste facilities	56 Craigmore Road, Garvagh, Coleraine, County Derry, BT51 5HF
Tay Valley Lighting (Southampton) Limited	100.0%	5,000 ordinary shares	Project company which covers the operation and management of the lighting facilities	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Garbagnate Salute SpA.	85.0%	9,325 ordinary shares	Project company which covers the operation and management of the healthcare facilities	Via Marcello Nizzoli 4, 20147, Milan
Hub North Scotland (Elgin High School) Limited	30.0%	1 ordinary share	Project company which covers the operation and management of the education facilities	11 Thistle Place, Aberdeen, AB10 1UZ
Welken 3 Limited*	100.0%	100 ordinary share	Holdco for the investment in UK transport	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH

\* Designates investments that are held indirectly.

\*\* These investments are subsidiaries that are held at fair value and have not been consolidated.