IVY BIDCO LIMITED

Annual Report and Financial Statements for the year ended 31 December 2021

Company Registration Number: 06879093

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Michael McGhee
William Woodburn
Olivier Mathieu
Nicolas Notebaert
Rémi Maumon De Longevialle
Philip Iley
Pierre-Hugues Schmit
David McMillan
Eric Delobel
Marten Soderbom

SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

8th Floor
20 Farringdon Street
London
EC4A 4AB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

BANKER

The Royal Bank of Scotland plc
2 ½ Devonshire Square
London
EC2M 4BA

STRATEGIC REPORT

REVIEW FOR THE YEAR

Ivy Bidco Limited ("the Company"), has one wholly-owned subsidiary; Gatwick Airport Pension Trustees Limited. The company is a 100% owned subsidiary of Gatwick Airport Limited. Ivy Holdco Limited, Gatwick Airport Limited, Gatwick Funding Limited, Ivy Bidco Limited and Gatwick Airport Pension Trustees Limited are referred to collectively in this Strategic Report, the Directors' Report and these financial statements as "the Ivy Holdco Group" or "the Group".

The Company's principal activities are as an investment property holding company.

During the year ended 31 December 2021 the Company made a profit after taxation of £41.3 million (2020: £110.6 million loss), largely due to property revenue from Gatwick Airport Limited and an investment property revaluation gain.

The Company's investment properties were valued at fair value at 31 December 2021 by Jones Lang LaSalle Limited.

FUTURE DEVELOPMENTS

The Directors do not expect changes in the Company's activities as an investment property holding company within the Ivy Holdco Group in the 12 months following the approval of these financial statements.

GOING CONCERN

The Company has net assets of £1,044.7 million (2020: £1,003.4 million).

Based on the net asset position, the Company's future developments, and as further detailed in note 1, the Directors have a reasonable expectation that the Company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements and the financial statements have been prepared on that basis. As the Company receives all of its revenue from a Group company, the liquidity risk; the risk that the Company has insufficient resources to meet its obligations as they fall due, is managed on a Group basis. The reliance on the Group, and the Group's uncertainty about its ability to comply with financial covenants and its ability to refinance its term loan obligations highlights there is a material uncertainty which may cast significant doubt about the Company's ability to adopt a going concern basis of preparation for the financial statements. For further details, refer to note 1 of the financial statements.

KEY PERFORMANCE INDICATORS

The following are the key performance indicators ("KPIs") that the Board of Directors use to monitor the performance and position of the Company:

- Property income; and
- Investment property valuation.

EMPLOYEES

The Company has no employees (2020: none). All employees of the Group are employed by Gatwick Airport Limited. Details of the employee policies of Gatwick Airport Limited are included in the financial statements of Ivy Holdco Limited for the year ended 31 December 2021.

STRATEGIC REPORT (continued)

FINANCIAL RISK MANAGEMENT

All financial risks are managed by the Ivy Holdco Group as the companies within the Group, of which Ivy Bidco Limited is one, form a securitisation group.

The Company's principal financial instruments are the inter-company loans due to and from Gatwick Airport Limited.

The primary financial risks faced by the Company are:

(a) Interest rate risk

The Company's interest rate risk arises from the interest rate payable on the inter-company loan due to its parent. The Group has managed this risk by agreeing a fixed rate for the inter-company loan.

(b) Cash flow interest rate risk

The Company's cash flow interest rate risk arises from the interest bearing loan due to its parent. This risk is managed on a Group basis, at which level the net cash flow interest rate risk is nil.

(c) Credit risk

Credit risk arises from the receivable balances from the Company's parent, Gatwick Airport Limited. The credit risk in relation to this is viewed as negligible.

(d) Liquidity risk

Liquidity risk is the risk that the Company has insufficient resources to meet its obligations as they fall due. This risk is managed on a Group basis.

On behalf of the Board

Marten Soderbom
Director
7 March 2022

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company's activities are as an investment property holding company.

FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies have been disclosed in the financial risk management section of the Strategic Report.

FUTURE DEVELOPMENTS

The Company's future developments have been disclosed in the future developments section of the Strategic Report.

DIVIDENDS

During the year ended 31 December 2021, no dividends were declared and paid. (2020: no dividends were declared and paid).

BOARD OF DIRECTORS

The Company's Board of Directors who served during the year and up to the date of approval of these financial statements are as follows:

Michael McGhee
William Woodburn
Olivier Mathieu
Nicolas Notebaert
Remi Maumon De Longevialle
Philip Iley
Pierre-Hugues Schmit
David McMillan
Eric Delobel
Marten Soderbom

DIRECTORS' INDEMNITY

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any indemnity to which the person concerned might otherwise be entitled, every Director of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

Marten Soderbom
Director
7 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Ivy Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Due to the nature of the Company's operations, its evaluation of going concern is dependent on the evaluation of the Gatwick Airport Finance plc consolidated group consisting of Gatwick Funding Limited, Gatwick Airport Limited, Gatwick Airport Finance plc, Ivy Super Holdco Limited, Ivy Holdco Limited and the Company (collectively the "Group"). Consequently, the directors' assessment of going concern and our related audit procedures were primarily performed at a Group level.

Whilst the vaccination programme and removal of restrictions in the UK and abroad shows traffic recovering during the forecast period in management's forecasts, uncertainty remains over these forecasts. Given the current level of cases and both existing and future actions that have been or could be taken by both the UK Government and other nations, there remains short term uncertainty in the passenger forecasts. The Senior Interest Cover ratio is particularly sensitive to changes in revenues and cash flows and changes as a result of further travel restrictions or new variants could result in the Group breaching its senior interest cover ratio covenant when next assessed as at 31 December 2022. Details of the debt to which this covenant applies are set out in note 24 of the Consolidated Financial Statements of Gatwick Airport Finance plc. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Material uncertainty related to going concern (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the strategic report, the directors' report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We have held discussion with the Groups' General Council to identify matters relating to laws and regulations which require further investigation. This also included obtaining minutes of internally held meetings to inspect these to identify further non-identified matters;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by unexpected users;
- Reviewing the Group's litigation register as far as it related to non-compliance with laws and regulations and fraud; and
- Reviewing relevant Group's meeting minutes, including those of the Board of Directors and the Audit Committee.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 March 2022

INCOME STATEMENT
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Revenue	4	**17.9**	**19.2**
Operating costs	5	**(1.1)**	**-**
Operating profit		**16.8**	**19.2**
Investment property revaluation	9	**45.1**	**(137.7)**
Loss on disposal of fixed assets		**(0.7)**	**(0.5)**
Financing			
Finance costs	6	**(2.1)**	**(1.9)**
Profit/(loss) before tax		**59.1**	**(120.9)**
Income tax (charge)/credit	7	**(17.8)**	**10.3**
Profit/(loss) for the year		**41.3**	**(110.6)**

The notes on pages 13 to 23 form an integral part of the financial statements of Ivy Bidco Limited (Company Registration Number: 06879093).

All income and expenses recognised during the current and prior year are from continuing operations.

There is no other comprehensive income for the current year and prior year other than that stated in the Income Statement and accordingly no Statement of Other Comprehensive Income has been presented.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance at 1 January 2020	687.6	2.8	423.6	1,114.0
Loss for the year	-	-	(110.6)	(110.6)
Balance at 31 December 2020	687.6	2.8	313.0	1,003.4
Profit for the year	-	-	41.3	41.3
Balance at 31 December 2021	**687.6**	**2.8**	**354.3**	**1,044.7**

The notes on pages 13 to 23 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	**31 December 2021 £m**	31 December 2020 £m
Assets			
Non-current assets			
Investment properties	9	**969.6**	926.1
		969.6	926.1
Current assets			
Trade and other receivables	11	**148.0**	130.2
Corporation tax receivable		**3.5**	0.3
		151.5	130.5
Total assets		**1,121.1**	1,056.6
Liabilities			
Non-current liabilities			
Other non-current liabilities	0	**(18.7)**	(16.5)
Deferred tax liability	12	**(57.7)**	(36.7)
		(76.4)	(53.2)
Total liabilities		**(76.4)**	(53.2)
Net assets		**1,044.7**	1,003.4
Equity			
Share capital	14	**687.6**	687.6
Share premium	14	**2.8**	2.8
Retained earnings		**354.3**	313.0
Total equity		**1,044.7**	1,003.4

The financial statements on pages 10 to 23 were approved by the Board of Directors on 7 March 2022 and signed on its behalf by:

Marten Soderbom
Director

Rémi Maumon de Longevialle
Director

CASH FLOW STATEMENT
For the year ended 31 December 2021

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Cash flows from operating activities		
Profit/(loss) before tax	**59.1**	(120.9)
Adjustments for:		
Investment property revaluation	**(45.1)**	137.7
Loss on disposal of fixed assets	**0.7**	0.5
Finance costs	**2.1**	1.9
Increase in receivables	**(16.8)**	(13.0)
Net cash from operating activities	**-**	6.2
Cash flows from investing activities		
Purchase of fixed assets	**-**	(6.2)
Net cash from investing activities	**-**	(6.2)
Movement in cash	**-**	-
Cash and cash equivalents at the beginning of the year	**-**	-
Cash and cash equivalents at the end of the year	**-**	-

The notes on pages 13 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. BASIS OF PREPARATION

Ivy Bidco Limited ("the Company") is a private company, limited by shares, and is registered and incorporated in England, United Kingdom. The registered number is 068779093 and the registered address is 5th Floor, 6 St Andrew Street, London, EC4A 3AE.

These financial statements are the financial statements of Ivy Bidco Limited for the year ended 31 December 2021. The comparative period is the year ended ended 31 December 2020. They are presented in sterling and rounded to the nearest £0.1m. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Ivy Bidco Limited transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of Ivy Bidco Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.and prepared under the historical cost convention, except for investment properties, derivative financial instruments and financial liabilities that qualify as hedged items under a fair value hedge accounting system. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and as permitted by the Fair Value Directive as implemented in the Companies Act 2006.

The financial statements contain information about Ivy Bidco Limited as an individual company and do not contain consolidated financial information as the parent of Gatwick Airport Pension Trustees Limited. The Company is a wholly-owned subsidiary of Gatwick Airport Limited and is included in the consolidated financial statements of its parent Ivy Holdco Limited which are publicly available. As such the Company has taken the s400 Exemption under the Companies Act 2006 from preparing consolidated financial statements.

Ivy Bidco Limited ("the Company"), Gatwick Airport Pension Trustees Limited, Ivy Holdco Limited, Gatwick Airport Limited, and Gatwick Funding Limited are referred to collectively in the Strategic Report, the Directors Report and these financial statements as "the Ivy Holdco Group" or "the Group".

The Directors have prepared the financial statements on a going concern basis. In assessing the going concern position of the Company, the Directors have considered the potential impact of COVID-19 on the cash flow and liquidity of the Group over the next 12 months, and the corresponding impact on the covenants associated with the Group's financing arrangements, noting that the company's credit risk is with another group company, Gatwick Airport Limited.

In forming this view, the Directors have noted that 2020 and 2021 were an unprecedented period in the aviation sector but that the actions taken since the start of the pandemic have managed the impact and put the Group in a strong position for recovery. Whilst, the vaccination programme and removal of restrictions in the UK and abroad gives confidence to the Directors on a significant traffic recovery there remains a degree of uncertainty over forecasts for 2022.

The Group's financing arrangements are cross-guaranteed by each company within the Ivy Holdco Group. This results in each company being interdependent on the overall results and cash flows of the Group as a whole.

The Group has taken steps to increase the availability of cash and committed funding available. Further to the action taken during 2020, the Group issued £300.0 million of new Class A bonds and utilised the proceeds to repay the £300.0 million Term Loan entered into during April 2020. During 2020 the Group was approved to draw up to £300.0 million under the Bank of England Covid Corporate Financing Facility ("CCFF"). £175.0 million was drawn on 10 November 2020. The loan was repaid in January 2021, with a further £250.0 million drawn on 14 January 2021. Prior to the closure of the CCFF scheme this loan was repaid in March 2021 with a further £275.0 million drawn on 19 March 2021. As at 31 December 2021, the Group held cash of £558.0 million and its £300.0 million Revolving Credit Facility was fully drawn. The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months. The Group does not currently expect to utilise the Liquidity Facility. The Group's forecasts demonstrate that the Group continues to have liquidity headroom for at least the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

1. BASIS OF PREPARATION (continued)

The Group's financing arrangements are subject to compliance with financial covenants, including the Senior Interest Cover Ratio ("ICR") (which is calculated on the basis of operating cash flow within a 12 month period, adjusted downwards by a pre-defined notional (non-cash) amount, compared to net interest paid) and the Senior RAR Ratio ("RAR") (which is calculated by reference to net debt compared with a defined multiple of average EBITDA from the last 3 years). Both covenants are subject to bi-annual tests at 30 June and 31 December.

During 2020 and 2021 the Group was granted covenant waivers and an amendment of certain terms under the financing documents, from Qualifying Borrower Secured Creditors. This includes: a) that any Default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2020, June 2021, December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA in such calculation with the average of the 2017, 2018 and 2019 financial years corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

The high level of vaccinations in the UK and our core markets; the availability of widespread testing and the acknowledgement from Government that economic impacts need to be considered means that 2022 is likely to see less restrictions in place than in 2021, allowing the recovery of international travel. The Group's most recent forecast assumes a steady increase in passengers such that we expect total passenger numbers of 2022 to be circa 66% compared to 2019. Following the granting of the covenant waiver, the Group anticipates compliance with all covenant tests at the relevant calculation dates. However, it should be noted that the ICR is particularly sensitive to the concentrated loss of revenues and cash flows within a trailing 12 month period, while the Senior RAR is impacted for longer since it incorporates a 3 year trailing average EBITDA component. Given the current level of cases and the action taken by both the UK Government and other nations, there remains short term uncertainty in the passenger forecasts for 2022.

The impact of COVID-19 creates considerable uncertainty for the aviation industry. The Directors nevertheless consider that the Group can maintain sufficient liquidity over the next 12 months and, given the underlying credit quality of the business, can secure the necessary and timely support of its debtholders, and that it is accordingly appropriate to adopt a going concern basis for the preparation of these financial statements. Whilst there are a number of severe but plausible downside scenarios, including the emergence of a new variant and the introduction of new restrictions, there remains the existence of a material uncertainty due to the potential impact on the Group's ICR covenant ratio at the 31 December 2022 calculation date. Whilst the Group has a number of options to mitigate or remedy any potential covenant breaches, this may cast significant doubt about the Group's ability to adopt a going concern basis of preparation for the financial statements. These statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the financial statements had not been prepared on a going concern basis.

The financial statements were approved by the Directors on 7 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

Revenue is recognised when control of the goods or services are transferred to the customer (i.e., when the Company delivers its performance obligation under the contract). Revenue is measured at the fair value of the consideration received net of rebates, discounts and VAT and comprises:

Property and operational facilities:

- Property letting income, recognised on a straight-line basis over the term of the rental period; and
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Exceptional Items

Exceptional items are material items of income or expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance. Such items may include gains or losses on disposal of assets, impairment of assets and major reorganisation of business.

(c) Investment Properties

The Company recognises investment property in accordance with IAS 40 *Investment Properties*. An investment property is one held to either earn rental income or for capital growth. The Company has elected to use the fair value model and therefore investment properties are initially recognised at cost then revalued to fair value at the reporting date by an Independent Property Valuer. Gains or losses in fair value of investment properties are recognised in the Income Statement in the period in which they arise. Gains or losses on disposal of investment property are recognised in the Income Statement on completion.

If an investment property becomes Company occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost.

Assets in the course of construction are stated at cost less provision for impairment (if any). Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate, cost includes relevant borrowing costs, own labour costs of construction and related project management costs, and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the resources will be available to achieve a successful delivery of an asset such that future commercial returns will flow to the Company.

The Company reviews these projects on a regular basis, and at least every six months, to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

(d) Investment in Subsidiaries

Investments in subsidiaries are recognised at cost and reviewed for impairment on an annual basis.

(e) Impairment of Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

(f) Cash and Cash Equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present value where the effect is material.

(h) Current and Deferred Taxation

The tax expense for the year comprises current and deferred taxation. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity.

Current tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax is provided on temporary differences between carrying value amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. For instance, deferred tax is recognised on temporary differences arising from the revaluation of investment properties.

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

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the financial position date and are expected to apply in the periods in which the temporary differences are expected to reverse.

(i) Share Capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Dividend Distribution

A dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the shareholders' right to receive payment of the dividend is established by approval of the dividend at the Annual General Meeting, or board meeting for interim dividends.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Company's accounting policies, management have made estimates and judgements. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgements impacting these financial statements.

(a) Estimates

Investment Properties

Investment properties were valued at fair value at 31 December 2021 by Jones Lang LaSalle Limited (2020: Jones Lang LaSalle Limited). The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value on the majority of the Group's portfolio. The Jones Lang Lasalle valuation of these assets was therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Further details are available in note 9.

Investment property classification and valuation are areas of judgement. The directors have defined specific criteria required to be met for assets to be classified as investment property. The directors consider car park assets meet this classification criteria therefore hold them as investment property. Car parks are valued primarily on a profits method of valuation which considers the cash flows expected to be generated by their trading potential. This reflects income and operating costs from previous years together with estimated forecasts, assumptions around future growth rates and varying discount rates depending on the attributes of each individual car park. Further details are available in note 9.

(b) Judgements

Capitalisation
Management are required to make judgements in relation to the capitalisation of costs within fixed assets. This relates to when amounts may begin to be capitalised, the asset class, the useful economic life applied, and where there may be doubt about the ultimate completion of the asset, for example with the Northern Runway project where there will be regulatory requirements such as planning consents.

Taxation
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. On this basis, the recognition of a deferred tax asset in the financial statements requires judgement from management. Management make an assessment of forecast profits in future years and use this as the basis for their decision as to whether or not to recognise the deferred tax asset. Further details are available in notes 7 and 12.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

4. REVENUE

The Directors consider the business to have only one segment. All of the Company's revenue arises in the United Kingdom and is from continuing operations.

(a) Nature of services

The Company's main revenue stream is property income.

The performance obligation of property income is the provision of office space or land in return for a fee. The fee is based on the tenant's turnover. The Company considers the performance obligation satisfied by the customer occupying the office space or land.

Lease income from lease contracts in which the Company acts as a lessor for the year is £17.9 million (2020: £19.2 million). The Company considers these leases as operating leases and lease income is variable based on the tenant's turnover. This income is recognised in accordance with IFRS 16.

Disaggregation of revenue

The Company's revenue from property income for the year ended 31 December 2021 is £17.9 million. (2020: £19.2 million)

(b) Contract balances

	31 December 2021 £m	31 December 2020 £m
Receivables - amounts owed by parent undertakings	**149.1**	130.2

5. OPERATING COSTS

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Maintenance expenditure [a]	**1.1**	-
	1.1	-

(a) Relates to previously capitalised costs written off.

The Company has no employees (2020: nil). All employees of the Ivy Holdco Group are employed by Gatwick Airport Limited, Gatwick Airport Limited incurs all staff costs for the Ivy Holdco Group. Details of the employee policies of Gatwick Airport Limited are included in the financial statements of Ivy Holdco Limited for the year ended 31 December 2021.

No Directors (2020: nil) were remunerated during the year for services to the Company.

Audit fees of £5,000 (2020: £5,000) are borne by Gatwick Airport Limited. No other fees are payable to the Company's auditors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

6. FINANCE COSTS

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Interest on borrowings from other group undertakings [(a)]	**2.1**	1.9

(a) Amounts relate to an interest bearing loan from other group companies.

7. INCOME TAX

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Current tax		
Adjustments in respect of prior years	**3.2**	(2.4)
Total current tax credit/(charge)	**3.2**	(2.3)
Deferred tax		
Current year	**(9.3)**	21.6
Adjustments in respect of prior years	**2.2**	(3.0)
Effect of change in tax rate	**(13.9)**	(6.0)
Total deferred tax (charge)/credit	**(21.0)**	12.6
Income tax (charge)/credit	**(17.8)**	10.3

Reconciliation of effective tax rate

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2020: 19%). The actual tax (charge)/credit for the current and prior year differs from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Profit/(loss) before tax	**59.1**	(120.9)
Tax on (profit)/loss at 19%	**(11.2)**	23.0
Effect of:		
Adjustments in respect of prior years	**5.4**	(5.4)
Tax rate changes	**(13.9)**	(6.0)
Effects of group relief	**2.9**	2.9
Revaluation	**(0.5)**	(4.2)
Expenses not deductible	**(0.5)**	-
Total tax (charge)/credit	**(17.8)**	10.3

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

7. INCOME TAX (continued)

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through a formal legal process. The Group is currently in discussions with HMRC regarding the utilisation of certain losses and taxes associated with a group reorganisation, and while the final resolution of this matter is uncertain at this time, having taken external advice the directors believe the group has a very strong position and accordingly are confident this will not give rise to any additional tax liability. However, due to the inherent uncertainty surrounding matters of this nature the final resolution could give rise to material difference in the tax charge and related cash flows. The resolution of matters of this nature is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

8. DIVIDENDS

No dividends were declared and paid during the year (2020: no dividends declared and paid).

9. INVESTMENT PROPERTIES

	Asset in the course of construction £m	Investment properties £m	Total £m
1 January 2020	4.6	1,053.5	1,058.1
Additions	6.2	-	6.2
Disposals	-	(0.5)	(0.5)
Transfer to completed assets	(2.1)	2.1	-
Revaluation loss	-	(137.7)	(137.7)
31 December 2020	8.7	917.4	926.1
Additions	0.2	-	0.2
Disposals	-	(0.7)	(0.7)
Impairment	(1.1)	-	(1.1)
Revaluation gain	-	45.1	45.1
Reclassification between categories	0.4	(0.4)	-
31 December 2021	**8.2**	**961.4**	**969.6**
Net book value			
31 December 2021	**8.2**	**961.4**	**969.6**
31 December 2020	8.7	917.4	926.1
1 January 2020	4.6	1,053.5	1,058.1

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2021 by Jones Lang LaSalle Limited at £961.4 million. (31 December 2020: £917.4 million valued by Jones Lang LaSalle Limited). These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, *inter alia,* of planning constraints and reflecting the demand for airport related uses. As a result of the valuation, a gain of £45.1 million is recognised in the income statement (31 December 2020: a loss of £137.7 million).

The Company's car parking assets are held as investment properties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

9. INVESTMENT PROPERTIES (continued)

Valuation (continued)

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value on the majority of the Group's portfolio. The Jones Lang Lasalle valuation of these assets was therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. The valuers consider this clause to be a disclosure in their reports rather than a disclaimer, meaning the material uncertainty clause is to serve as a precaution and does not invalidate their valuation. Inputs to the valuations including discount rate, exit yield and forecast revenue assumptions are based on latest known information. The increasing discount rate and exit yield considered reflect the current market sentiment under the COVID-19 pandemic, impacting negatively the fair value, rather than a different long-term perspective for these assets. The Directors are satisfied that these valuations are appropriate for inclusion in the financial statements.

Security

As part of the financing agreements outlined in note 16, the Company, and its parent, Gatwick Airport Limited, have granted security over their assets and share capital to the Company's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

10. INVESTMENT IN SUBSIDIARIES

At 31 December 2021 and 31 December 2020, the Company had investments in the following subsidiary undertakings:

Subsidiary Undertakings	Principal Activity	Holding	%
Gatwick Airport Pension Trustees Limited	Dormant company	Ordinary Shares	100%

The carrying value of the investment as at 31 December 2021 is £100 (2020: £100). The subsidiary is incorporated and operates in the United Kingdom. The Directors believe that the carrying value of the investments is supported by its underlying net assets. Gatwick Airport Pension Trustees Limited has registered office 5th Floor Destinations Place, Gatwick Airport, West Sussex, RH6 0NP.

11. TRADE AND OTHER RECEIVABLES

	31 December 2021 £m	31 December 2020 £m
Amounts owed by group undertakings	**148.0**	130.2
	148.0	130.2

The carrying value of trade and other receivables is classified at amortised cost.

Amounts owed by group undertakings are assessed for any impairments as they are in scope of the IFRS 9 impairment model.

The Company has not recognised a provision for the year ended 31 December 2021 (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

12. DEFERRED TAX LIABILITY

The following are the deferred tax assets and liabilities recognised by the Company and associated movements during the year:

	Investment properties £m	Losses £m	Total £m
1 January 2020	(56.4)	7.1	(49.3)
Credit/(charge) to income	15.1	(2.5)	12.6
31 December 2020	(41.3)	4.6	(36.7)
(Charge)/credit to income	(25.4)	4.4	(21.0)
31 December 2021	**(66.7)**	**9.0**	**(57.7)**

13. OTHER NON-CURRENT LIABILITIES

	31 December 2021 £m	31 December 2020 £m
Amounts due to group undertakings [(a)]	**18.7**	16.5

(a) Amounts relate to an unsecured interest bearing loan from other group companies.

	31 December 2021 £m	31 December 2020 £m
Maturity Profile:		
Repayable between 2 and 5 years	18.7	16.5
	18.7	16.5

14. SHARE CAPITAL AND SHARE PREMIUM

	31 December 2021 £m	31 December 2020 £m
Called up share capital		
687,596,520 (2020: 687,596,520) ordinary shares of £1.00 each	**687.6**	687.6
Share premium		
Ordinary share premium	**2.8**	2.8
	690.4	690.4

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

15. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions with related parties as follows:

	Income/(Expense) to related party		Amounts owed from related party	
	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m	**As at 31 December 2021 £m**	As at 31 December 2020 £m
Gatwick Airport Limited [a]	**15.8**	17.2	**129.3**	113.7

(a) Net income from related party relates to £17.9 million receivable (2020: £19.1 million) for rental income and £2.1 million payable (2020: £1.9 million) for interest.

16. CLAIMS AND CONTINGENT LIABILTIES

As part of the financing agreements, the Company, and its parent, Gatwick Airport Limited, has granted security over their assets to the Ivy Holdco Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above and the disclosure in note 7, the Company has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 31 December 2021 (2020: nil).

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2021 the Company's ultimate parent and controlling party is VINCI SA, a company incorporated in France. The Company's immediate parent company is Gatwick Airport Limited, a company incorporated and domiciled in the UK.

On 13 May 2019, Global Infrastructure Partners, LP ("GIP 1"), together with its four co-shareholders (Abu Dhabi Investment Authority, National Pension Service of the Republic of Korea, California Public Employees' Retirement System and the Future Fund) completed the sale of a 50.01% interest in the Group to CRUISER Bidco Limited, a wholly owned subsidiary of VINCI SA for a total equity consideration of approximately £3.0 billion.

The Company's results are included in the audited consolidated financial statements of VINCI SA and Ivy Holdco Limited for the year ended 31 December 2021, the largest and smallest groups to consolidate these financial statements. The consolidated financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France.