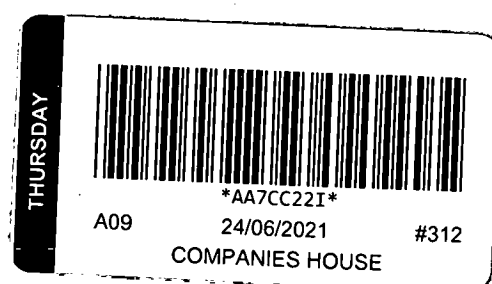


Company Registration No. 8169759 (England and Wales)

ISLAND ROADS INVESTMENT 2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



ISLAND ROADS INVESTMENT 2 LIMITED

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ISLAND ROADS INVESTMENT 2 LIMITED

COMPANY INFORMATION

Directors	S I Benmussa A F E Judet C De Carmoy W H Snow C Stanbury
Company secretary	Fulcrum Infrastructure Management Limited
Company number	8169759
Registered office	105 Piccadilly London W1J 7NJ
Bankers	The Bank of Tokyo-Mitsubishi UFJ Ltd Ropemaker Place 25 Ropemaker Street London EC2Y 9AN
Independent Auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

ISLAND ROADS INVESTMENT 2 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

Island Roads Investment 2 Limited ("the Company") was incorporated on 7 August 2012 and is a limited company incorporated in the United Kingdom, registered and domiciled in England and Wales. The Company acts as a financing company within the group headed by Island Roads Investment Limited.

BUSINESS REVIEW

In the current year, interest continued to be charged on the loan provided to its sister company, Island Roads Services Limited. Island Roads Services Limited operates a private finance initiative contract with the Isle of Wight Council, as described in the Annual Report of that company.

The company receives interest income on its loan to Island Roads Services Limited and pays an equivalent amount of interest on its shareholder loan.

No changes to the company's activities are anticipated in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

Given the nature of the company's operations, it is not itself exposed to significant risks and uncertainties. It is, however, exposed to the performance of its sister company, Island Roads Services Limited, and the ability of that company to repay the intercompany loan and interest thereon. The risks and uncertainties relating to Island Roads Services Limited are described in the Annual report and financial statements of that company for the year ended 31 December 2020, which does not form part of this report.

FINANCIAL RISK MANAGEMENT

The Company's principal assets are the intercompany receivable as discussed above. The Board of Directors is of the opinion that the risk of default is limited.

The company has minimal exposure to interest rate risk as the terms of the interest payable on its borrowings are the same as the interest receivable on the intercompany loan.

To mitigate financial risk and, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses long term debt finance.

GOING CONCERN

The Directors have considered a number of factors in determining whether the Company remains a going concern.

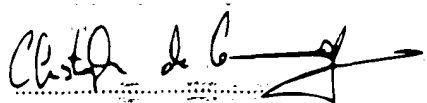
The key factors and related conclusions are summarised below:

Given the long term nature of the company's loans from its ultimate shareholders, the directors have concluded that the company is able to meet its liabilities as they fall due for the foreseeable future and have prepared the financial statements on a going concern basis.

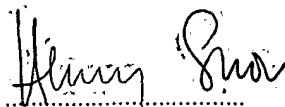
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

This report was approved by the board of Directors on 11th June 2021 and signed on its behalf.

On behalf of the Board



C de Carmoy
Director



W H Snow
Director

ISLAND ROADS INVESTMENT 2 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report on the affairs of Island Roads Investment 2 Limited (the "Company"), together with the audited financial statements, for the year ended 31 December 2020.

Principal activities

The Company operates principally as an investment company for Island Roads Services Limited.

Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company. There are no risks or uncertainties facing the Company including those within the context of the use of financial instruments.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The Directors who served throughout the year, except as noted, were as follows:

S I Benmussa

A F E Judet

C H Pitt

(Resigned 20 January 2020)

W H Snow

C Stanbury

C de Carmoy

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the last date prescribed for filing the financial statements with the registrar, whichever is earlier.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

ISLAND ROADS INVESTMENT 2 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

The Directors are responsible for preparing the annual 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 the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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, International Accounting Standard 1 requires that the Directors:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



W. H. Snow
Director



C. de Carmoy
Director

Date: 11 June 2021

ISLAND ROADS INVESTMENT 2 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISLAND ROADS INVESTMENT 2 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Island Roads Investment 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020, the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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.

ISLAND ROADS INVESTMENT 2 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISLAND ROADS INVESTMENT 2 LIMITED (CONTINUED)

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 2020 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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our 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 direct taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 inappropriate payments. Audit procedures performed included:

- reading board minutes to identify any breaches or non-compliance with laws and regulations;
- identifying any journal entries posted to unusual account combinations and obtaining evidence to support any such entries identified;
- the consideration of payments made during the year and whether they were appropriate in the context of the company's operations.

ISLAND ROADS INVESTMENT 2 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISLAND ROADS INVESTMENT 2 LIMITED (CONTINUED)

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.

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.



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol,
11 June 2021

ISLAND ROADS INVESTMENT 2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Operating result		-	-
Interest income	5	2,193,820	1,984,168
Finance costs	6	(2,193,820)	(1,984,168)
Result before taxation		-	-
Income tax expense		-	-
Result and total comprehensive income for the year		-	-

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 16 form part of these financial statements.

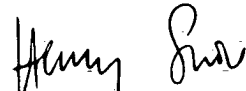
ISLAND ROADS INVESTMENT 2 LIMITED

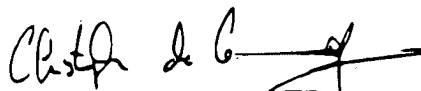
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Non-current assets			
Other receivables	8	22,958,357	20,818,475
Current assets			
Trade and other receivables	8	578,676	524,740
Cash and cash equivalents		1	1
		578,677	524,741
Current liabilities			
Trade and other payables	10	578,676	524,740
Net current assets		1	1
Non-current liabilities			
Borrowings	9	22,958,357	20,818,475
Net assets		1	1
Equity			
Called up share capital	11	1	1

The financial statements were approved by the board of directors and authorised for issue on: 11 June 2021 and are signed on its behalf by:


W H Snow
Director


C de Carmoy
Director

Company Registration No. 8169759

ISLAND ROADS INVESTMENT 2 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share Capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2019	1	-	1
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2019:			
Result and total comprehensive income for the year	-	-	-
Balance at 31 December 2019	1	-	1
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2020:			
Result and total comprehensive income for the year	-	-	-
Balance at 31 December 2020	1	-	1
	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 16 form part of these financial statements.

ISLAND ROADS INVESTMENT 2 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Net cash inflow from operating activities	-	-
Net cash used in investing activities	-	-
Proceeds from new loans	-	-
Net cash inflow from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at start of year	1	1
Cash and cash equivalents at end of year	1	1

The notes on pages 12 to 16 form part of these financial statements.

ISLAND ROADS INVESTMENT 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Island Roads Investment 2 Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 105 Piccadilly, London, W1J 7NJ. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Cash and cash equivalents

Cash and cash equivalents in Statement of Financial Position comprise cash at bank and short term deposits with original maturity of six months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash and short term deposits as defined above, net of bank overdrafts.

1.3 Share capital

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Company after deducting all of its liabilities.

1.4 Financial assets and liabilities

Financial assets comprise of intercompany loans receivable. They are measured initially at fair value and subsequently at amortised cost using the effective interest method and after taking account of expected credit losses.

Financial liabilities comprise of loans payable. They are measured initially at fair value and subsequently at amortised cost using the effective interest method.

1.5 Critical accounting judgements and estimates

There are no critical accounting judgements or estimates that the directors believe are significant in the context of these financial statements.

2 Going concern

The Directors have considered a number of factors in determining whether the Company remains a going concern.

The key factors and related conclusions are summarised below:

Given the long term nature of the company's loans from its ultimate shareholders, the directors have concluded that the company is able to meet its liabilities as they fall due for the foreseeable future and have prepared the financial statements on a going concern basis.

ISLAND ROADS INVESTMENT 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Information regarding Directors and employees

The Company had no employees during the current and preceding financial year.

No emoluments were payable to the Directors of the company during the current and preceding financial year.

4 Auditors' remuneration

	2020	2019
	£	£
Fees payable to the company's auditors:		
For audit services		
Audit of the financial statements of the company	2,150	2,000

Audit fees are paid by another company within the group, Island Roads Services Limited.

5 Interest income

	2020	2019
	£	£
Interest on loans to group undertakings	2,193,820	1,984,168

6 Finance costs

	2020	2019
	£	£
Interest on loan notes	2,193,820	1,984,168

7 Income Tax expense

Given its result for the year of £ nil (2019: £ nil), the company has no tax charge (2019 - £ nil).

8 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by fellow group undertakings	578,676	524,740	22,958,357	20,818,475

The amounts shown above are measured at amortised cost.

No significant receivable balances are impaired at the reporting end date. The fair value of the above balances approximate their carrying value.

ISLAND ROADS INVESTMENT 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Borrowings

	2020 £	2019 £
Unsecured borrowings at amortised cost		
Loan notes	22,958,357	20,818,475

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Non-current liabilities	22,958,357	20,818,475
	<u>22,958,357</u>	<u>20,818,475</u>

The borrowings shown above attract interest at a fixed rate of 10% and are repayable as shown in note 12.

10 Trade and other payables

	2020 £	2019 £
Accruals	578,676	524,740

11 Called up share capital

	2020 £	2019 £
Authorised		
1 (2019: 1) ordinary share of £1 (2019: £1)	1	1
Allotted, called up and fully paid		
1 (2019: 1) ordinary share of £1 (2019: £1)	1	1

ISLAND ROADS INVESTMENT 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Financial instruments

Capital risk management

The Company has managed its capital such that debt payable is offset by loans receivable on equivalent terms. The Company has minimal net equity.

The Company also minimises its exposure to interest rate risk through this structure. The Company's only credit risk is through its loan to a fellow group undertaking, which in turn is exposed to its contract with the Isle of Wight Council. Management considers that as the counterparty is a UK Council there is minimal credit risk.

The Company's loans payable and receivable are initially recognised at fair value and subsequently at amortised cost. The Company has no financial instruments held at fair value.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	£	£	£	£	£	£
31 December 2020							
Fixed interest rate instruments	10.00	0	0	0	15,257,354	35,782,315	51,039,669
Total		0	0	0	15,257,354	35,782,315	51,039,669

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	£	£	£	£	£	£
31 December 2019							
Fixed interest rate instruments	10.00	0	0	1,096,000	14,213,032	33,941,000	49,250,032
Total		0	0	1,096,000	14,213,032	33,941,000	49,250,032

ISLAND ROADS INVESTMENT 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Related party transactions

At year end the Company had a gross outstanding loan receivable from a fellow subsidiary of £22,958,357 (2019: £20,818,475) and an equivalent loan payable to related parties Vinci Highways S.A.S (50%) and Meridiam Infrastructure Finance II S.a.r.l (50%) with interest payable at 10% and the Company has incurred £2,193,820 (2019: £1,984,168) of interest and fees associated with these loans.

The cost of the Company's annual return fee and its audit fee were borne by the parent company without any right of reimbursement.

No guarantees have been given or received (2019: none).

14 Ultimate controlling party

The Company's immediate parent company is Island Roads Investment Limited.

The Directors regard Island Roads Investment Limited, a company incorporated and domiciled in England and Wales, as the ultimate parent company and the ultimate controlling party.

Island Roads Investment Limited is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up, a company incorporated in the United Kingdom and registered in England and Wales whose office is 4th Floor, 105 Piccadilly, London, W1J 7NJ.