IVY BIDCO LIMITED

Annual Report and Financial Statements for the year ended 31 December 2023

Company Registration Number: 06879093

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2023

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Michael McGhee
Olivier Mathieu
Nicolas Notebaert
Rémi Maumon de Longevialle
Pierre-Hugues Schmit
David McMillan
Marten Soderbom
Lucy Chadwick
Guillaume Dubois
Sir David Higgins

SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

13th Floor
One Angel Court
London
EC2R 7HJ

INDEPENDENT AUDITOR

KPMG LLP
Global House
High Street
Crawley
RH10 1DQ

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 2023 the Company made a profit after taxation of £143.7 million (2022: £117.4 million), 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 2023 by Jones Lang LaSalle Limited and CBRE 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 £1,305.8 million (2022: £1,162.1 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. 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 (2022: 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 2023.

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
13 March 2024

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2023.

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 2023, no dividends were declared and paid (2022: 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
Olivier Mathieu
Nicolas Notebaert
Rémi Maumon de Longevialle
Pierre-Hugues Schmit
David McMillan
Marten Soderbom
Lucy Chadwick
Guillaume Dubois (appointed 1 November 2023)
Sir David Higgins (appointed 1 November 2023)
William Woodburn (resigned 1 November 2023)
Eric Delobel (resigned 1 November 2023)

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.

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 the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

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 company's profit or loss for that period. In preparing each of the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 auditor is 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 auditor is aware of that information.

On behalf of the Board

Marten Soderbom
Director
14 March 2024

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

OPINION

We have audited the financial statements of Ivy Bidco Limited (“the Company”) for the year ended 31 December 2023 which comprise the Income statement, Statement of Changes in Equity, Statement of Financial Position, Cash Flow statement, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

GOING CONCERN

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the group’s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because all the revenue is generated from rental income which involves no estimation, judgement or complexity.

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

We identified a fraud risk related to the treatment of the uncertain tax position, in response to possible pressures to manage the expectation of users.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted to unusual account combinations for revenue and entries with specific high risk terms in their description.
- Assessing whether the judgements made in accounting estimates are indicative of a potential bias.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: compliance with its data protection laws and anti-bribery. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

STRATEGIC REPORT AND DIRECTORS' REPORT

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

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Global House
Crawley
RH10 1DQ
20 March 2024

INCOME STATEMENT
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Revenue	4	**99.2**	80.5
Operating costs	5	**-**	-
Operating profit		**99.2**	80.5
Investment property revaluation	9	**69.5**	69.0
Loss on disposal of fixed assets		**(0.5)**	-
Finance costs	6	**(2.9)**	(2.4)
Profit before tax		**165.3**	147.1
Income tax charge	7	**(21.6)**	(29.7)
Profit for the year		**143.7**	117.4

The notes on pages 12 to 21 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 2023

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance at 1 January 2022	687.6	2.8	354.3	1,044.7
Profit for the year	-	-	117.4	117.4
Balance at 31 December 2022	687.6	2.8	471.7	1,162.1
Profit for the year	-	-	143.7	143.7
Balance at 31 December 2023	**687.6**	**2.8**	**615.4**	**1,305.8**

The notes on pages 12 to 21 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	**31 December 2023 £m**	31 December 2022 £m
Assets			
Non-current assets			
Investment properties	9	**1,130.4**	1,039.1
		1,130.4	1,039.1
Current assets			
Trade and other receivables	11	**305.1**	228.2
Cash and cash equivalents		**0.3**	0.3
		305.4	228.5
Total assets		**1,435.8**	1,267.6
Liabilities			
Non-current liabilities			
Other non-current liabilities	13	**(35.0)**	(23.0)
Deferred tax liability	12	**(94.7)**	(81.9)
		(129.7)	(104.9)
Current liabilities			
Trade and other payables		**(0.3)**	(0.4)
Current tax liabilities		**-**	(0.2)
		(0.3)	(0.6)
Total liabilities		**(130.0)**	(105.5)
Net assets		**1,305.8**	1,162.1
Equity			
Share capital	14	**687.6**	687.6
Share premium	14	**2.8**	2.8
Retained earnings		**615.4**	471.7
Total equity		**1,305.8**	1,162.1

The financial statements on pages 9 to 21 were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Marten Soderbom
Director

Rémi Maumon de Longevialle
Director

CASH FLOW STATEMENT
For the year ended 31 December 2023

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities		
Profit before tax	**165.3**	147.1
Adjustments for:		
Investment property revaluation	**(69.5)**	(69.0)
Loss on disposal of fixed assets	**0.5**	-
Finance costs	**2.9**	2.4
Increase in receivables	**(99.5)**	(80.5)
Cash generated from operations	**(0.3)**	-
Corporation tax repayment	**0.3**	0.3
Net cash from operating activities	**-**	0.3
Movement in cash	**-**	0.3
Cash and cash equivalents at the beginning of the year	**0.3**	-
Cash and cash equivalents at the end of the year	**0.3**	0.3

The notes on pages 12 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

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 06879093 and the registered address is 13th Floor, One Angel Court, London, EC2R 7HJ.

These financial statements are the financial statements of Ivy Bidco Limited for the year ended 31 December 2023. The comparative period is the year ended ended 31 December 2022. They are presented in sterling and rounded to the nearest £0.1m. 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".

Going concern

The Directors have prepared the financial statements on a going concern basis. The company recognised a profit for the year ended 31 December 2023 of £143.7 million and had net current assets of £305.1 million as at 31 December 2023. 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. In assessing the going concern position of the Group, the Directors have considered the potential impact of ongoing political and economic situations 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.

In forming this view, the directors have noted that the impact of COVID-19 was an unprecedented period in the aviation sector. However, it did demonstrate the swift actions that can be taken to manage the impact of such an event on the Group's cash flow and liquidity. Given the ongoing global political and economic situation, there remains short-term uncertainty in passenger forecasts for 2024.

As at 31 December 2023 the Group had net current liabilities of £25.0 million (2022: £99.3 million net assets), held cash of £284.2 million and the £300.0 million Revolving Credit Facility was undrawn. To provide additional liquidity following the purchase of some of the outstanding Class A bonds, in February 2023 the Group entered into a new Revolving Credit Facility under an Authorised Credit facility of £100.0 million with a termination date of 23 August 2024 with an option to extend to 23 February 2025. 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.

During 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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

In the year ended 31 December 2023, passenger numbers increased by over 24%, from 32.8 million in 2022 to 40.9 million, reaching over 88% of 2019 levels. This bounce back was a result of strong demand from passengers and airlines putting significant capacity back into the market. The Group's most recent forecast shows expected passenger numbers in 2024 of circa 94% compared to 2019 and stronger performance compared to previous forecasts.

The Directors have considered this, in addition to a number of severe but plausible downside scenarios, including the impact of ongoing economic and political situations. The Directors consider that the Group can maintain sufficient liquidity over a period of at least 12 months from the date of the approval of the financial statements. Considering amendment of certain terms under the financing documents described above, the Group anticipates compliance with all covenant tests at the relevant calculation dates over a period of at least 12 months from the date of the approval of the financial statements. Accordingly the Directors have a reasonable expectation that the Group will continue as a going concern, and the Company financial statements have been prepared on that basis.

The financial statements were approved by the Directors on 13 March 2024.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

(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.

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) Financial liabilities

Financial liabilities are classified as either:
- financial liabilities at fair value through profit or loss (FVTPL); or
- other financial liabilities (i.e. borrowings, trade and other payables, etc.)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of a business after deducting all of its liabilities.

1. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

(i) 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.

(j) 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.

(k) 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 2023 by Jones Lang LaSalle Limited and CBRE Limited (2022: 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. Each property was valued individually.

Car parks are valued primarily on a profits method of valuation which uses an estimate of the maintainable level of trade and future profitability that a competent operator of the business would be expected to achieve. This considers 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.

Other properties are valued using current and potential future income (after deduction of non-recoverable outgoings), capitalised using yields derived from market evidence. The Company has carried out sensitivity analyses on the reasonably possible changes in key assumptions and any material changes in the inputs could lead to a material change in the valuation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

(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 and where there may be doubt about the ultimate completion of the asset.

Income tax

The calculation of the Company's total tax charge necessarily involves a degree of 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. Further details are available in note 7.

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 £99.2 million (2022: £80.5 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 2023 is £99.2 million (2022: £80.5 million).

(b) Contract balances

	31 December 2023 £m	31 December 2022 £m
Receivables - amounts owed by group undertakings	**305.1**	228.2

5. OPERATING COSTS

The Company has nil employees (2022: 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 2023.

No Directors (2022: nil) were remunerated during the year for services to the Company.

Audit fees of £13,000 (2022: £5,000) are borne by Gatwick Airport Limited. No other fees are payable to the Company's auditor.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

6. FINANCE COSTS

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest on borrowings from other group undertakings [(a)]	**2.9**	2.4

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

7. INCOME TAX

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Current tax		
Current year	**(9.0)**	(5.5)
Adjustments in respect of prior years	**0.2**	-
Total current tax charge	**(8.8)**	(5.5)
Deferred tax		
Current year	**(12.0)**	(17.4)
Adjustments in respect of prior years	**-**	(1.0)
Effect of change in tax rate	**(0.8)**	(5.8)
Total deferred tax charge	**(12.8)**	(24.2)
Income tax charge	**(21.6)**	(29.7)

Reconciliation of effective tax rate

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 23.5% (2022: 19.0%). 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 2023 £m	Year ended 31 December 2022 £m
Profit before tax	**165.3**	147.1
Tax on profit at 23.5% (2022: 19.0%)	**(38.8)**	(27.9)
Effect of:		
Adjustments in respect of prior years	**0.2**	(1.0)
Tax rate changes	**(0.8)**	(5.9)
Effects of group relief	**12.9**	3.1
Revaluation	**4.9**	2.0
Total tax charge	**(21.6)**	(29.7)

An increase in the UK corporation tax rate from 19.0% to 25.0% (effective 1 April 2023) was substantively enacted on 24 May 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The United Kingdom substantively enacted the tax legislation related to the top-up tax on 20 June 2023 in the Finance Act and the legislation is effective in the UK for periods commencing on or after 1 January 2024. In addition, amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' were endorsed by the UK Endorsement Board on 19 July 2023 and the exception from recognition and disclosures of deferred taxes in this regard as required by IAS 12.4A has been taken. The legislation is not expected to have a material impact on the financial statements.

The calculation of the Group's total tax charge necessarily involves 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 cooperating with HMRC on the use of certain existing corporation tax losses and stamp duty land tax associated with a Group reorganisation in 2015. After assessing the risk based on external legal and tax advice, alongside the directors' judgement of the robustness of the evidence available to defend the dispute, we believe the Group has a strong position. 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 directors do not consider it probable that a financial outflow will be required to settle the case and no provision has been made on the balance sheet. However, if unsuccessful, the financial outflow could be up to a maximum of £64 million (excluding interest). 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 UK.

8. DIVIDENDS

No dividends were declared and paid during the year (2022: no dividends declared and paid).

9. INVESTMENT PROPERTIES

	Asset in the course of construction	Investment properties	Total
	£m	£m	£m
1 January 2022	8.2	961.4	969.6
Additions	0.5	-	0.5
Disposals	-	-	-
Impairment	-	-	-
Revaluation gain	-	69.0	69.0
Reclassification between categories	-	-	-
31 December 2022	8.7	1,030.4	1,039.1
Additions	22.3	-	22.3
Disposals	-	(0.5)	(0.5)
Reclassification between categories	(0.4)	0.4	-
Revaluation gain	-	69.5	69.5
31 December 2023	**30.6**	**1,099.8**	**1,130.4**
Net book value			
31 December 2023	**30.6**	**1099.8**	**1,130.4**
31 December 2022	8.7	1,030.4	1,039.1
1 January 2022	8.2	961.4	969.6

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2023 by Jones Lang LaSalle Limited and CBRE Limited at £1,099.8 million. (2022: £1,030.4 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 £69.5 million is recognised in the income statement (2022: £69.0 million).

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

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.

The fair valuation of the Company's investment property includes a number of unobservable assumptions. The sensitivities analysis below covers the Company's entire investment property portfolio including car parks. Therefore, the valuation has been determined based on reasonably possible changes to the respective assumptions. The methodology used in arriving at the incremental changes shown is consistent with that used for the valuation at the year end.

The significant unobservable input used in the fair value measurement of investment properties categorised as a Level 3 fair value is yield. As at 31 December 2023, each 0.5% change in yield would have resulted in the following increase/(decrease) in the fair value of investment properties:

	31 December 2023 £m
0.5% increase in yield	(71.0)
0.5% decrease in yield	81.3

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 2023 and 31 December 2022, 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 2023 is £100 (2022: £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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

11. TRADE AND OTHER RECEIVABLES

	31 December 2023 £m	31 December 2022 £m
Amounts owed by group undertakings	**305.1**	228.2
	305.1	228.2

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 2023 (2022: £nil).

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 2022	(66.7)	9.0	(57.7)
Charge to income	(15.2)	(9.0)	(24.2)
31 December 2022	(81.9)	-	(81.9)
Charge to income	(12.8)	-	(12.8)
31 December 2023	**(94.7)**	**-**	**(94.7)**

13. OTHER NON-CURRENT LIABILITIES

	31 December 2023 £m	31 December 2022 £m
Amounts due to group undertakings [(a)]	**35.0**	23.0

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

	31 December 2023 £m	31 December 2022 £m
Maturity Profile:		
Repayable between 2 and 5 years	**35.0**	23.0
	35.0	23.0

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

14. SHARE CAPITAL AND SHARE PREMIUM

	31 December 2023 £m	31 December 2022 £m
Called up share capital		
687,596,520 (2022: 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

15. RELATED PARTY TRANSACTIONS

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

	Net income from related party		Amounts owed from related party	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m	**As at 31 December 2023 £m**	As at 31 December 2022 £m
Gatwick Airport Limited [a]	**96.3**	78.1	**270.3**	205.2

(a) Net income from related party relates to £ 99.2 million receivable (2022: £80.5 million) for rental income and £2.9 million payable (2022: £2.4 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 2023 (2022: nil).

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2023 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.

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 2023, 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, 1973, boulevard de La Défense, CS 10268, 92757 Nanterre Cedex – France.