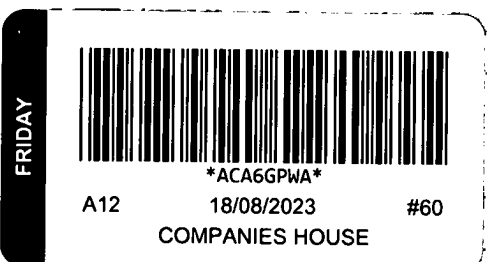


Company Registration No. 00611070 (England and Wales)

PONTSARN INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



PONTSARN INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	T Courtauld N Sanderson S Mew A White D Nicholson (Appointed 9 June 2022)
Secretary	D Lennark
Company number	00611070
Registered office	33 Cavendish Square London United Kingdom W1G 0PW
Auditor	Deloitte LLP Statutory Auditor London United Kingdom

PONTSARN INVESTMENTS LIMITED

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PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Results and dividends

The results for the year are set out on page 18.

The loss for the year, after taxation, amounted to £70,382,838 (2022: profit of £66,170,130). The directors paid a dividend during the year of £nil (2022: £nil) and no dividend has been proposed after the year end (2022: £nil). Net assets have decreased from £1,201,216,420 to £1,130,833,582 during the year.

Great Portland Estates plc Group ('the Group') converted to REIT status on 1 January 2007 and as a result the Company benefits from an exemption from UK corporation tax on both rental profits and chargeable gains relating to the property investment business.

Principal activities and review of the business

The principal activity of the Company is the investment in freehold and leasehold property in the United Kingdom. There have not been any significant changes in the Company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activity in the next year.

Net rental income

Net rental income for the year was £37,665,178, an increase from 2022 of £2,408,465 as a result of portfolio management activity.

Great Portland Estates plc manages its operations on a Group basis. For this reason, the directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group which includes the Company is discussed in the Group's Annual Report which does not form part of this Report.

Future prospects

Despite the impact of recent interest rate rises, London has continued to recover and is evidently busier than this time last year; centrally located offices are returning to more normal levels of occupation, and the West End is seeing higher numbers of both shoppers and tourists, supported by the opening of the Elizabeth Line.

From here, whilst macro-economic challenges are likely to persist, we do not expect the recovery to be uniform. For some time, we have witnessed a growing divergence between the prospects of the best spaces versus the rest, and we believe this is set to widen further as customers seek out sustainable and well designed, prime spaces, of which there is a marked shortage, particularly in the West End. Our strategic focus on prime HQ and Flex offerings, underpinned by our Customer First approach means we are well placed to benefit from these trends. So, with exceptionally strong finances and plentiful liquidity, we will continue capitalising on opportunities that are emerging, and with our experienced team, we can look to our future with confidence.

Section 172(1) statement

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, had regard, amongst other matters, to those matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Our stakeholders

The Company has identified its key stakeholders as being its: customers, suppliers, shareholders and debt capital providers, JV partners, communities and local planning authorities. Building and nurturing these relationships based on professionalism, fair dealing and integrity is critical to our success.

Our engagement

Our extensive engagement efforts help to ensure that the Group's Board can understand, consider and balance broad stakeholder interests when making decisions to deliver long-term sustainable success.

Board processes

While the Group's Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level with the Board receiving regular updates on stakeholder views from the Group's Executive Directors and senior management.

You can find further details of the Group's approach, including the Company, to s.172(1) matters and stakeholder engagement on page 62 of the Group's annual report and accounts.

Business Risk

The key business risks facing the Company are considered in detail by the Group's Board, as part of the Group's annual strategy review, and the resulting potential impacts and mitigation thereof are monitored at board meetings through the year. Day-to-day monitoring of the Group's risks is also undertaken by the Group's Executive Committee and is subject to regular review by the Board and the Group's Audit Committee. Key risks facing the business and the processes that are in place, in addition to the above, by which the Company aims to manage those risks are:

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Failure to meet customer needs

We fail to identify and react effectively to shifting patterns of workspace use and/or understand and provide spaces that meet quickly evolving customer needs, including potential longer-term structural changes in working and/or retail practices that change the level and nature of demand for space in central London. This could lead to GPE failing to deliver space and lease terms that customers want and/or an inappropriate mix of Flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing customers to competitors.

How we monitor and manage risk

- Quarterly review of individual property business plans and the market more generally.
- HQ repositioning and Flex office strategy to meet evolving customer demand.
- Portfolio Management, Leasing Flex and Customer Experience quarterly updates to the Executive Committee with reporting at scheduled Board meetings.
- Board and management review of GPE's flexible space offer across the portfolio, including broadening our product offering.
- The Group's in-house Customer Experience and Workspace Services teams have proactive engagement with customers to understand their occupational needs and requirements with a focus on retaining income, including through meetings and regular customer surveys which help us track our Net Promoter Score.
- Programme of engagement for the members of the Executive Committee to meet with a selection of customers across the portfolio at least one a year.
- Working with potential customers to address their needs and aspirations during the design stages of projects.
- Board and management oversight of the development and implementation of our Innovation Strategy and related initiatives.
- Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience.
- Customer First programme and strategy in place, with dedicated leadership and newly adopted customer relationship management system, to further strengthen GPE's customer insight and Customer First approach across the business. Customer service proposition and Standards in place to ensure consistency when delivering the strategy.
- Board annual strategy review, including market updates received from third parties.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Climate change and decarbonisation

The need to decarbonise our business increases the cost of our activities through the need to retro-fit buildings to improve their sustainability credentials (e.g. minimum energy efficiency standards and building ratings) and make them resilient to the impact of climate change. This also reduces our ability to redevelop due to planning restrictions, increased regulation and stakeholder expectations, the increased cost of low carbon technology/materials (including utilisation of the circular economy) and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to raise capital, deliver buildings, reduce the demand for the buildings we own, cause significant reputational damage and result in exposure to environmental activism and potentially stranded assets.

London attractiveness

London's appeal may be impacted by reduced appetite to travel to, work and shop in London due to changes in working patterns, changes in government policies or political instability, the rise of alternative destinations for international trade, the impact of civil unrest, terrorism, a pandemic, the impact of longterm climate change (including risk of flooding), disruption to energy supplies and/or the relative expense of operating in London. This results in reduced international capital flows into London, leading to a lack of investment and/or capital flight, lower leasing demand and elevated vacancy, decreasing income, asset values and development viability.

How we monitor and manage risk

- Regular Board and Executive review of Sustainability Policy and climate change commitments.
- Sustainability Committee meets quarterly to consider strategy in respect of climate change-related risks. Its Portfolio and Development sub-committees meet regularly and report to the Sustainability Committee on progress.
- Social Impact Committee meets quarterly to oversee the delivery of our Social Impact Strategy.
- Dedicated Sustainability & Social Impact Director on the Executive Committee supported by Sustainability Leads.
- Design Review Panel reviews design brief for all buildings to ensure that forthcoming sustainability risks are considered.
- Social Impact Committee meets quarterly to oversee the delivery of our Social Impact Strategy.
- Net Zero Carbon Roadmap with embodied carbon targets established and approved by the Board. Decarbonisation Fund established to support energy efficiency retro-fitting in existing buildings.
- ESG-linked RCF and annual bonus measures for Executive Committee members to support delivery of decarbonisation within the business.
- Programme of ESG investor engagement in place, with regular review of reporting requirements and participation in investor indices.
- Steering group to assess, manage and monitor EPC risks across the portfolio and to inform our buy, hold and sell decisions.
- Participation in industry bodies to influence policy and drive innovation.

How we monitor and manage risk

- Board annual strategy review with regular economic and market updates received from third parties.
- Strategic financial forecasts are updated prior to each Board meeting with scenario planning for different economic cycles and eventualities.
- Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters.
- Key London indicators are monitored to help inform GPE's view of London's recovery following COVID-19.
- The impacts of international trading relationships, supply chain disruption and geopolitical issues continue to be monitored and reported to the Executive Committee and Board.
- Active participation in industry groups to promote London..
- Business Continuity Plan in place to manage our response to a major incident or disruption.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Adverse macro-economic environment

Adverse macro-economic conditions driven by events such as geopolitical tensions, UK political instability or government policy, challenging international trading relationships and supply chain disruption results in weakened UK GDP growth and risk of recession. Increased inflation (including energy prices), materially higher interest rates and reduced consumer spending impair investor and occupier demand, increase customer and supplier failure, curtail income and reduce asset values and returns. As a result, GPE's financial leverage increases and potentially results in limited availability of capital and/or a breach of our banking covenants.

How we monitor and manage risk

- Regular review of financing and capital structure, including gearing levels, by the Chief Financial & Operating Officer and Executive Committee.
- Board annual strategy review including regular economic and market updates received from third parties.
- Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles and eventualities.
- Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters.
- Regular review of current and forecast debt, hedging levels and financing ratios under various market scenarios.
- The Group aims to maintain a consistent policy of low financial leverage.
- Proactive balance sheet management.
- Investor relations programme, with regular broker consultation, to build a supportive base in the event of future fundraisings.
- The Group's funding measures are diversified across a range of bank and bond markets. Sustainable Finance Framework in place for future debt issuances.
- Selection of customers, contractors and suppliers based on creditworthiness and close monitoring of rent and service charge collection rates.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Poor capital allocation decisions and/or misreading market conditions

We make poor decisions regarding the allocation of capital and/or fail to adequately read market conditions (including global investor appetite for commercial real estate and offices) such that our leasing, buying, selling or development activities deliver inadequate investment returns, restrict our ability to finance our operations or result in inappropriate asset concentration, building mix and/or level of development undertaken as a percentage of the portfolio.

How we monitor and manage risk

- Board annual strategy review including regular economic and market updates received from third parties.
- Strategy review forecast on an asset-by-asset basis to provide a business plan for each individual property which is subsequently reviewed against the performance of the business as a whole.
- Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles.
- Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards, and market generally. Quarterly review of asset-by-asset business plans to assess future performance and to inform hold/sell decision making.
- Weekly investment meetings held and regular dialogue maintained with key intermediaries.
- Portfolio Management, Flex, Customer Experience, Development and Leasing quarterly updates to the Executive Committee with reporting at scheduled Board meetings.
- Regular review of property cycle by reference to a dashboard of lead indicators.
- Dedicated in-house team with remit to research submarkets in central London, seeking the right balance between investment and development opportunities for both current and prospective market conditions.
- Detailed due diligence processes for all prospective acquisitions/capital expenditure to help ensure appropriate returns.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Failure to profitably deliver the development programme

We fail to translate the development pipeline and current committed schemes into profitable developments. This may result from poor development management (including of supply chain disruption, the impacts of inflation or adverse yield movements), an increasingly challenging planning and regulatory environment, failure to agree acceptable terms with freeholders/ adjoining owners/other stakeholders, poor timing of activity and/or inappropriate products for an evolving market and customer needs (including sustainability expectations). This results in reduced development activity, weak leasing performance, reputational damage and reducing property returns.

How we monitor and manage risk

- Strategic financial forecasts are updated prior to each scheduled Board meeting with scenario planning for different economic cycles.
- Development management quarterly updates to the Executive Committee with reporting to each scheduled Board meeting.
- Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding.
- Regular meetings with key cost advisers, main contractors and subcontractors to monitor market conditions. Procurement routes and when to fix prices kept under close review.
- Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership.
- Regular pipeline review meetings between Development and Portfolio Management teams and quarterly asset review sessions.
- Selection of contractors and suppliers based on their track record of delivery and creditworthiness, corporate responsibility and sustainability credentials.
- Post-completion reviews undertaken through Final Appraisal process on all developments to identify best practice and areas for improvement.
- Regular review of the prospective performance of individual assets and their business plans with joint venture partners.
- Regular, proactive engagement with key stakeholders: working closely with agents, potential customers, and purchasers to identify and address their needs and aspirations, including in respect of safety, sustainability, wellbeing and technology during the planning application and design stages; regular meetings with local authorities, planning officers and experienced planning advisers; early engagement with local residents and community groups, adjoining owners and freeholders.
- The Group's Design Review Panel reviews design briefs for all buildings for sustainability considerations. All our major developments are subject to an appropriate sustainability rating requirement.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Health and safety

A health and safety incident (including by our contractors) results in loss of life, significant injury or widespread infection, and financial and/or reputational damage to GPE. Furthermore, significant changes in health and safety and fire safety regulations (including pursuant to the Building Safety Act 2022) and practice, driven by government intervention following events such as Grenfell, increase compliance and development costs and/or risks of non-compliance.

How we monitor and manage risk

- Quarterly Health and Safety Committee meetings are held with formal quarterly reporting on health and safety to the Executive Committee and regular reporting to the Board, including on progress against our Health and Safety strategy.
- Regular site health and safety checks undertaken by Executive Committee members, the Development and Project Management team members and third parties, along with regular senior leadership tours of buildings.
- Pre-qualification and competency checks are undertaken for contractors and consultants with contractor management processes in place.
- Formal reporting on near misses/significant incidents and accidents.
- Proactive health and safety KPIs to monitor and track performance and drive behaviours.
- Annual external cycle of health and safety, fire safety and water safety audits.
- Online health and safety management system in place for business.
- Comprehensive golden thread of fire safety management procedures in place.
- Activities are undertaken to monitor and raise employee awareness and understanding of health and safety matters, including through employee engagement surveys.
- Comprehensive health and wellbeing programme in place for employees with mental health first aiders and an employee assistance programme.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Cyber security and infrastructure failure

A cyber attack or infrastructure failure leads to business or network disruption within our portfolio or loss of information or personal and/or customer data. There is the potential for greater impact on Fully Managed customers, to which we provide increased infrastructure support, and high-risk customers. This results in litigation, reputational damage and/ or financial or regulatory penalties.

How we monitor and manage risk

- IT and cyber security updates are regularly reported to the Executive Committee and the Board which oversee the implementation of our three-year IT strategy adopted in March 2021.
- Cyber security systems and controls are in place and regularly reviewed, with external support, against best practice.
- A head office and portfolio IT risk register is maintained.
- The Group's IT Disaster Recovery Plan is regularly reviewed and tested and recovery of data at off-site recovery centre is tested during the year.
- Regular testing of IT security is undertaken including penetration testing of key systems.
- The Group's data is regularly backed up and replicated.
- The Group's Cyber Third Party Management and Security Policy and processes are designed to identify and control cyber-related risks arising from our third-party relationships.
- Employee awareness training on cyber risk is undertaken regularly.
- Cyber risk insurance is in place.
- Each building has a bespoke Emergency Action Plan, maintaining appropriate systems to mitigate any infrastructure failure.

PONTSARN INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Failure to profitably deliver the Flex Strategy

The failure to appropriately structure our activities, achieve appropriate pricing, maximise operational efficiencies or adequately control costs impacts the delivery of our Flex office strategy and our ability to generate appropriate risk-adjusted returns. Further, as we scale up our Flex office delivery and increase our focus on service provision, the failure by GPE and/or its service partners to deliver high quality service impacts customer satisfaction, demand and retention and asset values.

How we monitor and manage risk

- Board and management oversight of the development and implementation of the Flex business plan with regular review of Flex KPIs to monitor performance.
- Board annual strategy review with regular market updates.
- Quarterly Flex updates to the Executive Committee with reporting at scheduled Board meetings.
- Dedicated Flex leadership and team in place under a new organisational structure with regular review of team skills and capabilities to support delivery.
- Customer First Programme and Strategy in place to strengthen GPE's customer insight and Customer First approach.
- Proactive customer engagement led by our dedicated Customer Experience and Workplace Services teams to ensure our customers' occupational needs are met.
- Quarterly review of individual assets plans and the market generally.
- Close management oversight of costs and services, including design and delivery.
- Design (supported by a specialist fit-out team) and innovation activities in the areas of sustainability, technology, wellbeing and experience. New Flex Design Guidelines & Principles adopted to provide consistency, and increase efficiencies across the portfolio.
- Board and management oversight of our Innovation Strategy and related initiatives to support customer need.

Approved by the board and signed on their behalf by



N Sanderson

9 August 2023

PONTSARN INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and audited financial statements for the year ended 31 March 2023.

Future prospects, stakeholder engagement and financial risk

Details of the Company's results, dividends, future prospects, stakeholder engagement and business risk management can be found in the Strategic Report and financial risks are disclosed in notes 1.11 to 1.14, and form part of this report by cross-reference.

Directors

The directors, who served during the year and up to the date of this report, were as follows:

T Courtauld
N Sanderson
S Mew
A White
D Nicholson

(Appointed 9 June 2022)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force during the year and remain in force at the date when this report was approved.

Additional disclosures

The reporting in respect of the Streamlined Energy and Carbon Reporting requirements has been included within the consolidated financial statements of Great Portland Estates Plc, which can be obtained from the registered address in note 19.

Going concern

The directors have reviewed the loss made in the current financial year and the projected financial position of the Company and the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, the directors had a particular focus on macroeconomic conditions in which the Company and Group is operating including the ongoing economic disruption from geopolitical tensions, high inflationary environment and rising interest rates. As part of the review, the directors have modelled a series of market scenarios to further understand the resilience of the business. This included a going concern scenario to consider the impact of market disruption on the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities, its levels of rent collection and the long-term nature of customer leases. The directors also conducted extensive stress testing, sensitising the potential impact of climate change as well as the impact of removing non-committed disposal proceeds and capital expenditure. Please see note 1 for further details.

On the basis of this review, and the confirmed availability of financial support from the Group where necessary, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

PONTSARN INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor

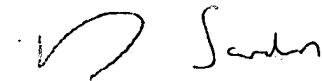
The auditors, Deloitte LLP, will resign as auditors of the company following the signing of these financial statements. It is proposed to appoint PricewaterhouseCoopers LLP as auditor for the financial year commencing 1 April 2023 at the forthcoming Annual General Meeting, subject to a resolution in accordance with the requirements of Section 485 of the Companies Act 2006.

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that ought to have been taken as a director in order to be made aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

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

Approved by the board and signed on their behalf by



N Sanderson

9 August 2023

PONTSARN INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

PONTSARN INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PONTSARN INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pontsarn Investments Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise;

- the income statement and statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

PONTSARN INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PONTSARN INVESTMENTS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and sector, its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the Group's Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in relation to the valuation of the investment property and development property portfolio. The valuation of the investment and development property portfolio is a key source of estimation uncertainty and includes a number of assumptions. Due to the high level of estimation required in determining the valuation, we have determined that there is a potential fraud risk in the balance.

PONTSARN INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PONTSARN INVESTMENTS LIMITED

Our procedures in relation to the audit of the valuation of the investment and development property portfolio involved understanding the process and relevant controls, testing the data provided to the valuer, with the assistance of a valuation expert challenging the valuations prepared by the external valuer and assessing the appropriateness of the disclosures included within the Financial Statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

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.

PONTSARN INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PONTSARN INVESTMENTS LIMITED

Edward Salter

Edward Salter FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

9 August 2023

Statutory Auditor
London
United Kingdom

PONTSARN INVESTMENTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	3	46,651,873	44,907,463
Cost of sales	4	(15,420,987)	(12,751,914)
		<u>31,230,886</u>	<u>32,155,549</u>
Expected credit losses	12	(682,695)	(3,780,764)
Administrative expenses		<u>(13,605,027)</u>	<u>(12,584,468)</u>
Operating profit before (deficit)/surplus from property and results of joint ventures		16,943,164	15,790,317
Share of results of joint ventures	10	(7,565,892)	16,054,708
(Loss)/profit on sale of investment property	9	(146,344)	148,493
(Deficit)/surplus on revaluation of investment properties	9	<u>(81,992,310)</u>	<u>32,789,442</u>
Operating (loss)/profit		(72,761,382)	64,782,960
Interest payable	7	(1,160,096)	(1,160,552)
Interest receivable	6	<u>3,538,640</u>	<u>2,547,722</u>
(Loss)/profit before taxation		(70,382,838)	66,170,130
Tax	8	-	-
(Loss)/profit for the financial year		<u><u>(70,382,838)</u></u>	<u><u>66,170,130</u></u>

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

PONTSARN INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
(Loss)/profit for the financial year	(70,382,838)	66,170,130
Other comprehensive income:		
Total other comprehensive income for the year	-	-
Total comprehensive (expense)/income for the year	(70,382,838)	66,170,130

PONTSARN INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	Restated* £
Non-current assets			
Investment properties	9	930,738,049	1,027,059,462
Investment in joint ventures	10	91,254,141	106,320,033
Investment in associate	11	2,500	2,500
Amounts due from parent undertaking	12	142,185,316	98,774,843
		<u>1,164,180,006</u>	<u>1,232,156,838</u>
Current assets			
Trade and other receivables	12	3,991,607	7,144,678
Amounts held in respect of customer rent deposits (restricted cash)		9,129,124	8,716,648
Petty cash		1,160	1,160
		<u>13,121,891</u>	<u>15,862,486</u>
Current liabilities			
Trade and other payables	13	(21,960,266)	(22,283,442)
		<u>(21,960,266)</u>	<u>(22,283,442)</u>
Net current liabilities		<u>(8,838,375)</u>	<u>(6,420,956)</u>
Total assets less current liabilities		<u>1,155,341,631</u>	<u>1,225,735,882</u>
Non-current liabilities			
Obligations under head leases	14	(24,508,049)	(24,519,462)
Net assets being total assets less liabilities		<u>1,130,833,582</u>	<u>1,201,216,420</u>
Equity			
Share capital	15	572,766,652	572,766,652
Retained earnings		558,066,930	628,449,768
Total equity		<u>1,130,833,582</u>	<u>1,201,216,420</u>

*Cash and cash equivalents and monies held in trade and other payables have been restated as at 31 March 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions, see note 1 for further details.

The financial statements were approved by the board of directors and authorised for issue on 9 August 2023 and are signed on its behalf by:



N Sanderson

Director

Company Registration No. 00611070

PONTSARN INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2021	572,766,652	562,279,638	1,135,046,290
Profit for the year	-	66,170,130	66,170,130
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	66,170,130	66,170,130
Balance at 31 March 2022	572,766,652	628,449,768	1,201,216,420
Loss for the year	-	(70,382,838)	(70,382,838)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(70,382,838)	(70,382,838)
Balance at 31 March 2023	572,766,652	558,066,930	1,130,833,582

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.1 Basis of preparation

Pontsarn Investments Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office can be found in note 19.

The Company meets the definition of a qualifying entity under FRS 100 "Application of Financial Reporting Requirements issued by the FRC". The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the requirements of the Companies Act 2006.

The financial statements have been prepared in sterling on the historical cost basis, except for investment property that is measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The entity is included in the ultimate parent company accounts as described in note 19 as such the entity has taken the exemption per IFRS 10 from preparing consolidated financial statements.

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of Great Portland Estates plc. The disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale and discontinued operations, financial instruments, presentation of a cash flow statement, changes in accounting estimates and errors, standards not yet effective, impairment of assets and related party transactions. Copies of those consolidated financial statements can be obtained from Great Portland Estates plc, 33 Cavendish Square, London, W1G 0PW or from the Group's website at www.gpe.co.uk.

The Company is not a financial institution and is therefore able to take advantage of exemption from all requirements of, IFRS 7 'Financial Instruments: Disclosures' and from the disclosure requirements of IFRS 13 'Fair Value Measurement'.

The Company has assessed the impact of the IFRS Interpretation Committee's recent agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7). The Company holds customer deposits in separate designated bank accounts where the use of the monies is restricted and defined in the lease agreements; however, the access to these monies by the Company is not restricted. Following the clarification by IFRIC, these customer deposits are judged to meet the definition of 'cash' under IAS 7. The Company comparative balances have been restated to reflect this change in classification, which resulted in customer deposits as at 31 March 2022 being reclassified and presented gross as cash and cash equivalents and payables with no impact on net assets or the income statement.

1.2 Critical judgements and key sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Company's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. No critical judgements have been made in the current or prior year.

The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their material impact on the financial statements.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Company's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year the Directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 9.

1.3 New accounting standards

During the year ended 31 March 2023, the following accounting standards and guidance were adopted by the Company. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

- Amendments to IAS 16 – Property, plant and equipment proceeds before intended use;
- Amendments to IAS 37 – Onerous contracts, cost of fulfilling a contract; and
- Annual improvements to IFRS Standards 2018–20.

The adoption of the Standards and Interpretations has not significantly impacted these financial statements, and no other Standards effective in the year impact the Company.

1.4 Going concern

As noted in the Directors' report, 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 at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors rely upon the Group's ability to continue as a going concern and provide support when required by group companies to inform their review of the Company's going concern position. Great Portland Estates plc (the ultimate parent company) has committed to support the Company in order to continue operating for the going concern period.

The Directors have reviewed the loss and net current liability position of the Company in the current year as well as the projected financial position of the Group, making reasonable assumptions about future trading performance. The Group assessment has focused on the impact of geopolitical tensions on macroeconomic conditions in which both the Company and Group operates. As part of the Group review, the Great Portland Estates plc directors modelled a series of market scenarios to further understand the resilience of the business to the impact of geopolitical tensions. This included a going concern scenario to consider the impact of market disruptions and demonstrated that the Group has significant liquidity to fund its ongoing operations and is operating with significant headroom above its Group debt financing covenants.

The Directors also conducted extensive stress testing sensitising the potential impact of climate change as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company's property portfolio and the confirmed availability of financial support by the Group where necessary, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the next twelve months. Accordingly, it continues to adopt the going concern basis in preparing the annual report and financial statements.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Revenue

Gross rental income comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable, on a straight-line basis. Initial direct costs incurred in arranging a lease are added to the carrying value of investment properties and are subsequently recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives, including rent-free periods and payments to customers, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Revenue from Fully Managed spaces is split between an amount attributable to the rent on a fitted basis and services income. The rent is recognised in gross rental income (see above) and the services income is recorded over the period when the services are provided and benefit the customer. The Group's Flex Partnerships represent leases with third-party operators where the rent payable is calculated by reference to the profitability of the space under management. The rent is recognised in gross rental income (see above).

Service charge income is recorded over the period when the services are provided and benefit the customer.

1.6 Cost of sales

Service charge expenses (including the cost of service provision in our Fully Managed spaces) represent the costs of operating the Group's portfolio and are expensed as incurred.

Other property expenses represent irrecoverable running costs directly attributable to specific properties within the Group's portfolio. Costs incurred in the improvement of the portfolio which, in the opinion of the Directors, are not of a capital nature are written-off to the income statement as incurred.

1.7 Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

1.8 Head lease obligations

The present value of future ground rents is added to the carrying value of a leasehold investment property and to long-term liabilities. On payment of a ground rent, virtually all of the cost is charged to the income statement, principally as interest payable, and the balance reduces the liability; an equal reduction to the asset's valuation is charged to the income statement.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.9 Investment properties

Both freehold and leasehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Company's properties is appropriate for inclusion in the accounts without adjustment. The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

The valuations have been prepared in accordance the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, non-payment of rent, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Company recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

1.10 Capitalised interest

Interest associated with direct expenditure on properties under development including major refurbishments is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the acquisition cost or valuation of properties held as investments. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the pre-tax weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Financial risk management objectives:

The Company's financial risk management is in line with and managed by the Group.

1.11 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse customer base. Accordingly the directors believe that there is no further credit provision required in excess of the expected credit losses. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of rent deposits obtained.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.12 Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of both equity and debt. The Group aims to maintain a loan-to-property value of between 10% - 35%.

1.13 Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient facilities are in place. The Group operates strict counterparty limits on its deposits.

1.14 Interest rate risk

Interest rate risk arises from the Group's use of interest bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to mitigate the risk through fixed interest rates on its debt.

Financial instruments:

1.15 Trade receivables and payables

Trade receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. See note 12 for further information on trade receivables and associated expected credit losses. Trade payables are initially measured at fair value and subsequently measured at amortised cost.

1.16 Interest bearing loans and borrowings

Borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method as a defined method in IFRS 9.

1.17 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of the timing difference.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.18 Joint ventures

Joint ventures are accounted for under the equity method where, in the directors' judgement, the Company has joint control of the entity. The Company's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Company's balance sheet contains the Company's share of the net assets of its joint ventures. Balances with partners owed to or from the Company by joint ventures are included within investments. The Company's share of joint venture profits and losses are included in the Company income statement in a single line. All of the Company's joint ventures adopt the accounting policies of the Group for inclusion in both the Company's and the Group's financial statements.

1.19 Investment in associates

Shares in associates are valued at amounts equal to their original cost less provision for impairment.

2 Directors' remuneration and employees

The Company had no employees other than directors, in the current year or preceding year. None of the directors received any emoluments for their services to the Company in the current or preceding financial year as they were paid by another group company.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Revenue

Revenue comprises rental income, service charge income and premiums on lease surrenders on investment properties for the year. Rental uplifts from rent reviews are recognised when agreed with the tenant. Net rental income is exclusive of service charge income. All revenue is derived within the UK.

	2023 £	2022 £
Gross rental income	32,297,297	38,341,321
Spreading of lease incentives	6,789,400	1,293,800
Service charge income	6,251,371	4,873,687
Fully managed services income	1,313,807	398,655
	<u>46,651,873</u>	<u>44,907,463</u>

The table below sets out the Company's gross rental income split between types of space provided:

	2023 £	2022 £
Ready to fit	18,083,274	25,017,282
Retail	8,701,642	9,675,093
Fitted	2,949,980	1,337,813
Fully Managed	1,322,997	1,268,008
Flex Partnerships	1,239,404	1,043,124
	<u>32,297,297</u>	<u>38,341,321</u>

	2023 £	2022 £
Gross rental income	32,297,297	38,341,321
Expected credit losses	(490,025)	(3,289,600)
Spreading of lease incentives	6,789,400	1,293,800
Ground rents	(931,494)	(1,088,808)
Net rental income	<u>37,665,178</u>	<u>35,256,713</u>

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Cost of Sales

	2023 £	2022 £
Service charge expenses (including Fully Managed service costs)	9,035,773	7,237,227
Other property costs	5,453,720	4,425,879
Ground rent	931,494	1,088,808
	<u>15,420,987</u>	<u>12,751,914</u>

The table below sets out the Company's property costs:

Service charge income	(6,251,371)	(4,873,687)
Fully Managed services income	(1,313,807)	(398,655)
Service charge expenses (including Fully Managed service costs)	9,035,773	7,237,227
Other property costs	5,453,720	4,425,879
Expected credit losses	192,670	491,164
	<u>7,116,985</u>	<u>6,881,928</u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts - paid by ultimate parent undertaking	<u>19,000</u>	<u>13,000</u>

No non-audit fees were paid in either the current or prior year.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Interest receivable and similar income

	2023	2022
	£	£
Interest receivable from ultimate parent undertaking 2.98% (2022: 2.94%)	3,538,542	2,547,149
Other interest income	98	573
	<u>3,538,640</u>	<u>2,547,722</u>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The headline margin of the Group's revolving credit facility (RCF) was unchanged at 90.0 basis points over SONIA plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years.

7 Finance costs

	2023	2022
	£	£
Interest on obligations under head leases	<u>1,160,096</u>	<u>1,160,552</u>

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

	2023	2022
	£	£
Total tax charge	-	-

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2023	2022
	£	£
(Loss)/profit before taxation	(70,382,838)	66,170,130
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 19% (2022: 19%)	(13,372,739)	12,572,325
Taxation impact of factors affecting tax charge:		
Changes in fair value of properties not subject to tax	18,015,714	(6,391,160)
REIT tax-exempt rental income and gains	(3,983,680)	(5,696,999)
Non ring-fenced amounts	19,501	10,599
Tax losses claimed by Company for nil consideration	(678,796)	(494,765)
Total adjustments	13,372,739	(12,572,325)
Tax charge for the year	-	-

The standard rate of corporation tax in the UK throughout the period was 19% (2022: 19%). The standard rate of corporation tax increased, from 19% to 25% on 1 April 2023.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Investment properties

	Freehold £	Leasehold £	Total £
Investment property			
At 1 April 2021	116,600,000	636,580,419	753,179,984
Additions	5,270,899	1,999,653	7,270,552
Disposals	-	(11,000,000)	(11,000,000)
Surplus on revaluation	17,910,052	14,879,390	32,789,442
Transfer from investment property under development	244,819,049	-	244,819,049
At 31 March 2022	384,600,000	642,459,462	1,027,059,462
Additions	20,010,473	7,824,419	27,834,892
Disposals	(42,163,995)	-	(42,163,995)
Deficit on revaluation	(21,146,478)	(60,845,832)	(81,992,310)
At 31 March 2023	341,300,000	589,438,049	930,738,049
Investment property under development			
At 1 April 2021	238,300,000	-	238,300,000
Additions	6,519,049	-	6,519,049
Transfer to investment property	(244,819,049)	-	(244,819,049)
At 31 March 2022	-	-	-
At 31 March 2023	-	-	-
Total investment property	341,300,000	589,438,049	930,738,049

The Company's investment properties were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2023. The valuations have been prepared in accordance with the current version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

The historical cost of investment properties at 31 March 2023 was £734,147,676 (2022: £739,468,457).

At 31 March 2023, the Company had capital commitments of £1,040,000 in respect of its investment properties (2022: £1,025,000)

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Investment in joint ventures

	2023 £	2022 £
At 1 April	106,320,033	97,515,325
Share of profit of joint ventures	5,227,140	11,973,495
Share of revaluation (deficit)/surplus of joint ventures	(12,825,952)	848,620
Share of profit on sale of joint venture properties	32,920	3,232,593
(Loss)/profit of joint ventures	(7,565,892)	16,054,708
Share of results of joint ventures	(7,565,892)	16,054,708
Distributions	(7,500,000)	(7,250,000)
At 31 March	91,254,141	106,320,033

Details of the Company's joint venture investment at 31 March 2023 is as follows:

	Country of incorporation	Principal activity	Ownership %
The Great Ropemaker Partnership	United Kingdom	Property Investment	49.995

The abbreviated financial statements of these joint venture investments can be found on pages 34 and 35 and the registered office for each joint venture is 33 Cavendish Square, London, W1G 0PW.

At 31 March 2023, the Company had £nil contingent liabilities arising in its joint ventures (2022: £nil). At 31 March 2023, the Company had capital commitments in respect of its joint ventures of £nil (2022: £nil).

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Investment in joint ventures (continued)

The Company's share in the net assets and liabilities, revenues and expenses for the joint ventures:

	The Great Ropemaker Partnership £	2023 Total £	2023 At share £	2022 At share £
Balance sheet				
Investment property	314,223,198	314,223,198	157,095,888	169,904,547
Current assets	3,983,222	3,983,222	1,991,412	1,395,493
Cash	14,141,276	14,141,276	7,069,931	6,704,775
Balance from Partner group companies	(129,260,589)	(129,260,589)	(64,623,831)	(63,361,168)
Current liabilities	(10,337,374)	(10,337,374)	(5,168,170)	(3,202,587)
Finance leases	(10,223,198)	(10,223,198)	(5,111,088)	(5,121,027)
Net assets	<u>182,526,535</u>	<u>182,526,535</u>	<u>91,254,141</u>	<u>106,320,033</u>

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Investment in joint ventures (continued)

	The Great Ropemaker Partnership £	2023 Total £	2023 At share £	2022 At share £
Income statement				
Net rental income	15,966,759	15,966,759	7,982,581	14,251,539
Property and administration (costs)/income	(2,373,427)	(2,373,427)	(1,186,595)	139,844
Net finance costs	(3,138,006)	(3,138,006)	(1,568,846)	(2,417,888)
Share of profit from joint ventures	10,455,326	10,455,326	5,227,140	11,973,495
Revaluation of investment property	(25,654,470)	(25,654,470)	(12,825,952)	848,620
Profit on sale of investment property	65,846	65,846	32,920	3,232,593
(Loss)/profit of joint ventures	(15,133,298)	(15,133,298)	(7,565,892)	16,054,708

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Investment in associate

	Associate £
At 1 April 2022 and 31 March 2023	2,500

Details of the Company's associate undertakings are as follows:

Partnership	Country	Principal activity	Holding %
The Rathbone Place Limited Partnership	United Kingdom	Property Investment	24.975

The Company owns a 24.975% share in The Rathbone Place Limited Partnership and its financial statements can be obtained from its registered office at 33 Cavendish Square, London, W1G 0PW.

The Company received £nil in distributions in the year to 31 March 2023 (2022: £nil) from the associate. There has been no impairment of the investment in the current or prior year.

12 Trade and other receivables

	Current 2023 £	2022 £	Non-current 2023 £	2022 £
Trade receivables	4,333,434	10,472,455	-	-
Expected credit loss allowance	(1,483,305)	(5,474,190)	-	-
	2,850,129	4,998,265	-	-
Amount owed by parent undertaking	-	-	142,185,316	98,774,843
Other receivables	1,141,478	2,146,413	-	-
	3,991,607	7,144,678	142,185,316	98,774,843

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the customer's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual customers' circumstance. This assessment reviews the outstanding balances of each individual customer and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised this has been recognised immediately in the income statement. For the portion of the expected credit loss that relates to future revenue which is no longer considered fully recoverable, the relevant amount of rent received in advance has been released.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

12 Trade and other receivables

(Continued)

	2023 £	2022 £
Movements in expected credit loss allowance		
Balance at the beginning of the year	(5,474,190)	(4,275,922)
Expected credit loss allowance during the year	(819,234)	(4,626,286)
Expected credit loss allowance in respect of future years	603,204	554,980
Amounts written-off as uncollectable	4,206,915	2,873,038
	<u>(1,483,305)</u>	<u>(5,474,190)</u>

The current year expected credit loss net of VAT is £682,695 (2022: £3,780,764).

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The headline margin of the Group's revolving credit facility (RCF) was unchanged at 90.0 basis points over SONIA plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years. Amounts are unsecured and are repayable on demand.

13 Trade and other payables

	2023 £	2022 Restated* £
Payables in respect of customer rent deposits	9,129,124	8,716,648
Accruals and deferred income	10,023,152	11,129,821
Other taxes	1,116,048	475,034
Other payables	1,691,942	1,961,939
	<u>21,960,266</u>	<u>22,283,442</u>

* The 2022 comparatives have been restated to reflect the IFRIC Decision on Deposits. Amounts held in respect of customer rent deposits have been recorded as cash and cash and equivalents, with a corresponding liability recorded within trade and other payables.

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Head lease obligations

Head lease obligations in respect of the Company's leasehold properties are payable as follows:

	Minimum lease payments 2023 £	Interest 2023 £	Principal 2023 £	Minimum lease payments 2022 £	Interest 2022 £	Principal 2022 £
Less than one year	1,171,511	(1,159,621)	11,890	1,171,511	(1,160,097)	11,414
Between two and five years	4,686,044	(4,633,291)	52,753	5,857,555	(5,792,913)	64,642
More than five years	122,568,738	(98,125,332)	24,443,406	122,568,738	(98,125,332)	24,443,406
	<u>128,426,293</u>	<u>(103,918,244)</u>	<u>24,508,049</u>	<u>129,597,804</u>	<u>(105,078,342)</u>	<u>24,519,462</u>

15 Share capital

	2023 £	2022 £
Ordinary share capital		
Issued, called up and fully paid		
572,766,652 Ordinary shares of £1 each	<u>572,766,652</u>	<u>572,766,652</u>

The share capital comprises 572,766,652 ordinary shares carrying no right to fixed income.

16 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued capital, comprising £1 ordinary shares.

Retained earnings

Cumulative net gains and losses recognised in the Company's income statement together with other items such as dividends.

17 Contingent liabilities

The Company, along with certain of its fellow group subsidiaries, has guaranteed bank facilities of its parent undertaking to the extent of £450 million (2022: £450 million), of which £14 million was drawn down at 31 March 2023 (2022: £87 million).

PONTSARN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Lease receivables

Future aggregate minimum rentals receivable under non-cancellable leases are:

	2023 £	2022 £
The Company as a lessor		
Less than one year	31,629,031	28,871,476
Between two and five years	86,308,836	66,376,674
More than five years	62,116,885	71,766,236
	<u>180,054,752</u>	<u>167,014,386</u>

19 Ultimate controlling party

The Company is a wholly-owned subsidiary undertaking of Great Portland Estates plc, a company incorporated in the United Kingdom and registered in England & Wales, the ultimate parent undertaking and controlling entity, and the only company within the Group which prepares consolidated financial statements. The financial statements of the Company and of Great Portland Estates plc can be obtained from 33 Cavendish Square, London, W1G 0PW.