Company Registration No. 00611070 (England and Wales)

PONTSARN INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

PONTSARN INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	T A Courtauld N Sanderson S Mew A White
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 2021

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 19.

The loss for the year, after taxation, amounted to £70,100,748 (2020: £15,533,922). The directors paid a dividend during the year of £nil (2020: £nil) and no dividend has been proposed after the year end (2020: £nil).

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

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.

Rent receivable

Rent receivable for the year was £29,456,165, a decrease from 2020 of £9,924,926 as a result of property disposals in the prior year as well as increased expected credit loss provisions made against doubtful debts from the impact of COVID-19 in the current year.

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

Over the last financial year we have been operating in some of the most challenging trading conditions we have experienced. Our markets in central London have been in lockdown for much of the time, affecting all aspects of life and impacting our operations. Whilst uncertainty remains, progress of the UK vaccination programme has been positive and we are encouraged by the recent acceleration in enquiries we are receiving from prospective occupiers, particularly for our prime Grade A and flex office products. With limited supply across central London over the next few years, we can expect innovative, flexible and well serviced space with strong wellbeing and sustainability credentials to command an increasing premium to poorer space. Although it may take a little time for the full buzz of London to return, we believe it will, driven by this great capital's magnetic appeal as the cultural and commercial heart of the UK, and its unique position as a global city. As a result, the prospects for the Company remain positive, driven by a recovering market, our strong finances, a portfolio full of opportunity and a deeply talented and committed team.

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 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.

Our stakeholders
The Company has identified its key stakeholders as being its: occupiers, 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.

COVID-19 has had a wide-reaching impact on many of our stakeholders. The Group's Board has overseen extensive engagement activities during the year to understand and take account of stakeholder views, including to offer appropriate support to those that have needed it in unprecedented circumstances.

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 68 of the Group's annual report and accounts.

Business risks
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:

Structural retail changes

A continued structural shift in the retail industry, accelerated by COVID-19, forces changes to leasing requirements (e.g. turnover rents or shorter lease terms) and/or reduces the demand for, or profitability of retail space in central London. This reduces rental values and income, asset values and returns from retail space.

How we monitor and manage risk

- Strategic financial forecasts updated prior to each Board meeting including scenario planning for different economic cycles.
- Quarterly review of asset-by-asset business plans to assess potential exposures and inform hold/sell strategies.
- Regular updates received from central London retail agencies to understand current market trends and anticipating future changes to deal structures.
- The Group's in-house portfolio management teams have proactive engagement with occupiers to understand their occupational needs and requirements with a focus on retaining income.
- Proactive engagement with retail occupiers to understand their occupational needs with a focus on retaining income, including through appropriate rent concession agreements.
- Design Review Panel reviews building design and specification to ensure the scheme can accommodate flexibility of unit sizes appropriate for future retail occupier demand. White box units are created where appropriate to encourage demand.
- In-house Leasing and Marketing teams liaise with external advisors on a regular basis, creating marketing campaigns, agreed budgets and timelines in accordance with the leasing/marketing objectives.
- Active participation in industry groups to promote London and lobby government to reduce pandemic-driven intervention on rent collection.

Climate change and decarbonisation

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

How we monitor and manage risk

- Sustainability Committee meets quarterly to consider strategy in respect of climate change and environmental and social impact strategy and risks. Its Portfolio and Development sub-committees meet monthly and report to Sustainability Committee on progress.
- Dedicated Sustainability & Social Impact Director on the Executive Committee supported by Sustainability Managers.
- Design Review Panel reviews design brief for all buildings to ensure that forthcoming sustainability risks are considered.
- Sustainable Development Brief and Sustainability strategy in place.
- Net Zero Carbon Roadmap established and carbon offsetting strategy approved by the Board. Decarbonisation fund established to support energy efficiency retrofitting in existing buildings.
- 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.

Pandemic

COVID-19 and/or a future pandemic leads to a major and prolonged economic recession and associated fiscal response, significant decreases in demand in our markets, reduced footfall in central London, impairs our occupiers' ability to meet their rental obligations, adversely impacts our rental values and rent collection, reduces the availability, health and wellbeing of our workforce and/or disrupts our supply chains resulting in a decreased ability to maintain the consistency of our operations. A longer-term structural change in working and/or retail practices could occur as a result of a pandemic which changes the level and nature of demand for space in central London and we are unable to respond appropriately or quickly enough to meet evolving occupier needs.

How we monitor and manage risk

- Business Continuity Plans and IT Business Continuity Plans in place.
- Response Committee established and led by the Chief Financial & Operating Officer to identify risks and concerns to help manage the Group's response to the COVID-19 crisis with weekly reporting to the Executive Committee.
- Additional Board calls held during COVID-19 crisis to review the Group's response and mitigations with key updates provided between meetings. Reviews of Government guidelines and emerging practice with risk assessments undertaken as control measures change.
- Reviews of government guidelines and emerging practice with risk assessments undertaken as control measures change.
- Enhanced stakeholder engagement, particularly with occupiers, contractors, shareholders and employees.
- Health and safety plans to support employees, occupiers and contractors through lockdowns and their return to work, and to keep buildings open and 'COVID-19 Secure'.
- Health and wellbeing programme implemented to support employees' physical and mental health.
- Selection of contractors and suppliers based on creditworthiness.

London attractiveness

The appeal of London to occupiers and investors may diminish due to macro-economic conditions (e.g. post-Brexit international trading relationships), reduced appetite to travel to and work in London following COVID-19, changes in government policies adversely impacting London's appeal, the rise of alternative destinations for international trade, the impact of civil unrest and terrorism, the impact of long-term climate change (including risk of flooding) and the relative expense of operating in London. This could result in a lack of investment and occupier demand leading to decreasing income and asset values.

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, including to reflect potential impacts regarding COVID-19 and the UK's international trade relationships post-Brexit.
- 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 the Group's view of London's recovery following COVID-19, with potential actions identified in the Board strategy review.
- The impact of post-Brexit UK, EU and international trading relationships continues to be monitored and reported to the Executive Committee and Board.
- The Group aims to maintain a consistent policy of low financial leverage.
- Active participation in industry groups to promote London.

Impact of property market dislocation on financial leverage and banking covenants

Capital markets disruption, macroeconomic shock and/or an adverse change in market conditions reduces asset values and curtails income which could increase the Group's financial leverage and potentially result in our breaching banking covenants.

How we monitor and manage risk

- Quarterly review of capital structure, including gearing levels, by the Chief Financial & Operating Officer and Executive Committee.
- Board annual strategy review with regular economic and market updates received from third parties.
- Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters.
- Quarterly 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.
- The Group's funding measures are diversified across a range of bank and bond markets.
- Proactive balance sheet management.
- Investor relations programme, with regular broker consultation, to build a supportive shareholder base in the event of future fundraisings.
- Regular review of financing by the Chief Financial & Operating Officer and Executive Committee with reporting at each Board meeting.

Failure to maximise returns from prevailing market conditions

We fail to adequately read market conditions and respond accordingly. This could result in making leasing decisions or buying, selling or developing buildings at the incorrect time leading to insufficient returns on our investment. Additionally, in periods of stable and/or high value markets we fail to effectively adjust our business model to maximise returns from prevailing market conditions.

How we monitor and manage risk

- Strategic financial forecasts are updated prior to each Board meeting including scenario planning for different economic cycles and eventualities.
- Regular review of property cycle by reference to dashboard of lead indicators.
- Board annual strategy review including regular economic and market updates received from third parties.
- Dedicated in-house team with remit to research sub-markets in central London seeking the right balance between investment and development opportunities for current and prospective market conditions.
- Detailed due diligence undertaken for all prospective acquisitions prior to purchase to ensure appropriate returns.
- Quarterly review of asset-by-asset business plans to assess future performance and to inform hold/sell decision making.

Failure to profitably deliver the development programme

We fail to translate the development pipeline and current committed schemes into profitable developments through poor development management, an inappropriate level of development undertaken as a percentage of the portfolio, failure to agree acceptable terms with freeholders/adjoining owners/other stakeholders, poor timing of activity and/or inappropriate products for an evolving market and occupier needs (including sustainability expectations). This may result in weak leasing performance, reputational damage and reducing property returns.

How we monitor and manage risk

- Updated strategic financial forecasts reviewed at each scheduled Board meeting including scenario planning for different economic cycles.
- 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.
- 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.
- Working with agents, potential occupiers and purchasers to identify their needs and aspirations including sustainability, wellbeing and technological advances during the planning application and design stages.
- 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.
- In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme.
- 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.

Challenging planning environment
The increasingly stringent planning environment limits the ability to create appropriate new spaces, increases costs and results in our failure to obtain viable planning consents and deliver the development pipeline.

How we monitor and manage risk
- 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.
- Active engagement with planning authorities.
- Early engagement with local residents and community groups, adjoining owners and freeholders.
-Third-party expertise used to support in-house teams, where appropriate.
- Regular updates to the Executive Committee and Board on regulatory and planning policy developments.
- Sustainable building design, including climate change mitigation and adaption, considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Very Good' for major refurbishments and 'Excellent' for new build developments.

People
Failure to attract, develop and retain high quality, suitably experienced individuals means we may not have the necessary capability, diversity or resource levels resulting in the failure to deliver or develop our business plan.

How we monitor and manage risk
- Regular review is undertaken of the Group's resource requirements and succession planning.
- The Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance.
- Benchmarking of remuneration packages of all employees is undertaken annually to ensure competitive financial and non-financial packages in line with market rates.
- Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including mentoring and coaching programmes.
- Clear articulation of the Group's values so all existing and prospective employees understand our core beliefs and behaviours. Launch of new Inclusion and Diversity strategy in October 2019.
- Board and Nomination Committee oversight of our Inclusion and Diversity strategy and new roadmap to improve the diversity of our Executive Committee.
- Health and wellbeing programme implemented to support employees' physical and mental health, including through COVID-19.
- Focus on people engagement with regular two-way communication and responsive employee-focused activities.

Meeting occupier needs and competition
We fail to identify and react effectively to shifting patterns of work space use and/or understand and provide spaces that meet quickly evolving occupier needs. This could lead to the Group failing to deliver space and lease terms that occupiers want and/or an inappropriate mix of flex versus traditional space, resulting in poor investment returns, potentially stranded assets and losing occupiers to competitors.

How we monitor and manage risk
- Quarterly review of individual property business plans and the market more generally, including review of property IRRs.
- Portfolio Management quarterly updates to Executive Committee with reporting at each scheduled Board meeting.
- Board and management review of Company's flexible space offer across the portfolio, including broadening our product offering.
- The Group's in-house Occupier and Property Services teams have proactive engagement with occupiers to understand their occupational needs and requirements with a focus on retaining income, including through meetings and regular occupier surveys which help us track our Net Promoter Score. Executive Committee members meet with our top 20 occupiers at least once a year.
- Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the Group's portfolio.
- Board annual strategy review, including market updates received from third parties.

Poor capital allocation decisions
We make poor decisions regarding the allocation of capital such that we buy, sell, hold or develop the incorrect buildings resulting in inadequate investment returns.

How we monitor and manage risk
- Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards, and market generally.
- Weekly investment meetings held and regular dialogue maintained with key intermediaries.
- Portfolio Management, Development and Leasing quarterly updates to the Executive Committee with reporting at each scheduled Board meeting.
- Strategic Review forecast on an asset-by-asset basis provides a business plan for each individual property which is reviewed against the performance of the business as a whole.
- Detailed due diligence processes in place to help ensure appropriate returns.

Health and safety

A health and safety incident (including by our contractors) results in loss of life, significant injury, widespread infection, and financial and/or reputational damage to Group. Furthermore, significant changes in health and safety (including fire safety) regulations and practice driven by government intervention following events such as COVID-19 and Grenfell may 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, Development and Project Management team members and third parties.
- 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.
- Annual cycle of health and safety audits.
- Online health and safety Management system in place for business.
- Comprehensive 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.
- Pandemic policies and procedures in place for head office and portfolio buildings.

Cyber security and infrastructure failure
A cyber attack or infrastructure failure could lead to business or network disruption within our portfolio or loss of information or occupier data. There is the potential for greater impact on Flex+ occupiers to which we provide increased infrastructure support and high risk occupiers. This may result in litigation, reputational damage, 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. The Group's new three-year IT strategy was 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 Business Continuity 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.

Approved by the board and signed on their behalf by

N Sanderson

10 September 2021

PONTSARN INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and audited financial statements for the year ended 31 March 2021.

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 1.12 to 1.15, 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 A Courtauld
N Sanderson
S Mew
A White

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.

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 have focused on the impact of COVID-19 on the macroeconomic conditions in which the Company and Group is operating. As part of the review, the directors have modelled a series of market scenarios to further understand the resilience of the business to the impact of COVID-19. 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 occupier 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 by 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.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on their behalf by

N Sanderson

10 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

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.

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:
- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 20.

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.

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.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the company's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of enquiries of management, the Group's internal audit and the Group's Audit Committee about their own identification and assessment of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they are aware of any instances of non-compliance; and
  - detecting and responding to the risks of fraud and whether the company has knowledge of any actual, suspected or alleged fraud; and
  - internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT and real estate valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of considering these matters, we identified the greatest potential for fraud to be in relation to the valuation of the investment and development property portfolio.

The valuation of 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.

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.

Judith Tacon FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

10 September 2021

Statutory Auditor
London
United Kingdom

PONTSARN INVESTMENTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020* £
Revenue	3	42,457,483	46,313,798
Cost of sales	4	(10,717,173)	(9,149,425)
		31,740,310	37,164,373
Expected credit losses	13	(5,073,074)	-
Administrative expenses		(10,165,795)	(10,605,501)
Operating profit before deficit from property and results of joint ventures		16,501,441	26,558,872
Share of results of joint ventures	10	(12,441,238)	5,030,433
Impairment of subsidiary undertaking		-	(15,093,720)
(Loss)/profit on sale of investment property	9	(139,520)	6,252,807
Loss on sale of trading property	12	-	(84,835)
Deficit on revaluation of investment properties	9	(75,179,003)	(39,280,062)
Operating loss		(71,258,320)	(16,616,505)
Interest receivable and similar income	6	2,318,564	2,243,993
Finance costs	7	(1,160,992)	(1,161,410)
Loss before taxation		(70,100,748)	(15,533,922)
Tax	8	-	-
Loss for the financial year		(70,100,748)	(15,533,922)

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

*As explained further in note 1, the directors have changed the way in which the Company's performance is presented on the face of the income statement. The underlying figures have not been amended and this modified presentation has had no effect on the result for the year.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Loss for the financial year	(70,100,748)	(15,533,922)
Other comprehensive income		
Total other comprehensive income for the year	-	-
Total comprehensive expense for the year	(70,100,748)	(15,533,922)

PONTSARN INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2020* £
Non-current assets			
Investment properties	9	991,480,419	1,022,530,941
Investment in associate	11	2,500	2,500
Investment in joint ventures	10	97,515,325	118,206,563
Amounts due from parent undertaking	13	73,765,760	100,818,960
		1,162,764,004	1,241,558,964
Current assets			
Trade and other receivables	13	10,777,455	5,337,303
Cash at bank and in hand		1,160	1,160
		10,778,615	5,338,463
Current liabilities			
Trade and other payables	14	(13,965,910)	(17,209,448)
		(13,965,910)	(17,209,448)
Net current liabilities		(3,187,295)	(11,870,985)
Total assets less current liabilities		1,159,576,709	1,229,687,979
Non-current liabilities			
Obligations under head leases	15	(24,530,419)	(24,540,941)
		(24,530,419)	(24,540,941)
Total liabilities		(38,496,329)	(41,750,389)
Net assets		1,135,046,290	1,205,147,038
Equity			
Share capital	16	572,766,652	572,766,652
Retained earnings		562,279,638	632,380,386
Total equity		1,135,046,290	1,205,147,038

*The prior year statement of financial position has been re-presented, please see note 1 for detail.

The financial statements were approved by the Board of directors and authorised for issue on 10 September 2021.

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 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2019	572,766,652	647,914,308	1,220,680,960
Loss for the year	-	(15,533,922)	(15,533,922)
Other comprehensive income for the year	-	-	-
Total comprehensive expense for the year	-	(15,533,922)	(15,533,922)
Balance at 31 March 2020	572,766,652	632,380,386	1,205,147,038
Loss for the year	-	(70,100,748)	(70,100,748)
Other comprehensive income for the year	-	-	-
Total comprehensive expense for the year	-	(70,100,748)	(70,100,748)
Balance at 31 March 2021	572,766,652	562,279,638	1,135,046,290

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 20.

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 20 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 Directors have represented all lines of the prior year income statement before the "operating profit before deficit from property and results of joint ventures" line in order to remove duplication of line items and present line items on a gross basis without offsetting. The underlying results have not been amended and this modified presentation has had no effect on operating profit/loss, the overall results or any KPIs for the year.

It has been identified that amounts owed by parent undertaking totalling £100,818,960 had previously been presented within current assets, but should have been presented within non-current assets. Although the amounts are repayable on demand, there was no expectation that they will be fully recovered within 12 months and, therefore, they did not meet the criteria to be classified as current assets. The prior year statement of financial position has been represented to show these balances within non-current assets. There has been no impact on overall net assets.

1 Accounting policies (Continued)

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.

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.

In response to changes in the control, or future spread, of COVID-19, the external valuers have highlighted the importance of the valuation date in their reports. It is their view that, as at the valuation date, transaction volumes and other relevant evidence had returned to levels where an adequate quantum of market evidence existed upon which to base opinions of value. Accordingly, the valuations at 31 March 2021 were not subject to 'material valuation uncertainty'.

Key source of estimation uncertainty: expected credit loss

The Company is operating in an environment of heightened economic uncertainty caused by COVID-19 and consequently additional scrutiny and judgement is required when assessing the impact of non-payment of rents and rent concessions as well as the possible need to impair outstanding rental balances. At 31 March 2021, each outstanding occupier balance was reviewed and allocated an estimated likelihood of recovery using a forward look expected credit loss model. Given the heightened levels of economic uncertainty, the focus of the review was on current and forecast financial information, levels of retail footfall and the occupiers' ability to pay rental arrears and, with respect to lease incentives, the likelihood that occupiers will serve out the remainder of the contractual lease term. To the extent balances were considered unrecoverable they have been provided for as an expected credit loss in the income statement. Further information is provided in note 13.

1.3 New accounting standards

During the year ended 31 March 2021, the following accounting standards and guidance were adopted by the Company. The pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of Material (Amendments to IAS 1 and IAS 8).

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 Accounting policies (Continued)

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 COVID-19 on the 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 COVID-19 and the UK's international trading negotiations following Brexit. 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.

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 occupiers, 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.

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

1.6 Cost of sales

Service charge expenses 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 Accounting policies **(Continued)**

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.

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 valuations have been prepared in accordance the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (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 or property if it was acquired specifically for development, 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.

1.11 Trading property

Trading property is held for sale or held for sale after development is complete, and is carried at the lower of cost and net realisable value. Cost includes direct expenditure and costs of sale are expensed to the income statement as incurred.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1 Accounting policies **(Continued)**

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

1.12 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 occupiers 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 tenant 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.

1.13 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% - 40%.

1.14 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.

1.15 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:

1.16 Trade receivables and payables

Trade receivables and payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method as a defined method in IFRS 9. See note 13 for further information on trade receivables and associated expected credit losses.

1.17 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.

1.18 Taxation

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

1 Accounting policies **(Continued)**

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. 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.

1.19 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.

1.20 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.

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.

	2021	2020
	£	£
Gross rental income	37,075,953	41,168,510
Spreading of lease incentives	(1,287,300)	(750,600)
Service charge income	6,668,830	5,895,888
	42,457,483	46,313,798

The table below sets out the Company's net rental income:

Gross rental income	37,075,953	41,168,510
Expected credit losses	(5,073,074)	-
Spreading of lease incentives	(1,287,300)	(750,600)
Ground rent	(1,259,414)	(1,036,819)
Net rental income	29,456,165	39,381,091

4 Cost of sales

	2021	2020
	£	£
Service charge expenses	7,040,848	6,697,238
Other property expenses	2,416,911	1,415,368
Ground rent	1,259,414	1,036,819
	10,717,173	9,149,425

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

	2021	2020
	£	£
Service charge income	(6,668,830)	(5,895,888)
Service charge expenses	7,040,848	6,697,238
Other property expenses	2,416,911	1,415,368
Property costs	2,788,929	2,216,718

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts - paid by ultimate parent undertaking	11,700	10,400

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

6 Interest receivable and similar income

	2021 £	2020 £
Interest receivable from ultimate parent undertaking 2.70% (2020: 3.19%)	2,318,564	2,224,990
Other interest income	-	19,003
	2,318,564	2,243,993

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt.

7 Finance costs

	2021 £	2020 £
Interest on obligations under head leases	1,160,992	1,161,410

8 Tax

	2021 £	2020 £
Total tax charge for the year	-	-

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

	2021 £	2020 £
Loss before taxation	(70,100,748)	(15,533,922)
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (2020 - 19%)	(13,319,142)	(2,951,445)
Taxation impact of factors affecting tax charge:		
Effect of unwind of elimination of profit on transfer to joint venture	(221,472)	-
Effect of impairment of subsidiary undertaking	-	2,867,807
Changes in fair value of properties not subject to tax	18,298,859	7,920,120
REIT tax-exempt rental income and gains	(4,303,542)	(7,431,716)
Non ring-fenced amounts	12,158	(4,281)
Tax losses claimed by Company for nil consideration	(466,861)	(400,485)
Total adjustments	13,319,142	2,951,445
Tax charge for the year	-	-

The standard rate of corporation tax in the UK is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2020: 19%). Post the Balance Sheet date, legislation has been enacted to increase the main corporation tax rate, from 19% to 25% on 1 April 2023. These financial statements do not reflect the impact of this change as it was not substantively enacted by the Balance Sheet date.

9 Investment properties

	Freehold £	Leasehold £	Total £
Investment property			
At 1 April 2019	175,550,000	722,346,047	897,896,047
Additions	6,335,216	5,449,667	11,784,883
Disposals	(57,301,228)	-	(57,301,228)
Deficit on revaluation	(4,883,988)	(17,464,773)	(22,348,761)
At 31 March 2020	119,700,000	710,330,941	830,030,941
Additions	5,444,714	2,595,421	8,040,135
Deficit on revaluation	(8,544,714)	(76,345,943)	(84,890,657)
At 31 March 2021	116,600,000	636,580,419	753,180,419

9 Investment properties **(Continued)**

Investment property under development	**Freehold** £	**Leasehold** £	**Total** £
At 1 April 2019	178,500,000	-	178,500,000
Additions	30,931,301	-	30,931,301
Deficit on revaluation	(16,931,301)	-	(16,931,301)
At 31 March 2020	192,500,000	-	192,500,000
Additions	36,088,346	-	36,088,346
Surplus on revaluation	9,711,654	-	9,711,654
At 31 March 2021	238,300,000	-	238,300,000
Total investment property	354,900,000	636,580,419	991,480,419

The Company's investment properties were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2021. The valuations have been prepared in accordance with the current version of the RICS Valuation – Global Standards (incorporating the International Financial Reporting Standards (IFRS)) and the UK national supplement 2020 ("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. CBRE has carried out valuation, agency and professional services on behalf of 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 historical cost of investment properties at 31 March 2021 was £737,961,700 (2020: £692,089,297).

At 31 March 2021, the Company had capital commitments of £7,238,536 in respect of its investment properties under development (2020: £43,377,568)

10 Investment in joint ventures

	2021	2020
	£	£
At 1 April	118,206,563	117,817,585
Additions	-	25,000
Share of profit of joint ventures	7,522,438	7,472,292
Share of revaluation deficit of joint ventures	(21,129,319)	(2,441,859)
(Loss)/profit of joint ventures	(13,606,881)	5,030,433
Unwind of elimination of profits on transfer to joint venture	1,165,643	-
Share of results of joint ventures	(12,441,238)	5,030,433
Distributions	(8,250,000)	(4,666,455)
At 31 March	97,515,325	118,206,563

Details of the Company's joint venture investments at 31 March 2021 are as follows:

	Country of incorporation	Principal activity	Ownership %
The Great Capital Partnership	United Kingdom	Property Investment	49.995
The Great Wigmore Partnership	United Kingdom	Property Investment	49.95
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 2021, the Company had £nil contingent liabilities arising in its joint ventures (2020: £nil). At 31 March 2021, the Company had capital commitments in respect of its joint ventures of £nil (2020: £nil).

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 Wigmore Partnership	The Great Ropemaker Partnership	The Great Capital Partnership	2021 Total	2021 At share	2020 At share
	£	£	£	£	£	£
Balance sheet						
Investment property	-	502,161,484	-	502,161,484	251,055,634	270,612,327
Current assets	-	5,129,287	-	5,129,287	2,564,387	2,575,017
Cash	9,497	10,619,677	-	10,629,174	5,314,051	4,163,746
Balance from Partner group companies	-	(301,515,844)	-	(301,515,844)	(150,742,846)	(147,798,888)
Current liabilities	-	(11,092,453)	-	(11,092,453)	(5,545,672)	(5,038,619)
Finance leases	-	(10,261,484)	-	(10,261,484)	(5,130,229)	(5,141,377)
Elimination of profits on transfer to JV	-	-	-	-	-	(1,165,643)
Net assets	9,497	195,040,667	-	195,050,164	97,515,325	118,206,563

10 Investment in joint ventures (continued)

	The Great Wigmore Partnership	The Great Ropemaker Partnership	The Great Capital Partnership	2021 Total	2021 At share	2020 At share
	£	£	£	£	£	£
Income statement						
Net rental income	-	23,396,882	-	23,396,882	11,697,271	12,241,815
Property and administration costs	135,699	(1,987,332)	(1,300)	(1,852,933)	(926,435)	(1,364,042)
Movement on fair value of derivatives	-	-	-	-	-	21,342
Net finance costs	(4)	(6,497,442)	-	(6,497,446)	(3,248,398)	(3,426,823)
Share of profit/(loss) from joint ventures	135,695	14,912,108	(1,300)	15,046,503	7,522,438	7,472,292
Revaluation of investment property	-	(42,262,865)	-	(42,262,865)	(21,129,319)	(2,441,859)
(Loss)/profit of joint ventures	135,695	(27,350,757)	(1,300)	(27,216,362)	(13,606,881)	5,030,433

11 Investment in associate

	Associate
	£
At 1 April 2020 and 31 March 2021	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 2021 (2020: £nil) from the associate. There has been no impairment of the investment in the current or prior year.

12 Trading Property

	2021	2020
	£	£
At 1 April	-	5,590,000
Acquisitions	-	-
Disposals	-	(5,590,000)
Impairment	-	-
At 31 March	-	-

The Company acquired a number of residential units which were held for sale. As a result, the residential element of the scheme was classified as trading property. The final residential unit was sold for £5.6 million in the prior year.

13 Trade and other receivables

	Current		Non-current	
	2021	2020 as restated	2021	2020 as restated
	£	£	£	£
Trade receivables	12,766,573	5,518,717	-	-
Expected credit loss allowance	(4,275,922)	(1,214,042)	-	-
	8,490,651	4,304,675	-	-
Corporation tax recoverable	-	15,984	-	-
Amount owed by parent undertaking	-	-	73,765,760	100,818,960
Other receivables	2,286,804	1,016,644	-	-
	10,777,455	5,337,303	73,765,760	100,818,960

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 occupier'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 occupiers' circumstance. This assessment reviews the outstanding balances of each individual occupier 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.

	2021	2020
	£	£
Movements in expected credit loss allowance		
Balance at the beginning of the year	(1,214,042)	(669,012)
Expected credit loss allowance during the year	(6,092,218)	(251,440)
Expected credit loss allowance in respect of future years	41,816	(1,200,000)
Amounts written-off as uncollectable	2,988,522	906,410
	(4,275,922)	(1,214,042)

The current year expected credit loss net of VAT is £5,073,074 (2020: £nil).

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. Amounts are unsecured and are repayable on demand. Please see note 1 for details.

14 Trade and other payables

	2021	2020
	£	£
Accruals and rent in advance	9,356,577	10,014,839
Other taxes	153,331	461,779
Other payables	4,456,002	6,732,830
	13,965,910	17,209,448

15 Head lease obligations

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

	Minimum lease payments 2021	Interest 2021	Principal 2021	Minimum lease payments 2020	Interest 2020	Principal 2020
	£	£	£	£	£	£
Less than one year	1,171,511	(1,160,553)	10,958	1,171,511	(1,160,989)	10,522
Between two and five years	5,857,555	(5,795,512)	62,043	5,857,555	(5,798,001)	59,554
More than five years	123,740,248	(99,282,830)	24,457,418	124,911,759	(100,440,894)	24,470,865
	130,769,314	(106,238,895)	24,530,419	131,940,825	(107,399,884)	24,540,941

16 Share capital

	2021	2020
	£	£
Ordinary share capital		
Authorised, called up and fully paid		
572,766,652 Ordinary shares of £1 each	572,766,652	572,766,652

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

17 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.

18 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 (2020: £450 million), of which £45 million was drawn down at 31 March 2021 (2020: £150 million).

19 Lease obligations

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

	2021 £	2020 £
The Company as a lessor		
Less than one year	34,433,595	37,317,250
Between two and five years	57,716,827	78,026,733
More than five years	24,336,797	32,675,008
	116,487,219	148,018,991

20 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.