

REGISTERED NO: 10436487

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER
LIMITED**

**Report and Financial Statements
for the year ended to 31 December 2019**



PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED

Incorporated and registered in England. Registered no. 10436487
Registered office: 10 Fenchurch Avenue, London, EC3M 5AG

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**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS

Christopher Perkins
Martin Towns
John Duxbury

COMPANY SECRETARY

M&G Management Services Limited
10 Fenchurch Avenue
London
EC3M 5AG
United Kingdom

REGISTERED OFFICE

10 Fenchurch Avenue
London
EC3M 5AG
United Kingdom

REGISTERED NUMBER

10436487

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors of the General Partner present their report and the audited financial statements for the year ended 31 December 2019.

Principal activities and business review

Prudential UK Real Estate General Partner Limited ("the Company") acts as General Partner to Prudential UK Real Estate Limited Partnership ("the Partnership") and has a 0.01% General Partner's share interest of any distributable net income less expenses less management fees of the Limited Partnership. The Sole Limited Partner with interests in the Partnership at 31 December 2019 was The Prudential Assurance Company Limited which is wholly owned subsidiary of M&G plc (the M&G plc group or the Group). M&G plc was previously named M&G Prudential Limited, a subsidiary of Prudential plc. It registered as a public limited company, M&G Prudential plc on 24 July 2019. On 16 September 2019, M&G Prudential plc changed its name to M&G plc.

M&G plc became the ultimate parent of the Company following a demerger from Prudential plc on 21 October 2019. M&G plc is a public limited company, limited by shares, incorporated and registered in England Wales. The Group is an international financial services group, with significant operations in the United Kingdom and overseas.

The prior period comparatives in these Financial Statements is from 1 January 2018 to the 31 December 2018.

The principal activity of the Company during the year was the ownership and management of an investment property portfolio comprising of commercial, industrial and residential property based within the United Kingdom.

The Company's profit for the year after taxation was £2,924 (2018: £2,138). The Directors have resolved not to pay any dividends.

Future developments

The future development of the Company is related to the prospects of the Prudential UK Real Estate Limited Partnership which has £74m of outstanding capital commitments to be deployed. As and when this capital is utilised this will result in higher net income, increasing the General Partner profit earned by the Company.

Directors

The Directors who held office during the year ended 31 December 2019 were as follows:

Christopher Perkins
Martin Towns
John Duxbury

There have been no appointments or resignations of the Directors during the year ended 31 December 2019.

Directors' protection

M&G plc has arranged appropriate insurance cover in respect of legal action against Directors and senior managers of companies within the M&G Group. In addition, the Articles of Association of the Company provide that to the extent permitted by law every Director of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay to any such person all costs, losses and expenses which that person may incur or become liable to by reason of any contract entered into or any act or deed done by such person as a Director of the Company or in any way in the discharge of that person's duties.

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Strategic Report exemption

The Annual Report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption, provided for under Section 414(B) of the Companies Act 2006. Accordingly, no strategic report has to been prepared.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2018: £0).

Going Concern

The Directors have updated their assessment of cash flows and have determined that the continued application of the going concern assumption is appropriate.

The Directors have considered the key risks in the economic environment and have stress tested the sensitivity of property valuations as well as rental income to levels worse than that experienced from the onset of the virus and have concluded that the operations will continue for period of at least 12 months from the date the Financial Statements are approved, this is in light of the COVID-19 outbreak, although acknowledging that the future path is highly uncertain.

The going concern basis of accounting has been adopted when preparing the Financial Statements for the year ended 31 December 2019.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418(1) of the Companies Act 2006 and should be interpreted in accordance therewith.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small Company Exemption

The above report has been prepared in accordance with the special provisions of section 415a of part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors and were signed on its behalf by:



John Duxbury

Director of Prudential UK Real Estate General Partner Limited

Date: 20 August 2020

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 estimates that are reasonable and prudent; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED

Opinion

We have audited the financial statements of Prudential UK Real Estate General Partner Limited ("the Company") for the year ended 31 December 2019, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

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



Bano Sheikh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
20 August 2020

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR TO 31 DECEMBER 2019

	Notes	For the year ended 31 December 2019 £	Period to 31 December 2018 £
Turnover	4	3,588	2,638
Profit on ordinary activities before taxation		3,588	2,638
Tax on profit on ordinary activities	5	(664)	(500)
Profit for the financial year		2,924	2,138
Other comprehensive income		-	-
Total comprehensive income		2,924	2,138

All results shown in the Profit and Loss and Other Comprehensive income for the years ended 31 December 2019 and 31 December 2018 are derived from continuing operations.

There are no recognised gains and losses attributable to the Company for the year ended 31 December 2019 and 31 December 2018 other than these included in the result above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 10 to 14 form an integral part of these Financial Statements.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	31 December 2019 £	31 December 2018 £
FIXED ASSETS			
Investments	6	2	2
CURRENT ASSETS			
Debtors	7	8,086	4,498
CREDITORS			
Amounts falling due within one year	8	(1,506)	(842)
Net current assets		<u>6,580</u>	<u>3,656</u>
Net assets		<u>6,582</u>	<u>3,658</u>
CAPITAL AND RESERVES			
Share capital	9	100	100
Profit and loss account		6,482	3,558
Shareholders' funds		<u>6,582</u>	<u>3,658</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

Approved by the Board and signed on its behalf by:



John Duxbury

Director of Prudential UK Real Estate General Partner Limited

Date: 20 August 2020

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained Earnings £	Shareholders' funds £
As at 1 January 2018	100	1,420	1,520
Share capital called up during the year	-	-	-
Profit for the year	-	2,138	2,138
Balance as at 31 December 2018	100	3,558	3,658
As at 1 January 2019	100	3,558	3,658
Share capital called up during the year	-	-	-
Profit for the year	-	2,924	2,924
Balance as at 31 December 2019	100	6,482	6,582

The notes on pages 10 to 14 form an integral part of these financial statements.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 31 DECEMBER 2019

1. Accounting policies

a) Basis of accounting

The Company met the small company criteria and therefore these financial statements were prepared in accordance with applicable law Section 1A of FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The Company has taken advantage of the exemptions under Section 1A FRS 102 in respect of the preparation of cash flow statements and related notes.

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements:

The Directors of the General Partner are of the opinion that the 0.01% investment in Prudential UK Real Estate Limited Partnership does not give the Company control of the Partnership. Accordingly, these financial statements have been prepared on a Company-only basis. The investment has been treated as a fixed asset investment in the financial statements of the Company.

In addition the Company owns two subsidiaries, Prudential UK Real Estate (Nominee 1) Limited and Prudential UK Real Estate (Nominee 2) Limited, which have not been consolidated in these financial statements since they are consolidated in the group Financial Statements of the Company's ultimate parent company, M&G plc, whose financial statements are publicly available. The Company is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The ultimate parent company is M&G plc following a demerger from Prudential plc on 21 October 2019. M&G plc is a public limited company, limited by shares, incorporate and registered in England and Wales, which prepares group Financial Statements, copies of which can be obtained from 10 Fenchurch Avenue, London, EC3M 5AG.

Items included in the financial statements of the Company are measured in Pound Sterling, being the currency of the primary economic environment in which the Company operates (the functional currency) and the presentation currency of the Company financial statements.

b) Going concern

The Directors have updated their assessment of the Partnership and therefore also the Companies future developments and cashflows and have determined that the going concern assumption is still appropriate.

The Directors plans have been updated with consideration towards all relevant information in respect of the COVID-19 outbreak, and additional stress testing has been performed at a heightened severity on the Limited Partnership assets in the assessment of going concern.

The external Valuers of Real Estate have introduced material uncertainty clauses into valuation reports. The uncertainty clause stipulates that there is a lack of market evidence for valuers to provide its customary comfort. The Directors of the General Partner believe there are still enough data points and are engaging the valuation specialists as much as possible in this regard. The Board of Directors take note of some recent post balance deals undertaken by the Partnership meaning there may be some evidence of confidence in the market.

As at 31 December 2019 the Company has net assets amounting to £6,582 (2018 - £3,658).

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

The General Partner has also considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility and reduced asset prices in global equity and bond markets.

b) Going concern

The main risks resulting from COVID-19 for the Company is in respect of the impact on rental income collection and valuation of investment property within the Partnership. The Directors of the General Partner have considered the impact on the Partnership of lower property valuations and does not consider there to be any significant impact on the going concern basis of preparation.

c) Cash flow statement

The Company has taken advantage of the exemptions under Section 1A FRS 102 in respect of the preparation of cash flow statements and related notes.

d) Investments

Investments are stated at cost, less any provision for diminution in value, where applicable.

e) Turnover

Under the Limited Partnership Agreement between Prudential UK Real Estate General Partner Limited and The Prudential Assurance Company, the Company is entitled to receive a priority profit share, an amount which is equal to 0.01% per annum of any Income less Expenses less Management of the Partnership. The Company recognises this income on an accrual's basis, to the extent that it can be reasonably certain that it is receivable.

f) Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the Statement of Comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

There is no deferred tax to consider for the Company as at 31 December 2019 and 31 December 2018.

2. Directors' emoluments

The Directors did not receive any remuneration during the year in respect of their services provided to the Company.

3. Staff costs

The Company had no employees in the year (2018: none).

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Turnover

	For the year ended 31 December 2019 £	Period to 31 December 2018 £
General Partner's Profit Share	3,588	2,638
	<u>3,588</u>	<u>2,638</u>

Prudential UK Real Estate General Partner Limited acts as General Partner to the Partnership and is entitled to an amount equal to 0.01% per annum of any income less Expenses less Management Fees of the Partnership

5. Tax on profit on ordinary activities

	For the year ended 31 December 2019 £	Period to 31 December 2018 £
<i>UK corporation tax</i>		
Current tax on profits for the year	682	501
Prior year adjustments	(18)	(1)
Taxation on profit on ordinary activities	<u>664</u>	<u>500</u>
	For the year ended 31 December 2019 £	Period to 31 December 2018 £
Profit on ordinary activities before tax	3,588	2,638
Profit on ordinary activities at the standard rate of		
Corporation tax in the UK of 19%	682	501
Prior year adjustments	(18)	(1)
Total tax charge for year	<u>664</u>	<u>500</u>

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK was due to change from 19% to 17% with effect from 1 April 2020. Following the budget announcement on 11 March 2020, the repeal of the legislation to reduce the tax rate was substantively enacted on 17 March 2020. Accordingly, the reduction in tax rate will no longer take place.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Investments

	As at 31 December 2019 £	As at 31 December 2018 £
Prudential UK Real Estate Nominee 1 Limited	1	1
Prudential UK Real Estate Nominee 2 Limited	1	1
	<u>2</u>	<u>2</u>

Prudential UK Real Estate Nominee 1 & 2 are subsidiary undertakings in which the General Partner holds 100%. The two nominee companies hold the legal title of the properties held by the Prudential UK Real Estate Limited Partnership.

7. Debtors

	As at 31 December 2019 £	As at 31 December 2018 £
Amounts due from Prudential UK Real Estate Limited Partnership	8,086	4,498
	<u>8,086</u>	<u>4,498</u>

8. Creditors

	As at 31 December 2019 £	As at 31 December 2018 £
Corporation tax payable / Group relief payable	1,166	840
Amount payable to Prudential UK Real Estate Limited Partnership	338	-
Amounts payable to The Prudential Assurance Company Limited	2	2
	<u>1,506</u>	<u>842</u>

9. Share capital

	As at 31 December 2019 £	As at 31 December 2018 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Immediate and ultimate parent companies

The immediate parent company is The Prudential Assurance Company Limited, registered in England and Wales. The ultimate parent company is M&G plc following a demerger from Prudential plc on 21 October 2019. M&G plc is a public limited company, limited by shares, incorporated and registered in England and Wales, which is the only parent company which prepares group financial statements, copies of which can be obtained from 10 Fenchurch Avenue, London, EC3M 5AG.

11. Related party transactions

As at 31 December 2019, an amount of £7,986 (2018: £4,398) relating to General Partner's share is receivable from Prudential UK Real Estate Limited Partnership.

The Partnership discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

12. Events after the balance sheet date

COVID-19

The Directors of the General Partner do not expect that the fall in asset values and restrictive market activity as a result of the pandemic will be sufficient enough to increase the uncertainty of the Partnership being able to provide long term returns to investors.

For further information concerning the assessment of COVID-19 impact on the Financial Statements please refer to the Directors' Report and note 1 of the Financial Statements.

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across the world. COVID-19 has caused unprecedented disruption to businesses and economic activity, which has been reflected in recent significant fluctuations and reduced asset prices in global equity and bond markets. The Partnership considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event, given the significant changes in business activities and economic conditions occurred as a result of events occurring after 31 December 2019. The valuations of assets and liabilities as at 31 December 2019 are therefore, based on assessments using the available information and associated risks as at that date.

Given the inherent uncertainties it is not practicable at this time to quantify the potential impacts arising from COVID-19 on the financial performance of the Partnership. The impacts will likely depend on a range of factors, including the extent and duration of the period of disruption and the impact on the global economy. However, it is possible that the Fair Value of the Partnership's investment properties would be materially lower if valued as at the date of these Financial Statements are authorised for issue.