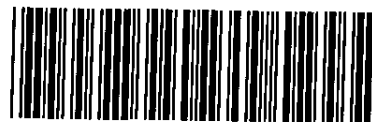


REGISTERED NO: 10436487

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER
LIMITED**

**Report and Financial Statements
for the period from 19 October 2016 to 31 December 2017**

THURSDAY



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COMPANIES HOUSE

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PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED

Incorporated and registered in England. Registered no. 10436487
Registered office: Laurence Pountney Hill, London, EC4R 0HH

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PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED

DIRECTORS

Christopher Perkins

Martin Towns

John Duxbury

Dermot Kiernan (resigned 11 November 2016)

COMPANY SECRETARY

M&G Management Services Limited

Laurence Pountney Hill

London

EC4R 0HH

United Kingdom

REGISTERED ADDRESS

Laurence Pountney Hill

London

EC4R 0HH

United Kingdom

AUDITOR

KPMG LLP

15 Canada Square

London

E14 5GL

United Kingdom

REGISTERED NUMBER

10436487

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
DIRECTORS' REPORT
FOR THE PERIOD TO 31 DECEMBER 2017**

The Directors present their report and the audited financial statements for the period ended 31 December 2017.

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 income less expenses less management fees of the Partnership. The Limited Partner with interests in the Partnership at 31 December 2017 was:

The Prudential Assurance Company Limited	100%
--	------

The principal activity of the Partnership 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 period after taxation was £1,420. The Directors have resolved not to pay any dividends.

Directors

The Directors who held office during the period ended 31 December 2017 were as follows:

Christopher Perkins (appointed 19 October 2016)
Martin Towns (appointed 19 October 2016)
John Duxbury (appointed 19 October 2016)
Dermot Kiernan (appointed 19 October 2016 / resigned 11 November 2016)

Directors' protection

Prudential Plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential 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.

Strategic Report exemption

The annual report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption. Accordingly, no strategic report has to be prepared.

Political and charitable contributions

The Company made no political or charitable contributions during the period.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
DIRECTORS' REPORT (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

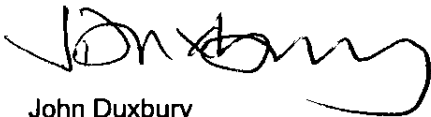
Disclosure of information to auditor

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.

By order of the Board



John Duxbury
Director of Prudential UK Real Estate General Partner Limited

Date: 16/7/18

**PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE PERIOD TO 31 DECEMBER 2017**

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
- 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 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 AUDITORS' REPORT TO THE MEMBERS OF
PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED**

We have audited the financial statements of Prudential UK Real Estate General Partner Limited for the year ended 31 December 2017 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

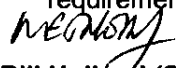
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.


Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 16 July 2018

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD TO 31 DECEMBER 2017

	Notes	Period to 31 December 2017 £
Investment income	5	1,760
Profit on ordinary activities before taxation		1,760
Tax on profit on ordinary activities	6	(340)
Profit for the financial year		1,420
Other comprehensive income		-
Total comprehensive income		1,420

All results shown in the statement of comprehensive income are derived from continuing operations in the current and prior year.

The notes on pages 9 to 12 form an integral part of these financial statements.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017
REGISTERED NO: 10436487

	Notes	31 December 2017 £
FIXED ASSETS		
Investments	7	2
 CURRENT ASSETS		
Debtors	8	1,860
 CREDITORS		
Amounts falling due within one year	9	(342)
 Net current assets		<u>1,518</u>
 Net assets		<u><u>1,520</u></u>
 CAPITAL		
Share capital	10	100
Profit and loss account		1,420
 Shareholders' funds		<u><u>1,520</u></u>

The notes on pages 9 to 12 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: 16/7/18

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Shareholders' funds £
Share capital called up during the period	100	-	100
Profit for the year	-	1,420	1,420
Balance as at 31 December 2017	100	1,420	1,520

The notes on pages 9 to 12 form an integral part of these financial statements.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD TO 31 DECEMBER 2017

1. Accounting policies

a) Basis of accounting

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The Directors 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, Prudential 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.

Prudential Plc, registered in England and Wales, is the only parent company which prepares group financial statements, copies of which can be obtained from Laurence Pountney Hill, London EC4R 0HH.

b) Going concern

As at 31 December 2017 the Company has net assets amounting to £1,520.

The General Partner expects the Partnership to generate sufficient profits and maintain sufficient working capital resources to continue in operation for the foreseeable future (being at least 12 months from the date of this report) and, as such, the General Partner believes that it is appropriate to prepare the financial statements of the Partnership on a going concern basis.

c) Cash flow statement

The Company is a wholly owned subsidiary of Prudential Plc and, in accordance with paragraph 1.12 of FRS 102, is therefore exempt from the requirement to present a cash flow statement in its financial statements.

d) Investments

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

e) Investment income

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 equal to 0.01% per annum of any Income less Expenses less Management of the Partnership. The Company recognises this income on an accrual basis, to the extent that it can be reasonably certain that the distribution will be subsequently paid. The income is shown within investment income.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

1. Accounting policies (continued)

f) Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account 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.

2. Operating profit

The amount receivable by the Company's auditor in respect of the audit of the financial statements is £20,000 which is borne by the Prudential UK Real Estate Limited Partnership.

3. Directors' emoluments

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

4. Staff costs

The company had no employees in the period.

5. Investment income

	Period to 31 December 2017 £
General Partners' share	1,760
	<u><u>1,760</u></u>

Investment income represents the Company's priority profit share of Prudential UK Real Estate Limited Partnership's distributable net income.

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

6. Tax on profit on ordinary activities

	Period to 31 December 2017 £
<i>UK corporation tax</i>	
Current tax on profits for the year	340
Taxation on profit on ordinary activities	<u>340</u>
	Period to 31 December 2017 £
Profit on ordinary activities before tax	1,760
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 19.31%	340
Total tax charge for year	<u>340</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any future tax charge for the Company accordingly.

7. Investments

	31 December 2017 £
Prudential UK Real Estate Limited Partnership	-
Prudential UK Real Estate Nominee 1 Limited	1
Prudential UK Real Estate Nominee 2 Limited	1
	<u>2</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.

8. Debtors

	31 December 2017 £
Amounts due from Prudential UK Real Estate Limited Partnership	1,860
	<u>1,860</u>

PRUDENTIAL UK REAL ESTATE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

9. Creditors

	31 December 2017
	£
Corporation tax payable / Group relief payable	340
Amounts due to The Prudential Assurance Company Limited	2
	<hr/> 342 <hr/>

10. Share capital

	31 December 2017
	£
Allotted, called up and fully paid	
100 Ordinary shares of £1 each	100
	<hr/> 100 <hr/>

11. 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 Prudential Plc, registered in England and Wales, which is the only parent company which prepares group financial statements, copies of which can be obtained from Laurence Pountney Hill, London EC4R 0HH.

12. Related party transactions

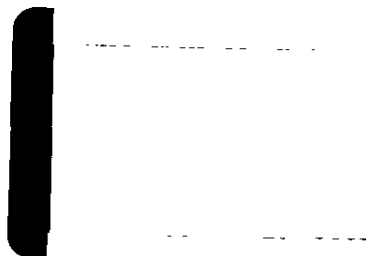
The Partnership discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

REGISTERED NO: LP017653

Prudential UK Real Estate Limited Partnership

**Report and Financial Statements
for the period from 21 October 2016 to 31 December 2017**

10436487



PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP

Incorporated and registered in England. Registered no. LP017653
Registered office: Laurence Pountney Hill, London, EC4R 0HH

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Statement of changes in partners' accounts and reserves	10
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Notes to the financial statements	12 - 16

**PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
PARTNERSHIP INFORMATION**

GENERAL PARTNER

Prudential UK Real Estate General Partner
Registered Office:
Laurence Pountney Hill
London
EC4R 0HH
United Kingdom

OPERATOR

M&G Investment Management Limited
Registered Office:
Laurence Pountney Hill
London
EC4R 0HH
United Kingdom

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

REGISTERED NUMBER

LP017653

REGISTERED OFFICE

Laurence Pountney Hill
London
EC4R 0HH

**PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STRATEGIC REPORT
FOR THE PERIOD TO 31 DECEMBER 2017**

The General Partner presents its report and the audited financial statements for the period to 31 December 2017.

Principal activities and business review

Prudential UK Real Estate Limited Partnership (the "Partnership") was formed on the 21 October 2016 as a Limited Partnership in accordance with English law. The principal activity of the Partnership during the period was the ownership and management of an investment property portfolio comprising of commercial, industrial and residential property based within the United Kingdom.

The Partnership was seeded at 1 December 2016 with approximately £350M of the Scottish Amicable Insurance Fund ("SAIF") UK property portfolio. In return, SAIF (as the Beneficial Investor) received an interest in the Partnership equal to the NAV of the portfolio (being the market value of the properties and the value of related assets less liabilities).

Prudential UK Real Estate General Partner Limited acts as General Partner to the Partnership and has a 0.01% interest in the profits of the Partnership. The sole Limited Partner with interests in the Partnership as at 31 December 2017 was The Prudential Assurance Company Limited.

Key performance indicators

The Partnership's key performance indicators during the period were as follows:

	Period to 31 December 2017
	£'000
Turnover	25,237
Profit on ordinary activities	36,148
Partners' funds	654,554

Principal risks and uncertainties

The General Partner has identified the following key risks and mitigating factors affecting the Partnership.

Property market risk

The Partnership invests in a diversified portfolio of commercial and residential property in the UK. It is therefore subject to the price volatility of the UK property markets as well as the performance of individual properties. Small changes in property market yields can have a significant impact on the valuation of investment property. This risk is mitigated through diversification across different property sectors (such as retail, offices, industrial and residential), marketing, leasing, building maintenance and redevelopment strategies aimed at maintaining and enhancing the market value of the property portfolio.

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STRATEGIC REPORT (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

Credit risk

The Partnership's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Partnership's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Partnership has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

Any decrease in future anticipated turnover may lead to an inability to meet the Partnership's creditor obligations. The Partnership maintains sufficient working capital through monitoring of anticipated turnover and counterparty exposures.

Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operation and future developments, the Partnership uses a mixture of short-term and equity finance.

Approved by the Board of Prudential UK Real Estate General Partner Limited and signed on its behalf by:



John Duxbury
Director of Prudential UK Real Estate General Partner Limited

Date: 16 Oct. 2018

**PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
REPORT OF THE GENERAL PARTNER
FOR THE PERIOD TO 31 DECEMBER 2017**

Results and review of fund activities

The profit for the period was £36,148,313. Cash returns to Limited Partners were £12,859,924.

Political and charitable contributions

The Partnership has not made any political or charitable donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The General Partner confirms that, so far as it is aware, there is no relevant audit information of which the Fund's auditor is unaware; and that the General Partner has taken all the steps that it ought to have taken as a General Partner to make itself aware of any relevant audit information and to establish that the Partners' auditor is aware of that information.

Auditor

KPMG LLP has been appointed auditor and pursuant to Section 487 of the Companies Act 2006, will continue in office.

Approved by the Board of Prudential UK Real Estate General Partner Limited and signed on its behalf by:



John Duxbury
Director of Prudential UK Real Estate General Partner Limited

Date: 16.07.2018

**PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES
FOR THE PERIOD TO 31 DECEMBER 2017**

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE GENERAL PARTNERS' REPORT AND THE FINANCIAL STATEMENTS

The general partners are responsible for preparing the Strategic Report, the general partners' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the general partners to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the general partners 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 general partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 general partners are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership 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 partnership and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Prudential Real Estate Limited Partnership ("the partnership") for the period 21 October 2016 to 31 December 2017 ("period") which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in partners' accounts and reserves, Statement of cash flows and the notes to financial statements, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and general partners' report

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

Our responsibility is to read the strategic report and general partners' 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 strategic report and general partners' report;
- in our opinion the information given in those reports for the period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP (continued)**

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 partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

General partners' responsibilities

As explained more fully in their statement set out on page 5, the general partners 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 partnership'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 partnership 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 partners, as a body, in accordance with Chapter 1 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the partners 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 partnership and the partners, as a body, for our audit work, for this report, or for the opinions we have formed.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16 July 2018

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD TO 31 DECEMBER 2017

	Notes	Period to 31 December 2017
		£'000
Turnover	3	25,237
Operating expenses		(3,051)
Gross profit		22,186
Administrative expenses		(3,131)
Surplus on revaluation of investment property	6	15,571
Profit on disposal of investment property	6	1,504
Operating profit	4	36,130
Interest receivable	5	18
Profit for the period		36,148
Other comprehensive income		-
Total comprehensive income for the period		36,148

All results shown in the profit and loss account are derived from continuing operations.

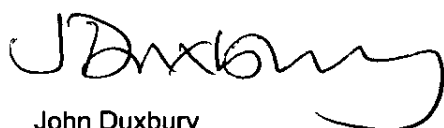
The notes on pages 12 to 16 form an integral part of these financial statements.

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	31 December 2017
		£'000
FIXED ASSETS		
Investment property	6	643,707
CURRENT ASSETS		
Debtors (<i>including £2,450,429 due after more than one year</i>)	7	8,361
Cash and cash equivalents		60,924
		<u>69,285</u>
CREDITORS		
Amounts falling due within one year	8	(47,171)
Net current assets		<u>22,114</u>
Amounts falling due after more than one year	8	(11,267)
Net assets attributable to Partners		<u>654,554</u>
PARTNERS' ACCOUNTS AND RESERVES		
Partners' capital account	9	20
Partners' current account	9	654,534
Total Partners' accounts and reserves		<u>654,554</u>

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

The financial statements were approved by the Board of Prudential UK Real Estate General Partner Limited and signed on its behalf by:



John Duxbury
Director of Prudential UK Real Estate General Partner Limited

Date: 16.07.2018

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN PARTNERS' ACCOUNTS AND RESERVES
FOR THE PERIOD TO 31 DECEMBER 2017

	Partners' capital account	Partners' current account	Total Partners' accounts and reserves
	£'000	£'000	£'000
Capital funding drawdowns during the period	20	638,649	638,669
Capital distributions during the period	-	(2,663)	(2,663)
Profit for the period	-	36,148	36,148
Income distributions during the period	-	(17,600)	(17,600)
Balance as at 31 December 2017	20	654,534	654,554

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

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE PERIOD TO 31 DECEMBER 2017

Notes	Period to 31 December 2017
	£'000
Cash flows from operating activities	
Profit for the year	36,148
<i>Adjustments for:</i>	
Interest receivable	(18)
Reversal of bad debts write off	(3)
Gain on revaluation of investment property	(15,571)
Gain on disposal of fixed assets	(1,504)
Adjustment for headlease obligation	(11,813)
Increase in debtors	(8,217)
Increase in creditors	25,007
Net cash inflow from operating activities	24,029
Cash flows from investing activities	
Interest received	18
Purchase and expenditure on fixed assets	(631,864)
Proceeds on disposal of fixed assets	18,034
Net cash outflow from investing activities	(613,812)
Cash flows from financing activities	
Capital funding drawdowns	666,087
Capital distributions	(2,520)
Income distributions	(12,860)
Net cash inflow from financing activities	650,707
Net cash movement for the period	60,924
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	60,924

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

**PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD TO 31 DECEMBER 2017**

1. Organisation and business purpose

General Information

Prudential UK Real Estate Limited Partnership was formed on 21 October 2016 ('Inception') as a Limited Partnership in accordance with English law. The principal activity of the Partnership is to carry on the business of investing and managing properties in the United Kingdom.

The General Partner is Prudential Real Estate General Partner Limited, a company incorporated in the United Kingdom on 19 October 2016.

The amounts shown in these financial statements are in British Pounds (£'), the functional currency of the Partnership. These financial statements are presented in British Pounds because that is the currency of the primary economic environment in which the Partnership operates.

2. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Limited Partnership Agreement dated 20 October 2016 and as superseded by the Amended and Restated Limited Partnership Agreement dated 5 September 2017, Companies Act 2006 and applicable accounts standards in the United Kingdom, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The accounting policies set out below have, unless otherwise stated, been applied consistently throughout the period.

b) Going concern

The financial statements have been prepared on the going concern basis. As at 31 December 2017, the Partnership had net current assets of £22,113,524 and net assets of £654,553,990. The General Partner has reviewed and considered the expected future cash flows resulting from budgets, forecasts, forecast development and operational expenditure activity, taking into account the amount of committed but undrawn funds from its Partners at the statement of financial position date. Having done this, the General Partner has, at the time of approving the financial statements, a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Thus, the General Partner continues to adopt the going concern basis in preparing the financial statements.

c) Turnover

Turnover, all of which arises in the UK and is stated net of value added tax, represents rental income from investment properties and other income and recoveries. Income is recognised on a straight line basis over the period of the lease. Any lease incentives granted to tenants to enter into a lease are amortised over the lease period until the earlier of the next break or the lease expiry.

d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

2. Accounting policies (continued)

d) Investment properties (continued)

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise;
and

- ii. no depreciation is provided in respect of investment properties applying the fair value model.

The Partnership's investment properties are carried at fair value and are independently valued in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

e) Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

f) Tax on profits

The Partnership is not subject to UK tax. Where relevant for UK tax purposes, each limited partner is required to report on its tax return its share of the income and capital gains/losses of the Partnership.

3. Turnover

	Period to 31 December 2017 £'000
Rental income	25,061
Other income	176
	<u>25,237</u>

All income is generated from operations in the United Kingdom.

4. Operating profit

Included in operating profit is the amount receivable by the Partnership's auditor in respect of the audit of the financial statements.

	Period to 31 December 2017 £'000
Audit of these financial statements	20
	<u>20</u>

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

5. Interest

	Period to 31 December 2017
	£'000
Bank interest received	18
	<u>18</u>

6. Investment property

	31 December 2017 £'000
Additions	632,992
Disposals	(16,668)
Revaluation movement during period	15,571
Headlease obligation adjustment	11,812
	<u>643,707</u>
Lease incentives	2,911
Headlease obligation	(11,812)
Open market value as at 31 December 2017	<u>634,806</u>

The valuation is based on an independent valuation prepared as at 31 December 2017. The independent valuers prepared their valuation on an open market basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Investment properties include freehold properties valued at £483,055,715 and leasehold properties valued at £151,750,000. These valuations are adjusted for lease incentives and headlease obligations.

During the period investment properties with cost of £16,668,339 were disposed of with a resulting gain on disposals of £1,503,678 recognised in profit and loss.

7. Debtors

	31 December 2017 £'000
Trade debtors	3,254
Prepayments and accrued income	3,713
Other debtors	1,394
	<u>8,361</u>
Due within one year	2,083
Due after more than one year	6,278
	<u>8,361</u>

Included within prepayments and accrued income is an amount of £2,911,298 in respect of lease incentives, of which £2,450,429 falls due after more than one year.

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

8. Creditors

31 December 2017
£'000

Amounts falling due within one year:

Trade creditors	1,008
Other taxes and security costs	423
Distributions payable	4,740
Other creditors	1,249
Accrued expenses and deferred income	10,622
Amounts due to related parties	28,583
Headlease obligations	546
	<hr/> 47,171 <hr/>

Amounts falling due after one year:

Headlease obligations	11,267
	<hr/> 11,267 <hr/>

Amortised cost of the headlease obligations is the present value of future payments discounted at the effective interest rate of 5%.

Amounts due to related parties are interest free and repayable on demand (see note 10).

9. Limited Partners' Accounts

	Prudential UK Real Estate GP Limited	Prudential Assurance Company Limited	Total
	£'000	£'000	£'000
<u>Capital Accounts</u>			
Capital funding drawdowns during the period	-	20	20
At 31 December 2017	-	20	20
<u>Share of profit</u>			
Share of profit during period	2	36,146	36,148
Distributions during the period	(2)	(17,598)	(17,600)
At 31 December 2017	-	18,548	18,548
<u>Loan contributions</u>			
Capital funding drawdowns during the period	-	638,649	638,649
Capital distributions during the period	-	(2,663)	(2,663)
At 31 December 2017	-	635,986	635,986
<u>Total current accounts</u>			
At 31 December 2017	-	654,534	654,534
<u>Total Partners' Accounts</u>			
At 31 December 2017	-	654,554	654,554

PRUDENTIAL UK REAL ESTATE LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD TO 31 DECEMBER 2017

10. Related party transactions

Under the Limited Partnership Agreement dated 20 October 2016 and effective from 1 January 2017, the General Partner is entitled to an amount equal to 0.01% per annum of any income less Expenses less Management Fees of the Partnership. The General Partner's share of the Partnership's distributable net income of £17,599,971 for the period ended 31 December 2017 is £1,760.

During the period the Partnership incurred £2,396,441 in respect of asset management fees payable to M&G Real Estate Limited. As at the year end an amount of £1,767,019 relating to asset management fees were payable to M&G Real Estate Limited and are included in accrued expenses as per note 8.

As at the period end, the Partnership owed £27,417,500 to The Prudential Assurance Company Limited in respect of capital drawdowns received in advance and £143,754 for capital distributions accrued but not paid at 31 December 2017.

At 31 December 2017, PRELP also owed £1,021,765 to SAIF being income apportionment related to the period prior to 1 December 2016.

11. Contingent liabilities

In October 2017 the Partnership applied to subscribe for units of the M&G UK Residential Property Fund FCP-FIS with total capital commitment of £25,000,000, which should be paid on the receipt of a drawdown notice. It is anticipated that the payment will become due in more than one year.

12. Event after the balance sheet date

On 25 April 2018 the Partnership entered into a single purpose joint venture with West Yorkshire Pension Fund in an English Limited Partnership ("ELP") formed to purchase The Selly Oak Retail Park, a new retail park in Birmingham. Partnership's share in the ELP is 63.1%, with maximum commitment of £60,260,500.