

Registration number: 3205768

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2020



PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

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PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Company Information

Directors	R. Amabile M. A. Chamieh H. C. Day A. J. S. MacLand M. R. Crowther M. G. Fresson
Company secretary	L. D. King
Registered office	Grand Buildings 1-3 Strand Trafalgar Square London WC2N 5HR
Solicitors	CMS Cameron McKenna LLP Cannon Place 78 Cannon Street London EC4N 6AF
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report for PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited) ('PGIMREL' or the 'Company') for the year ended 31 December 2020.

Principal Activities

The Company is a wholly owned subsidiary of PGIM Financial Limited ('PFL') and its results are also included in the consolidated financial statements of PFL and its subsidiaries (collectively the 'Group'). PFL is in turn a direct subsidiary of PGIM, Inc. ('PGIM') a company incorporated in the United States, the asset management division of Prudential Financial, Inc., ('PFI') a company incorporated in the United States and listed on the New York Stock Exchange (NYSE: PRU).

The Company is authorised as an Alternative Investment Fund Manager and regulated by the FCA and is authorised by the Securities and Exchange Commission ('SEC') as an investment advisor. PGIM Real Estate (UK) Limited forms part of the PGIM Real Estate business line and provides investment management and investment advisory services (collectively 'Asset Management services') to clients under mandate, institutional investors (including PGIM, Inc., PFI and other subsidiaries of PFI ('PFI Group')) and alternative investment funds, principally collective investment schemes investing in real estate related debt.

Business review

Whilst 2020 was a challenging time for the Company, the asset management industry and global markets as a whole with the declaration of a global pandemic in March 2020 by the World Health Organisation and the subsequent periods of physical and economic lockdown, the financial impact of COVID-19 on the business was not material, the impact being more operational in nature as the Company moved to working remotely overnight.

Notwithstanding the volatility in the marketplace, PGIM Financial Limited and its subsidiaries continued with its strategy to better align corporate entities to the business divisions of PGIM, Inc. In February 2020, PGIMREL received FCA approval for the Variation of Permission in relation to its MiFID top-up application. PGIMREL now has an expanded list of Permissions in addition to its previous permission of 'managing an unauthorised AIF' and on 30 March 2020 PGIMREL took over third party and affiliated mandates in connection with the Real Estate activities from PGIM Limited ('PGIML'). On 30 March 2020 PGIM Fund Management Limited name was changed to PGIM Real Estate (UK) Limited.

The Company took over Assets under Management ('AUM') with a value of £2.7bn as at 31 December 2020 from third party and affiliated mandates in connection with Real Estate activities from PGIML following the extension of its FCA permissions. The impact of this transfer of activities from PGIML and PFL to the Company has resulted in a material increase of £28.0m in revenue from those mandates and affiliated activities, together with an increase of £28.4m in associated costs from PFL. It is anticipated that the revenues will grow further in future periods.

As a result of the Company's performance and robust balance sheet, the Directors approved an interim dividend of £5.0m (2019: £nil) which was paid on 30 September 2020 to PGIM Financial Limited. PGIMREL continues to develop its fund management business.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Strategic Report for the Year Ended 31 December 2020

Section 172(1) Statement

The Directors have a regard to the matters as set out in section 172(1) of the Companies Act 2016 (CA 2016) as detailed below. Sections 465 to 467 of CA 2016 do allow for certain exemptions from this disclosure on the basis of size or materiality, however the Company is excluded from benefiting from these exemptions on the basis that it forms part of an ineligible group, that is a group which, amongst other criteria, contains a MiFID investment Firm or UCITS management company.

a) The likely consequences of any decision in the long term

The Directors regularly assess the Company's strategy from both a commercial and risk perspective to ensure the long term consequences of any strategic decision are understood and are taking into account when making decisions.

Within this context, PGIMREL applied for and received FCA approval for a Variation of its Permissions and has subsequently taken over third party and affiliated mandates from PGIML effective 30 March 2020. The governance of PGIMREL was augmented with more frequent Senior Management and Board meetings to ensure the ongoing market and operational impacts of the crisis were monitored and where necessary, appropriate actions taken. As the financial impact of COVID-19 on the Company was not material, the Directors were able to pursue their longer term strategy of aligning its activity to that of the PGIM Real Estate Division. Subsequently, the Company changed its name from PGIM Fund Management Limited to PGIM Real Estate (UK) Limited on 30 March 2020.

Following engagement with the Company's immediate parent, PGIM Financial Limited, the Directors approved the payment of a dividend of £5.0m on 30 September 2020. The potential impact of COVID-19 on the performance and cash flows of the Company was considered when assessing whether the Company had sufficient liquidity and capital adequacy to make the dividend payment and to meet its obligations as they fall due.

b) The interests of the Company's employees

The Company has no direct employees and is therefore exempt from reporting on employee engagement.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Strategic Report for the Year Ended 31 December 2020

c) The need to foster the Company's business relationships with suppliers, customers and other stakeholders

The Company works to foster positive business relationships with suppliers, customers and other stakeholders. Relationships with customers are governed by written contracts to ensure transparency and clarity of expectation of performance. The Company has established good working relationships with its suppliers and seeks to ensure a responsible payment culture, with the publishing for the Group of its Business Payment practices and Performance reporting on the Companies House website. As part of their engagement with stakeholders, the Directors review and challenge the Business Payment practices and Performance reporting to ensure that suppliers are paid within agreed terms.

Following a review of the Modern Slavery Act, the Company has engaged with its suppliers to ensure mutual compliance. The Company seeks to establish positive relationships with the local regulatory authorities.

d) The impact of the Company's operations on the community and the environment

The Group encourages its employees to contribute to the community in which the Company operates by offering the opportunity to take part in local charity and volunteering initiatives.

Where appropriate, PFL and its subsidiaries seek to minimise its impact on the environment and has set a quantitative and qualitative target for its business, aimed at reducing its overall environmental impact of its operations. The Company's offices in Grand Building is using 100% renewable energy for its electric and gas supply.

e) The desirability of the Company maintaining a reputation for high standards of business conduct

There is worldwide engagement with employees regarding their individual conduct and the high standards of ethics and integrity expected of employees is outlined in Prudential's Code of Conduct "Making the Right Choices". The Code of Conduct is supported by ongoing training and annual re-certification.

f) The need to act fairly between members of the Company.

The Company is a private limited company with a sole shareholder.

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2020 £	2019 (As restated) £
Revenue	40,631,730	9,486,310
Profit before tax	2,222,290	4,181,400
Income tax expense	(425,778)	(794,466)
Profit for the financial year	<u>1,796,512</u>	<u>3,386,934</u>

As well as profitability, the Directors consider Assets Under Management ('AUM') for the principal business lines to be a key measure of performance.

	2020 £ million	2019 £ million
<i>Assets Under Management</i>		
Real Estate	<u>3,634</u>	<u>734</u>

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Strategic Report for the Year Ended 31 December 2020

Principal risks and uncertainties

The Directors regularly assess the risks faced by the Company and believe that its principal risk is business risk which is defined as the Company's failure to meet its strategic objectives through significant market movements or other external factors. The Company's approach to managing business risk is to closely monitor market and other movements in the business environment and amend its strategy where necessary. In addition to business risk the Company faces other significant risks which are outlined below.

Market risk

The Company is exposed to market risks, principally in the form of foreign exchange risk. Foreign exchange risk arises from fluctuations in the value of its assets and liabilities denominated in currencies other than pounds sterling. To the extent that the market risk associated with a particular asset or liability is deemed to be material, the Company is able to utilise various hedging strategies to mitigate this risk. Foreign risk exposure is monitored at a UK Group level and currency hedges are used when appropriate.

Credit risk

Credit risk arises mainly from cash and receivables from third parties, including balances with other affiliated companies. The Company's approach to managing this risk is to hold cash with large, systemically important banks and to monitor and arrange settlement of receivable balances and non-affiliated balances with third parties on a timely basis. As a result of balance sheet growth during the year, the value of receivables has increased, but as the quality of the counterparties has remained constant, the Company does not consider credit risk to be material.

Liquidity risk

The Company manages liquidity risk through a combination of maintenance of cash surpluses held by the Company and detailed regular forecasting of the Company's funding requirements, and does not consider liquidity risk to be material.

Brexit Risk

On 31 January 2020, the UK left the EU with a transition period in relation to existing laws and regulations running through to 31 December 2020. Although a post-Brexit trade deal was secured prior to the end of that transitional period, it did not cover financial services and so, for regulatory purposes, the UK is now considered a "third country". The impact of this "hard" Brexit for the Company is mitigated by its ability to partner with its UK and non-UK affiliates which benefit either from their continuing EU permissions, or certain transitional permissions and third-country licenses. As the post-Brexit regulatory landscape develops, there will undoubtedly be further changes and, whilst these will be monitored by the Company, it is not anticipated that they will materially impact the Company's ability to earn fee income from its investment management and investment advisory activities.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Strategic Report for the Year Ended 31 December 2020

Business Continuity Risk

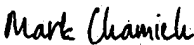
On 11 March 2020, the World Health Organisation declared a global pandemic in respect of COVID-19. As a result of the pandemic the stock markets witnessed unprecedented levels of turmoil during 2020 as different countries entered in and out of physical and economic lockdown. To protect the wellbeing of its employees and ensure continuity of services to its clients, the employees of the Group have been working remotely from March 2020 and continue to substantially work remotely today.

Following the move to working remotely, internal controls and procedures have been reviewed to ensure that all controls continue to perform as expected. The governance of PGIMREL has been augmented with more frequent Senior Management and Board meetings to ensure the ongoing market and operational impacts of the crisis are monitored and where necessary, appropriate actions taken, including an initial blanket travel ban, the decision to work remotely and more recently guidance around returning to the office and the cleaning protocols necessary to accommodate essential workers returning to the office in the interim. In addition Senior Management has overseen initiatives such as the global all-hands calls, internal webinars and proactive COVID-19 investor communications. Where necessary, additional IT solutions and equipment have been sourced and installed.

The Company has continued to provide services without interruption, demonstrating the operational resilience of the BCP framework, which has effectively now become the Company's Business as Usual method of operating until such time as the Government announces a staged return to business premises.

The Company is regulated by the FCA. The Company holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. In order to ensure the Company continues to hold sufficient capital for regulatory purposes and liquidity to meet obligations as they fall due, capital and liquidity adequacy are monitored on an ongoing basis.

By order of the Board and signed on its behalf by:

DocuSigned by:

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.....
M. A. Chamieh
Director

14 April 2021 | 2:16:38 PM PDT

Date:.....

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited Financial Statements for the year ended 31 December 2020.

PGIMREL is a private company limited by shares incorporated by the Registrar of Companies (England and Wales) in the United Kingdom and has its registered office at Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR.

The Company's immediate parent company is PGIM Financial Limited, which in turn is a subsidiary of PGIM, Inc, a company incorporated in the United States. PGIM, Inc. is itself a subsidiary of Prudential Financial, Inc., a company incorporated in the United States, listed on the New York Stock Exchange (NYSE: PRU), and the parent undertaking of the largest group for which group financial statements are prepared.

The financial statements have been prepared on a going concern basis.

Directors' of the Company

The Directors, who held office during the year and up to date of the signing of the financial statements were as follows:

R. Amabile

M. A. Chamieh

H. C. Day

A. J. S. MacLand

M. R. Crowther

M. G. Fresson

Dividends

In September 2020, PGIMREL declared an interim dividend of £5.0m (2019: £nil). No final dividend payment was made in the year (2019: £ Nil).

Capital

The Company did not increase its capital in the year (2019: £9.3m).

Future outlook and events after the Balance Sheet date

The Company will continue to manage alternative investment funds and to seek new investment opportunities. It is not anticipated that COVID-19 will have a material financial impact on the Company's business model going forward. As Government guidance allows, there will be a gradual return to the office.

Country by country reporting

As a qualifying investment firm, the Company has obligations under Article 89 of the Capital Requirements Directive to report its international activities and establishments. These disclosures are unaudited and included on the Company's website:

www.pgim.com/node/909

Political donations

The Company has made no political donations and incurred no political expenditure during the year (2019: £nil).

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Directors' Report for the Year Ended 31 December 2020

Financial instruments

The Company holds financial instruments including cash, trade receivables and payables as detailed in the Statement of Financial Position. (2019: cash, trade receivables and payables).

Regulatory Approvals

The Company has been authorised by the Financial Conduct Authority as a Euro 125K full scope AIFM.

On 26 February 2020 the Company received FCA approval for the Variation of Permission in relation to its MiFID top-up application. The Company now has extended its permissions with the FCA to enable it to perform investment management services for separate account customers in addition to the existing Alternative Investment Fund management.

Streamlined Energy and Carbon Report

As the UK subsidiary of a UK parent company, PGIMREL does not have to report on its UK energy use and carbon emissions as these disclosures are in the consolidated streamlined Energy and Carbon Report included in the Directors' Report of the Financial Statements of its parent, PGIM Financial Limited.

Engagement with suppliers, customers and other relationships

As referenced in the Section 172 statement in the Strategic Report, the Company works to foster positive business relationships with suppliers, customers and other stakeholders. Relationships with customers are governed by written contracts to ensure transparency and clarity of expectation of performance.

The Company has established good working relationships with its suppliers and seeks to ensure a responsible payment culture, with the publishing for the UK Group of its Business Payment practices and Performance reporting on the Companies' House website. As part of their engagement with stakeholders, the Directors review and challenge the Business Payment practices and Performance reporting to ensure that suppliers are paid within agreed terms. COVID-19 has not had a material financial impact on the Company nor on its ability to recover receivables.

Following a review of the Modern Slavery Act, the Company has engaged with its suppliers to ensure mutual compliance. The Company seeks to establish positive relationships with the local regulatory authorities.

Pillar 3 Disclosures

Under the Pillar 3 requirements of the Capital Requirements Directive, as enacted in the UK by the Financial Conduct Authority through Chapter 11 of the Prudential Source book for Banks, Buildings Societies ("BIPRU 11"), the Group is required to disclose in a public forum its principal risk management and capital adequacy procedures. The Group's BIPRU 11 disclosures are unaudited and included on the Group's website: www.pgim.com/node/909

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Directors' Report for the Year Ended 31 December 2020

Going concern

As outlined in the Strategic Report, the employees of the Company have been, as a result of the global pandemic, substantially working remotely since March 2020.

Following the move to working remotely, internal controls and procedures were reviewed to ensure that all controls continue to perform as expected. The governance of PGIMREL was augmented with more frequent Senior Management and Board meetings to ensure the ongoing market and operational impacts of the crisis are being monitored and where necessary, appropriate actions taken. Where necessary, additional IT solutions and equipment was sourced and installed.

The Company has continued to provide services without interruption, demonstrating the operational resilience of the BCP framework, which has effectively now become the Company's Business as usual method of operating until the Government announces a return to the workplace.

The Company is FCA regulated and holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. In order to ensure the Company continues to hold sufficient capital for regulatory purposes and liquidity to meet obligations as they fall due capital and liquidity adequacy are monitored on an ongoing basis.

The Directors have performed an analysis of expected cashflows and on the 2021 expected performance on the Company. The potential impact on the performance of the Company for the 12 months following the signature of the accounts is difficult to forecast and is being monitored closely. The Company is currently profitable and is forecasted to remain profitable for the 12 months following the signing of the accounts. The Company has sufficient cash reserves to enable it to meet its strategic goals as planned.

Because of the diversity of its revenue base, its liquidity and the strength of its balance sheet, the Directors are confident that the Company is a going concern and the financial statements have been prepared on a going concern basis.

Directors' indemnity statement

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is in force as at the date of signature of the financial statements. The Company does not have its own Directors' and Officers' liability insurance but is covered by a scheme run by its ultimate parent, Prudential Financial, Inc., maintained throughout the financial year in respect of itself and its Directors.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Directors' Report for the Year Ended 31 December 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Directors' Report for the Year Ended 31 December 2020

Reappointment of auditors

It is the intention of the Directors to reappoint the auditors PricewaterhouseCoopers LLP in accordance with the requirements of Section 487 of the Companies Act 2006.

Approved by the Board and signed on its behalf on 14 April 2021 by:

DocuSigned by:

Mark Chamieh

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M. A. Chamieh
Director

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

**Independent Auditors' Report to the Members of PGIM Real Estate (UK) Limited
(formerly known as PGIM Fund Management Limited)**

Report on the audit of the financial statements

In our opinion, PGIM Real Estate (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

**Independent Auditors' Report to the Members of PGIM Real Estate (UK) Limited
(formerly known as PGIM Fund Management Limited)**

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

**Independent Auditors' Report to the Members of PGIM Real Estate (UK) Limited
(formerly known as PGIM Fund Management Limited)**

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present a more favourable financial or capital position and the posting of inappropriate journal entries to increase revenue. Audit procedures performed included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes, including those of the Board;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

**Independent Auditors' Report to the Members of PGIM Real Estate (UK) Limited
(formerly known as PGIM Fund Management Limited)**

Use of our report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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Jennifer March (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 April 2021

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Income Statement for the Year Ended 31 December 2020

		2020	2019
	Note	£	(As restated) £
Revenue	4	40,631,730	9,486,310
Administrative expenses		<u>(38,409,346)</u>	<u>(5,304,564)</u>
Operating profit	5	2,222,384	4,181,746
Finance costs	6	<u>(94)</u>	<u>(346)</u>
Profit before tax		2,222,290	4,181,400
Income tax expense	8	<u>(425,778)</u>	<u>(794,466)</u>
Profit for the financial year		<u><u>1,796,512</u></u>	<u><u>3,386,934</u></u>

The notes on pages 20 to 31 form an integral part of these financial statements.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £	2019 (As restated) £
Profit for the financial year	<u>1,796,512</u>	<u>3,386,934</u>
Other comprehensive (expense)/income net of income tax	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year	<u><u>1,796,512</u></u>	<u><u>3,386,934</u></u>

The notes on pages 20 to 31 form an integral part of these financial statements.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 (As restated) £
Non-current assets			
Investments		82	-
Current assets			
Trade and other receivables	10	24,624,087	18,792,310
Income tax asset	8	361,367	-
Cash	11	5,101,588	399,926
		<u>30,087,042</u>	<u>19,192,236</u>
Total assets		<u>30,087,124</u>	<u>19,192,236</u>
Current liabilities			
Trade and other payables	13	(14,297,615)	(106,722)
Income tax liability		-	(92,517)
		<u>(14,297,615)</u>	<u>(199,239)</u>
Net current assets		<u>15,789,427</u>	<u>18,992,997</u>
Total assets less current liabilities		<u>15,789,509</u>	<u>18,992,997</u>
Net assets		<u>15,789,509</u>	<u>18,992,997</u>
Capital and reserves			
Called up share capital	12	10,000,000	10,000,000
Profit and loss account		<u>5,789,509</u>	<u>8,992,997</u>
Total equity		<u>15,789,509</u>	<u>18,992,997</u>

The financial statements on pages 16 to 31 were approved by the Board and signed on its behalf on 14 April 2021 by:

DocuSigned by:

M. G. Fresson

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M. G. Fresson
Director

Registration Number: 3205768

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital	Retained earnings	Total
	£	(As restated)	£
		£	
At 1 January 2019	700,000	5,606,063	6,306,063
Profit for the financial year	-	3,750,136	3,750,136
Impact of restatement	-	(363,202)	(363,202)
Total comprehensive income	-	3,386,934	3,386,934
New share capital subscribed	9,300,000	-	9,300,000
At 31 December 2019	<u>10,000,000</u>	<u>8,992,997</u>	<u>18,992,997</u>
	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2020	10,000,000	8,992,997	18,992,997
Profit for the financial year	-	1,796,512	1,796,512
Total comprehensive income	-	1,796,512	1,796,512
Dividends	-	(5,000,000)	(5,000,000)
At 31 December 2020	<u>10,000,000</u>	<u>5,789,509</u>	<u>15,789,509</u>

The notes on pages 20 to 31 form an integral part of these financial statements.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

PGIM Real Estate (UK) Limited is a wholly owned subsidiary of PGIM Financial Limited ('PFL') and of its ultimate parent, Prudential Financial, Inc. ('PFI'). The Company and all PGIM Financial Limited subsidiaries comprise the PGIM Financial Limited Group (the 'Group'). The results of are consolidated into the results of both PGIM Financial Limited and of Prudential Financial, Inc, both of which are publicly available. PGIM Financial Limited's financial statements are available at Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. Prudential Financial, Inc. is the ultimate controlling party and its financial statements are available at 751 Broad Street, Newark, NJ 07102.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Summary of disclosure exemptions

FRS 101 allows a qualifying entity certain disclosure exemptions. The Company is a member of the PGIM Financial Limited and Prudential Financial, Inc. groups both of which prepare consolidated, publicly available financial statements. As a result the Company has taken advantage of the following disclosure exemptions under FRS 101.

- a) the requirements of IFRS 7 Financial instruments: Disclosures to disclose quantitative and qualitative information regarding risks arising from all financial instruments held by the Company. Equivalent disclosures are included in the consolidated financial statements of PGIM Financial Limited, the Company's immediate parent;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose the valuation techniques and inputs used to develop fair value measurements for assets and liabilities held at fair value. Equivalent disclosures are included in the consolidated financial statements of PGIM Financial Limited, the Company's immediate parent;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1 to prepare a reconciliation of share capital at the beginning and end of the year;

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

- d) the requirements of the following paragraphs of IAS 1:
 - a. 10(d) to prepare a statement of cash flows,
 - b. 16 to make an explicit statement of compliance with all IFRSs,
 - c. 38(a) to present a minimum of two primary statements, including cash flow statements,
 - d. 38(b-d) to present additional comparative information
 - e. 111 to present cash flow information, such as the ability to generate cash, and
 - f. 134-136 to disclose information that enables users of the financial statements to evaluate the entity's objectives, policies and procedures for managing capital;
- e) the requirements of IAS 7 Statement of Cash Flows to present a cash flow statement for the Company;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors to present the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- g) the requirements of paragraph 17 of IAS 24 Related party disclosures to disclose key management personnel compensation in total and for all applicable categories; and
- h) the requirements of IAS 24 Related party disclosures to disclose related parties transactions entered into between two or more members of a group.

Going concern

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of COVID-19. As a result of the pandemic the stock markets witnessed unprecedented levels of turmoil during 2020 as different countries entered in and out of physical and economic lockdown. To protect the wellbeing of its employees and ensure continuity of services to its clients, the employees of the Group are substantially working remotely.

Following the move to working remotely, internal controls and procedures were reviewed to ensure that all controls continue to perform as expected. The governance of PGIMREL was augmented with more frequent Senior Management and Board meetings to ensure the ongoing market and operational impacts of the crisis are being monitored and where necessary, appropriate actions taken. Where necessary, additional IT solutions and equipment was sourced and installed.

The Company has continued to provide services without interruption, demonstrating the operational resilience of the BCP framework, which has effectively now become the Company's Business as usual method of operating until the Government announces a return to the workplace.

The Company is FCA regulated and holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. The Directors have performed an analysis of expected cashflows and on the 2021 expected performance on the Company. The potential impact on the performance of the Company for the 12 months following the signature of the accounts is difficult to forecast and is being monitored closely. The Company is currently profitable and is forecasted to remain profitable for the 12 months following the signing of the accounts. The Company has sufficient cash reserves to enable it to meet its strategic goals as planned.

Because of the diversity of its revenue base, its liquidity and the strength of its balance sheet, the Directors are confident that the Company is a going concern and the financial statements have been prepared on a going concern basis.

Prior period error

During 2019, the Company overstated revenue received in respect of activities performed to support Real Estate activity in certain Luxembourg domiciled funds. The accounts impacted include revenue and income tax expense in the Income Statement, trade and other receivables and income tax payable in the Statements of Financial Position.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

	2019 reported £	2019 prior year adjustment £	2019 restated £
Revenue	9,934,708	(448,398)	9,486,310
Profit and loss account (retained earnings)	9,356,199	(363,202)	8,992,997
Trade and other receivables	19,240,708	(448,398)	18,792,310
Income tax liability	(177,713)	85,196	(92,517)
Income tax expense	(879,662)	85,196	(794,466)

Revenue

The Company earns revenue from the provision of management services to related party investment funds for which it receives asset management fees, transaction fees and performance fees. The Group also charges its divisional parent, PGIM, Inc. for certain services performed on a cost and cost-plus basis. Services are performed in support of the Real Estate business lines as well as senior relationship management of PGIM, Inc.'s European institutional clients.

Accounting policy - IFRS 15

The Company recognises revenue under IFRS 15, which recognises revenue based on the transfer of control rather than the transfer of risks and rewards.

Under IFRS 15 revenue is recognised using a 5 step model approach:

- (1) Identify the contract with a customer:
Each revenue stream recognised by PGIMREL is covered by an asset management or transfer pricing agreement which details the enforceable rights and obligations of each party for the provision of services.
- (2) Identify the performance obligations in the contract:
IFRS 15 employs the concept of performance obligations. The Company recognises its revenue by reference to type of revenue stream. The Company recognises transaction fees as they occur and variable revenue, in the form of performance fees, is recognised only once the conditions have been met. Performance fees of £567,612 were recognised in 2020 (2019: £nil).

In respect of re-charge revenue, revenue is recorded on an incurred basis.

Where it is determined that the performance obligations associated with the Company's revenue streams are met over the period of time, revenue is recorded to the extent that it is highly probable that a significant reversal will not occur.

The asset management and transfer pricing agreements include promises to deliver services to the customer and, to the extent that those promises are distinct, they represent discrete performance obligations which are accounted for separately.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

- (3) Determine the transaction price:
The asset management and transfer pricing agreements detail the agreed fees to be paid. The fees may be fixed in price and/or variable. Where variable, the amount of consideration to which the Company becomes entitled and the related conditions are detailed in the agreement. The variability of the fee income relates to either the value of the underlying assets upon which the fee is based, or the variability of the costs to be re-charged. Where variable fee income is determined by reference to the underlying value of assets, the valuation of those assets is performed by a third party. Where variable re-charge income is determined by reference to costs incurred, the costs to be re-charged are determined when incurred. No significant management judgement is required to determine the transaction price.
- (4) Allocate the transaction price to the performance obligations:
The transaction price is determined by the asset management or transfer pricing agreement. In respect of asset management fees, the fee rate detailed in the agreement is usually applied to the assets under management. In respect of re-charged costs, the amount of costs is re-charge to the counterparty with either a percentage margin or no margin, depending on the transfer pricing agreement. No significant management judgement is required to allocate the transaction price as the pricing approach is detailed in the agreement.
- (5) Recognise revenue when the performance obligation is satisfied:
By nature of the service provided, the provision of asset management services is deemed to be simultaneously received and consumed by the customer and on this basis fees are accrued throughout the contract period on the basis of the fee rate agreed in the asset management agreement. At regular periods throughout the year, either quarterly or monthly depending on the agreement, the accrued fees will be adjusted to the actual fee earned during the period at the time the invoice is issued.

Performance obligations:

IFRS 15 employs the concept of performance obligations. The Company recognises its revenue by reference to type of revenue stream. The Company recognises transaction fees as they occur and variable revenue, in the form of performance fees, is recognised only once the conditions have been met. Performance fees of £567,612 were recognised in 2020 (2019: £nil). In respect of re-charge revenue, revenue is recorded on an incurred basis. Where it is determined that the performance obligations associated with the Company's revenue streams are met over the period of time, revenue is recorded to the extent that it is highly probable that a significant reversal will not occur.

Revenue disaggregation

Note 4 "Revenue" shows the revenue of the Company as revenue received and receivable from related parties.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash

Cash comprises cash at bank.

Trade and other receivables

A regular review is performed of all the Company's receivables. If there is significant uncertainty regarding the recoverability of any of its debtors, a provision is recognised. If there is strong evidence indicating the amounts recognised in the Statement of Financial Position will not be recovered, they will be written off.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairments.

The Company has applied the simplified approach to measuring expected credit losses for trade and other receivables and the Company will measure lifetime credit losses at all times for trade and other receivables.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

Trade and other payables

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

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Administrative expenses

Administrative expenses are comprised of costs incurred by the Company. These are recognised on an accruals basis and in certain cases management uses estimates and assumptions to determine the probable costs that will be incurred by the Company.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made in the preparation of these financial statements are as follows:

The Company is entitled to receive performance fees based on the performance of certain real estate funds, for which it performs investment management services, such performance fees are based upon the investment return in those funds meeting pre-defined performance targets across the life of the fund. Accordingly, the amount of variable consideration earned under this revenue stream is recognised as revenue to the extent that it is highly probable that a significant reversal will not occur. The Directors have reviewed the funds in question and have concluded that performance fee should be recognised at this time because fund performance target were met.

Trade and other receivable balances from related and Group affiliates have been recognised on the basis that they are fully recoverable.

Trade and other payable balances to Group affiliates have been recognised on the basis that they are fully payable.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	(As restated)
		£
Management fees received and receivable from PFI Group affiliates	11,961,986	9,176,946
Management fees received and receivable from PFI Group companies	25,237,619	309,364
Management fees received and receivable from third parties	<u>3,432,125</u>	<u>-</u>
Total revenue	<u><u>40,631,730</u></u>	<u><u>9,486,310</u></u>

All revenues are earned and accrued in the United Kingdom. During the year, the Company took over third party and affiliated mandates in connection with the Real Estate activities from PGIML and PFL resulting in an increase in revenue of £28.0m (2019: £nil).

In the 2019 comparatives £757,762, which was incorrectly classified in 2019, has been reclassified from PFI Group affiliates to PFI Group companies.

5 Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Fees payable to Company's auditors in respect of:		
- audit of the Company's financial statements	34,456	29,220
- audit related assurance services	5,305	3,955
Management recharges from PFI Group companies	38,367,429	5,207,936
Foreign exchange (gains)/losses	(23,346)	36,457
Other expenses	25,501	26,996

During the year, the Company took over third parties and affiliated mandates in connection with the Real Estate activities from PGIML and PFL resulting in an associated cost recharge increase of £28.4m (2019: £nil) from PFL.

6 Finance costs

	2020	2019
	£	£
Bank charges	<u>94</u>	<u>346</u>

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

7 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	5,454,106	5,403,911
Amounts (excluding shares) receivable under long term incentive schemes	1,142,800	1,348,654
Contributions to pension schemes	63,792	87,229
	<u>6,660,698</u>	<u>6,839,794</u>

	2020 £	2019 £
Remuneration of the highest paid Director		
Director emoluments	2,132,472	1,909,772
Amounts (excluding shares) receivable under long term incentive schemes	440,000	-
Contributions to pension scheme	5,500	38,625
	<u>2,577,972</u>	<u>1,948,397</u>

There are no separate employees employed by the Company (2019: nil). Seven Directors received Restricted Stock Units and/or Options during the year (2019: seven). Six Directors are members of the defined contributions scheme operated for the benefit of all eligible employees of the PGIM Financial Limited Group (2019: Six). The highest paid Director did not have any accrued UK defined benefit plan entitlements at the end of the year (2019: £nil). The highest paid Director did not exercise any options during the year (2019: nil).

The emoluments of all the Directors of the Company are paid by the Company's parent, PGIM Financial Limited with the exception of M. G. Fresson, who is paid by PGIM European Services Limited, a subsidiary of Prudential Financial, Inc. No recharge is made to the Company by either employer for these Directors emoluments as the Directors do not receive any remuneration for their services as Directors of the Company and consequently their remuneration has been excluded from the analysis above (2019: nil).

Included in remuneration are amounts paid to Directors for their qualifying services to affiliated companies. It is not possible to make an accurate apportionment of their emoluments in respect of each affiliated company. Accordingly, no recharges have been made.

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

8 Income tax expense

Tax charged in the Income Statement

	2020 £	2019 (As restated) £
Current taxation		
UK corporation tax	<u>425,778</u>	<u>794,466</u>

No income tax is recognised in Other Comprehensive Income (2019: £nil).

The tax expense for the year is higher than (2019: same as) the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2020 of 19.0% (2019: 19.0%).

	2020 £	2019 (As restated) £
Profit before tax	2,222,290	4,181,401
Profit before tax multiplied by standard rate of corporation tax in UK 19.0% (2019: 19.0%)	422,235	794,466
Prior year tax adjustment	3,543	-
Total tax charge	<u>425,778</u>	<u>794,466</u>

Income tax asset

The Company made a payment on account of £879,663 (2019: £838,590) during 2020 relating to the expected tax liability for 2020 tax year. The total tax charge for the financial year was £425,778 (2019: as restated £794,466). This resulted in an income tax (receivable)/payable of (£361,367), (2019: as restated £92,517).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £111,115.

9 Other interests in structured entities

The Company performs investment management services for a number of unconsolidated structured entities comprising collective investment schemes in which it has no investment interest. The Company's exposure to loss from these interests relates solely to future management fees, transaction fees and performance fees.

The Company does not act as sponsor to any structured entities. The total assets of structured entities managed by the Company and the fees earned thereon, are included in the table below.

	2020 £ million	2019 £ million
Assets under management	3,634	734
Investment management fees earned	19	10

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

10 Trade and other receivables

	2020	2019
	£	(As restated) £
Trade and other receivables from PFI Group affiliates	4,531,930	2,702,535
Trade and other receivables from PFI Group companies	17,233,475	16,078,740
Trade and other receivables from third parties	1,021,643	5,479
Accrued income	1,831,379	-
Prepayments	5,660	5,556
	<u>24,624,087</u>	<u>18,792,310</u>

Amounts due from PFI Group companies are receivable as per the terms agreed in the support services agreement.

During the year, the Company took over third party and affiliated mandates in connection with the Real Estate activities from PGIML and PFL resulting in an increase in trade and other receivable of £21.1m (2019: £nil).

The Company has not suffered any losses because of trade debtor or counterparty defaults during the year (2019: £nil). The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade and other receivables. There were no expected credit losses for 2020 (2019: £nil).

11 Cash

	2020	2019
	£	£
Cash at bank	<u>5,101,588</u>	<u>399,926</u>

12 Called up share capital

Allotted, issued and fully paid: ordinary shares of £1 each

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

New shares allotted

During the year, there were no Ordinary shares allotted for consideration (2019: £9,300,000).

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Trade and other payables

	2020	2019
	£	£
Accrued expenses	39,761	34,537
Amounts due to PFI Group companies	14,038,884	72,185
Trade and other payables to third parties	218,970	-
	<u>14,297,615</u>	<u>106,722</u>

Amounts due to PFI Group companies are payable as per the agreed terms in the intercompany recharge agreement.

During the year, the Company took over third parties and affiliated mandates in connection with the Real Estate activities from PGIML and PFL. As a result, trade and other payables increased by £6.9m (2019: £nil) due to the Real Estate associated costs recharged from PFL.

14 Dividends

Interim dividend paid

	31 December 2020	31 December 2019
	£	£
Interim dividend of £0.50 (2019 - £Nil) per each Ordinary share	<u>5,000,000</u>	<u>-</u>

15 Related party transactions

The Company's ultimate parent company is Prudential Financial, Inc., a company incorporated in the United States of America. Related parties of the Company comprise the ultimate parent and other subsidiaries of the ultimate parent, principally PGIM, Inc., for which the Company performs and receives Investment Advisory and Investment Management services. The Company is a wholly owned direct subsidiary of PGIM Financial Limited.

In addition the Company manages a number of collective investment schemes and structures entities which include entities deemed to be related parties investment management agreements between companies within the ultimate parent company and those entities.

	2020	2019
	£	(As restated) £
Management fees received and receivable from PFI Group affiliates	11,961,986	9,176,946
Trade and other receivables from PFI Group affiliates	4,531,930	2,702,535

PGIM Real Estate (UK) Limited (formerly known as PGIM Fund Management Limited)

Notes to the Financial Statements for the Year Ended 31 December 2020

16 Capital management

The Company's main objectives in managing its capital are as follows:

- ensure continued compliance with its capital requirements as outlined by the Financial Conduct Authority (FCA); and
- ensure surplus capital in excess of its capital requirements is deployed appropriately, to protect the overall returns of the Company and with due consideration to the Company's liquidity.

The Company was successful in meeting its objectives during this and the previous financial year.

The Company's capital is represented by the Company's total equity as disclosed in the Statement of Changes in Equity. As at 31 December 2020 this totalled £15,789,509 (2019 as restated: £18,992,997). The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to maintain a strong capital base to support the development of the business and provide returns for shareholders.