

Registered number: 8462545

M&G UK Property GP Limited

**Annual Report and Financial Statements
For the Year Ended 31 December 2019**

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M&G UK Property GP Limited

Company Information

Directors	J M Duxbury C M G Perkins R J Tidy
Company secretary	M&G Management Services Limited
Registered number	8462545
Registered office	10 Fenchurch Avenue London EC3M 5AG
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

M&G UK Property GP Limited

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M&G UK Property GP Limited

Directors' Report For the Year Ended 31 December 2019

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

Business review

M&G UK Property GP Limited ('the Company') is a member of the M&G plc group, the UK and international savings and investments business. The Company is a member of the sub-group headed by M&G Group Limited ("M&G" or the "M&G Group") and an indirect subsidiary of M&G plc following the demerger of M&G plc from Prudential plc, the former parent company, on 21 October 2019.

The principal activity of the Company is the provision of General Partner services to M&G UK Property Limited Partnership.

The profit for the year, after taxation, was £92,685 (2018: £99,813). Further details of the results for the year are set out in the Profit and Loss Account and Other Comprehensive Income on page 8.

Directors' responsibilities statement

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

~~Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.~~

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 to have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

M&G UK Property GP Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Brexit

Reflecting the UK's decision to leave the European Union (EU) on 31 January 2020 and following the referendum result of 2016, M&G had already taken several steps to minimise potential disruption to our clients, protect their interests and provide as much certainty and clarity as possible.

These steps include the implementation of M&G's Brexit plan, designed in 2016, which involved the establishment of a Luxembourg based super management Company and MiFID distribution firm. Both are now fully licensed and operational, distributing traditional and alternative funds, products and services across our network of European offices, and internationally.

The Company continues to monitor political and regulatory developments on the negotiations during the transition period and is ready to adjust or activate contingency plans, where necessary.

COVID-19

The Company continues to monitor the effects of the coronavirus (COVID-19) outbreak which has been declared as a pandemic by the World Health Organization. COVID-19 has caused significant sickness and death globally. The outbreak has not only prompted widespread health concerns, but has caused recent deteriorations in global market conditions. The eventual outcome is highly uncertain and is largely dependent on the success of authorities in containing and managing the outbreak.

In these difficult times, M&G has two clear priorities: the safety and well-being of colleagues and the continuation of service to customers and clients to the best of our abilities. Detailed business continuity plans have been invoked to ensure that the Company can operate as usual in the face of the challenge posed by the spread of COVID-19. The vast majority of colleagues are now working from home with access to the full set of support systems and necessary equipment to perform their roles.

COVID-19 is expected to result in a deterioration in financial performance over 2020, driven by a reduction in asset management fees earned due to, in particular, the adverse impact of market conditions on equity and property investments.

Whilst the full financial implications are not yet known, based on the Company's current strong financial and liquidity position, the Directors believe the Company is in a position to withstand the financial impact of the pandemic.

Small companies exemption

The Company has taken advantage of the exemption provided for under section 414(B) of the Companies Act 2006 and has not produced a Strategic Report.

Dividends

No dividends were paid during the year (2018: £nil). The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:

J M Duxbury
C M G Perkins
R J Tidy

M&G UK Property GP Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Political contributions

The Company made no political contributions during the year (2018: £nil).

Qualifying third party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2019 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. In making this assessment the Directors have considered the profitability, liquidity and solvency of the Company, taking into account current performance and financial position, factors likely to affect the Company's future development, and key risks in the current economic climate. This assessment has taken into consideration the current information available in respect of the COVID-19 outbreak, acknowledging that information in respect of the outbreak and its outcome are highly uncertain.

On the basis of the assessment described, the Directors have adopted the going concern basis of accounting in preparing the Company's financial statements for the year ended 31 December 2019.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

The Company continues to monitor the effects of the coronavirus (COVID-19) outbreak which has been declared as a pandemic by the World Health Organization. The outbreak has not only prompted widespread health concerns, but has caused recent deteriorations in global market conditions. The eventual outcome is highly uncertain and is largely dependent on how successful authorities are at containing and managing the outbreak.

COVID-19 is expected to result in a deterioration in financial performance over 2020, driven by a reduction in general partner share earned. The balance of net assets will be impacted accordingly.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

M&G UK Property GP Limited

**Directors' Report (continued)
For the Year Ended 31 December 2019**

This report was approved by the board and signed on its behalf.



C M G Perkins
Director

Date: 25th September 2020

Independent Auditor's Report to the Members of M&G UK Property GP Limited

Opinion

We have audited the financial statements of M&G UK Property GP Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Independent Auditor's Report to the Members of M&G UK Property GP Limited

Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement on page 1, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

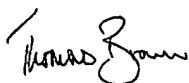
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

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

Independent Auditor's Report to the Members of M&G UK Property GP Limited

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

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



Thomas Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 29 September 2020

M&G UK Property GP Limited

**Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2019**

	Note	2019 £	2018 £
Revenue	2	119,104	127,932
Administrative expenses	3	(5,000)	(3,660)
Operating profit		114,104	124,272
Tax on profit	5	(21,419)	(24,459)
Profit for the financial year		<u>92,685</u>	<u>99,813</u>
Total comprehensive income for the year		<u>92,685</u>	<u>99,813</u>

The notes on pages 11 to 22 form part of these financial statements.


The profit and loss account and other comprehensive income has been prepared on the basis that all operations are continuing operations.

M&G UK Property GP Limited
Registered number: 8462545

Balance Sheet
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	6	2	2
Current assets			
Debtors: amounts falling due within one year	7	25,853	30,884
Cash at bank and in hand	8	659,958	535,823
		<u>685,811</u>	<u>566,707</u>
Creditors: amounts falling due within one year	9	(56,664)	(30,245)
Net current assets		629,147	536,462
Net assets		<u>629,149</u>	<u>536,464</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		629,148	536,463
		<u>629,149</u>	<u>536,464</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



C M G Perkins
Director

Date: 25th September 2020

The notes on pages 11 to 22 form part of these financial statements.

M&G UK Property GP Limited

**Statement of Changes in Equity
For the year ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	536,463	536,464
Profit for the year	-	92,685	92,685
At 31 December 2019	1	629,148	629,149

The notes on pages 11 to 22 form part of these financial statements.

**Statement of Changes in Equity
For the year ended 31 December 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	436,650	436,651
Profit for the year	-	99,813	99,813
At 31 December 2018	1	536,463	536,464

The notes on pages 11 to 22 form part of these financial statements.

M&G UK Property GP Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

M&G UK Property GP Limited (the "Company") is a company incorporated and domiciled in the UK.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates, however, the Directors do not consider there to be any critical accounting estimates or judgements in the preparation of the Company's financial statements..

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

M&G UK Property GP Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements in IAS 24 to disclose compensation of Key Management Personnel; and
- the requirements of IAS 24 to disclose transactions with a management entity that provides key management personnel services to the Company.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG. Prior to demerger, the ultimate parent company was Prudential plc. Copies of consolidated financial statements for Prudential plc are available to the public at the registered office 1 Angel Court, London, EC2R 7AG.

As the consolidated financial statements of M&G plc include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. In making this assessment the Directors have considered the profitability, liquidity and solvency of the Company, taking into account current performance and financial position, factors likely to affect the Company's future development, and key risks in the current economic climate. This assessment has taken into consideration the current information available in respect of the COVID-19 outbreak, acknowledging that information in respect of the outbreak and its outcome are highly uncertain.

On the basis of the assessment described, the Directors have adopted the going concern basis of accounting in preparing the Company's financial statements for the year ended 31 December 2019.

1.4 Functional and presentational currency

The Company's functional and presentational currency is GBP.

M&G UK Property GP Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

(a) Classification

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

M&G UK Property GP Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.5 Financial Instruments (continued)

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances are measured at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month expected credit loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

M&G UK Property GP Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.5 Financial Instruments (continued)

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.6 Revenue

Revenue arises from a share of profits the Company receives in relation to its role as General Partner. The General Partner's share is recognised when the Company satisfies its performance obligation to provide General Partner services and in the accounting period in which the services are rendered.

Since the General Partner service the Company provides is a continuous service, it satisfies its performance obligation over time. Therefore, the Company meets the criteria for its revenue to be recognised over time as the Partnership benefits from the services received from the Company.

1.7 Administrative expenses

Administrative expenses are recognised in profit or loss on an accruals basis.

1.8 Taxation

Tax is recognised in the profit and loss account, except to the extent that it is attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

The current tax charge or credit is calculated on the basis of tax rates or laws that have been enacted by the balance sheet date in countries the Company operates and generates income, and any adjustments to tax payable in respect of previous years.

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.9 EU IFRS not applied yet

The following new accounting pronouncements have also been issued and are not yet effective:

- Definition of a business (Amendments to IFRS 3), issued in October 2018 and effective from 1 January 2020;
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7), issued in September 2019 and effective from 1 January 2020;
- Definition of material (Amendments to IAS 1 and IAS 8), issued in October 2018 and effective from 1 January 2020; and
- Revised Conceptual Framework for Financial Reporting issued in March 2018 and effective from 1 January 2020.

The Company is not expecting these pronouncements to have a significant impact on the Company's financial statements.

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2. Analysis of revenue

	2019 £	2018 £
General Partner's share receivable	<u>119,104</u>	<u>127,932</u>

All revenue arose within the United Kingdom.

3. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2019 £	2018 £
Audit of these financial statements	<u>5,000</u>	<u>3,660</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, M&G plc.

4. Directors' remuneration

No emoluments were paid to the Directors during the year in connection with the management of the Company (2018: £nil).

One (2018: one) of the Directors exercised share options during the year.

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

5. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	21,680	23,612
Adjustments in respect of previous periods	(261)	847
Total current tax	<u>21,419</u>	<u>24,459</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>114,104</u>	<u>124,272</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	21,680	23,612
Effects of:		
Adjustments to tax charge in respect of prior periods	(261)	847
Total tax charge for the year	<u><u>21,419</u></u>	<u><u>24,459</u></u>

Factors that may affect future tax charges

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

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

6. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	2
At 31 December 2019	<u>2</u>
Net book value	
At 31 December 2019	<u>2</u>
At 31 December 2018	<u>2</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Country of incorporation
M&G UK Property Nominee 1 Limited	ordinary	100%	England
M&G UK Property Nominee 2 Limited	ordinary	100%	England

The above subsidiaries are registered at 10 Fenchurch Avenue, London, EC3M 5AG .

7. Debtors

	2019 £	2018 £
Amounts owed by M&G UK Property Limited Partnership	<u>25,853</u>	<u>30,884</u>

M&G UK Property GP Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Cash at bank and in hand

	2019 £	2018 £
Cash at bank and in hand	<u>659,958</u>	<u>535,823</u>

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	41,802	14,704
Corporation tax	9,862	11,881
Accruals and deferred income	5,000	3,660
	<u>56,664</u>	<u>30,245</u>

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 (2018 - 1) ordinary share of £1.00	<u>1</u>	<u>1</u>

11. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties on an arm's length basis. All revenue is derived from M&G UK Property Limited Partnership as set out in note 2. Amounts receivable from M&G UK Property Limited Partnership are set out in note 7. There are no other related party transactions as the Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned group companies and the exemption under paragraph 8(j) of FRS 101 not to disclose key management personnel compensation and amounts incurred for the provision of key management personnel services by a separate management entity.

12. Post balance sheet events

The Company continues to monitor the effects of the coronavirus (COVID-19) outbreak which has been declared as a pandemic by the World Health Organization. The outbreak has not only prompted widespread health concerns, but has caused recent deteriorations in global market conditions. The eventual outcome is highly uncertain and is largely dependent on how successful authorities are at containing and managing the outbreak.

COVID-19 is expected to result in a deterioration in financial performance over 2020, driven by a reduction in general partner share earned. The balance of net assets will be impacted accordingly.

M&G UK Property GP Limited

**Notes to the Financial Statements
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13. Immediate and ultimate parent company

The Company's immediate parent company is M&G Real Estate Limited.

The Company is a subsidiary undertaking of M&G plc which is the ultimate parent company incorporated in England and Wales. Consolidated financial statements are prepared by M&G plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG. Prior to demerger, the ultimate parent company was Prudential plc. Copies of consolidated financial statements for Prudential plc are available to the public at the registered office 1 Angel Court, London, EC2R 7AG.