

Registration number: OC394794

Pramerica PRECAP II GP LLP

Annual Report and Financial Statements

for the Year Ended 31 December 2019



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Annual Report and Financial Statements
31 December 2019

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Information

Designated Members PGIM (Scots) Limited
PGIM Financial Limited

Registered office Grand Buildings
1-3 Strand
Trafalgar Square
London
WC2N 5HR

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Solicitors CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Members' Report

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

Principal activities

On 13 August 2014, Pramerica PRECAP II GP LLP (the 'LLP') was formed.

The principal activity of the LLP is to act as General Partner to the Pramerica Real Estate Capital II LP (the 'Partnership'). The principal activity of the Partnership is to make investments, together with other qualified institutional investors, in closed-end private investment vehicles, which hold equity and equity-related securities of real estate operating companies and real estate business ventures. On 15 December 2014, the LLP was assigned 50% of the interests and entitlements in Pramerica Real Estate Capital II LP held by Pramerica Real Estate Capital II GP Limited (the 'Original GP'). On 20 May 2015, the LLP was assigned the remaining 50% of the interests and entitlements in the Partnership held by the Original GP. Under the terms of the limited partnership agreement for the Partnership, the LLP will act as General Partner to the Partnership.

The activities and operation of the Partnership are governed by the terms of the Limited Partnership Agreement. The LLP as General Partner is responsible for the management and operation of the Partnership. The Partnership, acting through the General Partner, may appoint a manager to operate the business and affairs of the Partnership and its assets, under the supervision and authority of the General Partner. The LLP as General Partner has appointed PGIM Limited, which is authorized and regulated by the UK Financial Conduct Authority, to act as the Manager of the Partnership under the terms of the management agreement.

Fair review of the business

During the year ended 31 December 2019, the LLP recognised turnover of €100 resulting from its priority profit share in the Partnership (2018: €100). Following the deduction of members' remuneration of €100 (2018: €100) in respect of participation rights in the profit of the LLP as an expense, the result for the year was €nil (2018: €nil) and therefore no distribution was made to the members (€nil).

Future outlook and events after the Balance Sheet date

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the novel coronavirus ("COVID-19"). COVID-19 is having a significant impact on the global economy as a result of the measures taken by governments to restrict its spread.

The extent of the impact of COVID-19 on the LLP depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which are highly uncertain. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the LLP's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event.

Members' Report (Continued)

Going concern

On 11 March 2020, the World Health Organization declared a global pandemic in respect of COVID-19. COVID-19 is having a significant impact on the global economy as a result of the measures taken by governments to restrict its spread.

The extent of the impact of COVID-19 on the LLP depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which are highly uncertain. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the LLP's business and financial results.

The members have performed an assessment of the actual and potential impact of the deteriorating market conditions on the financial position of the LLP and currently there is no significant impact.

Because of the nature of its revenue and the strength of its balance sheet, the members are confident that, in spite of the current market turmoil, the Company can meet its liabilities as they fall due next 12 months and is a going concern and the Financial Statements have been prepared on a going concern basis.

Members' Report (Continued)

Designated members

The designated members during the year ended 31 December 2019 are as follows:

PGIM Financial Limited
PGIM (Scots) Limited

Members' drawings and the subscription and repayment of members' capital

The repayment of any member's capital contributions is at the discretion of the members. Members are entitled to an allocation of profits pro-rata to their capital contributions. The net losses of the LLP, if any, incurred in each year shall be borne by the LLP.

Brexit impact

Following the UK's vote to withdraw from the European Union on 23 June 2016, a working group was established to assess the impact of Brexit on PGIM Financial Limited, its subsidiaries and other UK affiliated entities ("the PGIM Group"), and analyse the options available for continuing the PGIM Group's various regulated activities in the EU. The PGIM Group has the benefit of being able to work with other regulated affiliated entities located within the EU and the working group concluded that the establishment of a further 2 EU regulated legal entities and an extension of the regulatory permissions of an existing EU affiliate would be beneficial to manage the potential impact on the PGIM Group's business. The members believe the LLP is well positioned to ensure as little disruption as possible to its existing business set-up.

On 31 January 2020, the UK left the EU with a transition period in relation to existing laws and regulations until 31 December 2020. There is still a high degree of uncertainty regarding the outcome of the trade negotiations between the UK and EU in relation to the period beyond 1 January 2021 especially in the context of financial services. The PGIM Group has continued to prepare for a "hard" Brexit and has contingency plans, as appropriate, for each business. At this stage, the members have not identified nor do they anticipate Brexit having a material impact to the business.

Members' Report (Continued)

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to the auditors

As far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware. The members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Approved by the members on 27 July 2020 and signed on its behalf by:



H. Day
Director of PGIM (Scots) Limited

Independent auditors' report to the members of Pramerica PRECAP II GP LLP

Report on the audit of the financial statements

Opinion

In our opinion, Pramerica PRECAP II GP LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Profit and Loss Account, the Statement of Comprehensive Income, and the Statement of Changes in Members' Interests 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 limited liability partnership 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 5, the members 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 members 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 members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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.

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.

Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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 as applicable to limited liability partnerships 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 limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 July 2020

Profit and Loss Account
for the year ended 31 December 2019

	Note	2019 €	2018 €
Turnover	3	100	100
Administrative expenses		-	-
Operating profit	4	100	100
Profit for the year before members' remuneration and profit shares		100	100
Distribution to members		-	-
Members' remuneration charged as an expense		(100)	(100)
Result for the year available for discretionary division among members		-	-

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	2019 €	2018 €
Result for the year available for discretionary division among members	-	-
Other comprehensive income/(expense) for the year	-	-
Total comprehensive income/(expense) for the year	-	-

Balance Sheet
as at 31 December 2019

	Note	2019 €	2018 €
Fixed assets			
Investments	6	1,000	1,000
Current assets			
Debtors	7	1,293	1,193
Current liabilities			
Creditors: Amounts falling due within one year	8	(1,000)	(1,000)
Net current assets		<u>293</u>	<u>193</u>
Total assets less current liabilities		<u>1,293</u>	<u>1,193</u>
Net assets attributable to members		<u>1,293</u>	<u>1,193</u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts		<u>500</u>	<u>400</u>
Members' other interests			
Members' capital classified as equity		<u>793</u>	<u>793</u>
Total members' interests		<u>1,293</u>	<u>1,193</u>

The financial statements of Pramerica PRECAP II GP LLP (registered number OC394794) were approved by the Board and authorised for issue on 27 July 2020. They were signed on behalf of the limited liability partnership by:


M. G. Fresson
Director of Designated Member

Statement of Changes in Members' Interests
for the year ended 31 December 2019

	<u>Equity</u>	<u>Loans and other debts due to members</u>	
	<u>Members' capital €</u>	<u>Members' other amounts €</u>	<u>Total 2018 €</u>
Members' interest at 1 January 2018	2	300	302
Members' remuneration charged as an expense	-	100	100
Members' interests after result for the financial year	2	400	402
Members' interests after total comprehensive income	2	400	402
Members' capital introduced	791	-	791
At 31 December 2018	793	400	1,193

	<u>Members' capital €</u>	<u>Members' other amounts €</u>	<u>Total 2019 €</u>
Members' interest at 1 January 2019	793	400	1,193
Members' remuneration charged as an expense	-	100	100
Members' interests after result for the financial year	793	500	1,293
Members' interests after total comprehensive income	793	500	1,293
At 31 December 2019	793	500	1,293

Notes to the Financial Statements

1 General Information

Pramerica PRECAP II GP LLP (the 'LLP') is a limited liability partnership and is incorporated and domiciled in the United Kingdom. The Registered office of the LLP is Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR.

The LLP acts as a General Partner to Pramerica Real Estate Capital II LP (the 'Partnership'), under a Limited Partnership Agreement, established and registered in England and Wales under the Limited Partnerships Act 1907, between the LLP and certain limited partners.

The financial statements are presented in EUR (€) which is also the LLP's functional currency.

The LLP is jointly owned by PGIM (Scots) Limited and its parent, PGIM Financial Limited. It is included in the consolidated results of both PGIM Financial Limited and its ultimate parent, 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.'s financial statements are available at 751 Broad Street, Newark, NJ 07102, USA.

2 Accounting policies

Basis of preparation

The LLP is preparing its financial statements in accordance with Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applied to limited liability partnerships and applicable accounting standards in the United Kingdom and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" effective 1 January 2015.

Given the nature of the LLP's business no significant judgements or estimates are required. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Going concern

On 11 March 2020, the World Health Organization declared a global pandemic in respect of COVID-19. COVID-19 is having a significant impact on the global economy as a result of the measures taken by governments to restrict its spread.

The extent of the impact of COVID-19 on the LLP depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which are highly uncertain. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the LLP's business and financial results.

The members have performed an assessment of the actual and potential impact of the deteriorating market conditions on the financial position of the LLP and currently there is no significant impact.

Because of the nature of its revenue and the strength of its balance sheet, the members are confident that, in spite of the current market turmoil, the LLP can meet its liabilities as they fall due next 12 months and is a going concern and the Financial Statements have been prepared on a going concern basis.

a) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The LLP 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, in accordance with Section 7 of FRS 102 and paragraph 3.17(d), the LLP is exempt from the requirement to prepare a cash flow statement under FRS 102 as the cash flows of the LLP are included in the consolidated cash flow statement of the parent company, PGIM Financial Limited.

b) Turnover

Turnover comprises General Partner priority profit share received in the LLP's role as General Partner. This revenue is measured at the fair value of the consideration received or receivable. The LLP recognises revenue when performance obligations have been satisfied and as the services are transferred to the Partnership, on an accruals basis.

c) Fixed asset investments

Investments are stated at cost less accumulated impairment losses.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

d) Foreign currency

Functional and presentation currency

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the LLP operates (the 'functional currency'). The Company's functional currency is Euro (€).

Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies, outstanding at the balance sheet date, are translated at the exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognised in the Profit and Loss Account specifically in the administrative expenses. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

e) Taxation

The taxation payable on profits is the personal liability of the members and accordingly the LLP has no tax expense.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

f) Members' remuneration and interests

Members' rights to participate in the profits or losses, or assets of the LLP are analysed between those that give rise to, from the LLP's perspective, either a financial liability or equity, in accordance with Section 11 and 12 of FRS 102 - 'Basic Financial Instruments' and 'Other Financial Instruments Issues' and Section 22 of FRS 102 'Liabilities and Equity'. Members' different participation rights are analysed separately into liability and equity elements. Where the LLP has a contractual obligation to deliver cash or another financial asset to the member in respect of such amounts, it is treated as a liability. Where the repayment of the members' capital is discretionary, it is treated as equity.

Members' remuneration

Non-discretionary amounts becoming due to members in respect of participation rights in the profits of the LLP for an accounting period that give rise to liabilities are presented as an expense within the Profit and Loss Account (within the heading Members' remuneration charged as an expense).

g) Related parties

The LLP discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

h) Employee information

There were no employees in the current year (2018: nil).

i) Debtors

A regular review is performed of all the LLP'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 Balance Sheet will not be recovered, they will be written off. Debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairments.

j) Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost.

3 Turnover

Turnover relates to priority profit shares from the Partnership and is wholly generated in the UK.

Notes to the Financial Statements (continued)

4 Operating profit

The auditors' remuneration in respect of audit services provided to the LLP amounts to €5,170 (2018: €4,881) and is borne by the designated member, PGIM Financial Limited.

5 Distribution to members

Per the limited liability partnership agreement all profits and losses are distributed in full to the designated members in accordance with their interest in the LLP, after taking account of any expenses incurred by the LLP.

6 Investments

	2019 €	2018 €
Investment in Pramerica Real Estate Capital II LP	<u>1,000</u>	<u>1,000</u>

The registered office for Pramerica Real Estate Capital II LP is Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR.

7 Debtors

	2019 €	2018 €
Amounts owed by the Partnership	300	400
Amounts owed by the members	<u>993</u>	<u>793</u>
	<u>1,293</u>	<u>1,193</u>

Amounts included within amounts owed by the members and the Partnership are interest free, unsecured and repayable on demand. The LLP has not suffered any losses as a result of trade debtor or counterparty defaults during the year and as a result management does not believe that any provision is required for bad and doubtful debts.

8 Creditors: Amounts falling due within one year

	2019 €	2018 €
Amounts owed to the Partnership	<u>1,000</u>	<u>1,000</u>

Amounts included within amounts owed to the Partnership are interest free, unsecured and repayable on demand.

Notes to the Financial Statements (continued)

9 Non adjusting events after the financial period

On 11 March 2020, the World Health Organization declared a global pandemic in respect of COVID-19. COVID-19 is having a significant impact on the global economy as a result of the measures taken by governments to restrict its spread.

The extent of the impact of COVID-19 on the LLP depends on future developments, including the duration of the pandemic and the volatility and market value of the global financial markets, all of which are highly uncertain. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the LLP's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event.

10 Related party transactions

The LLP acted as a General Partner to the Partnership. Related parties comprise the Partnership.

	2019 €	2018 €
Revenue charged to affiliates of the LLP	100	100
Administrative expenses incurred from affiliates of the LLP	-	-
Receivables outstanding	300	400
Payables outstanding	1,000	1,000