

Registration number: OC394794

Pramerica PRECAP II GP LLP

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Pramerica PRECAP II GP LLP
Annual Report and Financial Statements
31 December 2022

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Information

Designated Members PGIM (Scots) Limited
PGIM Financial Limited

Registered office Grand Buildings
1-3 Strand
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 2022.

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'). During 2022, the principal activity of the Partnership was 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 authorised and regulated by the UK Financial Conduct Authority, to act as the Manager of the Partnership under the terms of the management agreement.

Business Review

During the year ended 31 December 2022, the LLP recognised turnover of €100 (2021: €100) resulting from its priority profit share in the Partnership. Following the deduction of members' remuneration charged as an expense, there was €nil available for distribution to the members (2021: €nil).

Important non-adjusting events after the financial year

No known non-adjusting events have taken place after the financial year.

Going concern

Following the seizure of Silicon Valley Bank and Signature Bank by US regulators and the news that UBS Group is acquiring Credit Suisse, management have been monitoring the developing banking situation and reviewing our corporate banking relationships. It can be confirmed that the LLP has no direct exposure to Credit Suisse. Management will monitor for any indirect exposures, and take appropriate action as needed.

The Members have performed an analysis of expected cashflows and on the 2023 expected performance on the LLP. The potential impact on the performance of the LLP for the 12 months following the signature of the accounts is difficult to forecast and is being monitored closely. Because of its liquidity and the strength of its balance sheet, the Members are confident that the LLP 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 2022 are as follows:

PGIM Financial Limited
PGIM (Scots) Limited

The LLP's ultimate parent company is Prudential Financial, Inc., a company incorporated in the United States and listed on the New York Stock Exchange (NYSE; PRU), and the parent undertaking of the largest group (the 'PFI Group') for which group financial statements are prepared. The managing member of the LLP is PGIM Management Partners 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 Partnership, if any, incurred in each year shall be borne by the Partnership.

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, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), 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, as applied to limited liability partnerships, 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 LLP and of the profit or loss of the LLP 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 LLP will continue in business.


The members are responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The members are also responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 4 August 2023 and signed on their behalf on 10 August 2023 by:

DocuSigned by:

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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 LLP's affairs as at 31 December 2022 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, including 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 2022; the Profit and Loss Account 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 LLP 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 LLP'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 members' 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 LLP's ability to continue as a going concern.

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

Independent Auditors' Report to the Members of Pramerica PRECAP II GP LLP (continued)

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, 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 LLP'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 LLP 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.

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 LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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. Audit procedures performed by the engagement team included:

Independent Auditors' Report to the Members of Pramerica PRECAP II GP LLP (continued)

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the members' Board of Directors; and
- Identifying and testing all journal entries.

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.

Use of this report

This report, including the opinions, 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 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 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, 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.

Victoria Tallon

Victoria Tallon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 August 2023

Pramerica PRECAP II GP LLP
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Profit and Loss Account
for the year ended 31 December 2022

	Note	2022 €	2021 €
Turnover	3	100	100
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		-	-

The above results were derived from continuing operations.

There is no other comprehensive income (2021: £nil).

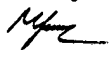
The notes on pages 11 to 16 form an integral part of these financial statements.

Pramerica PRECAP II GP LLP
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Balance Sheet
as at 31 December 2022

	Note	2022 €	2021 €
Fixed assets			
Investments	6	1,000	1,000
Current assets			
Debtors	7	1,593	1,493
Current liabilities			
Creditors: Amounts falling due within one year	8	(1,000)	(1,000)
Net current assets		<u>593</u>	<u>493</u>
Total assets less current liabilities		<u>1,593</u>	<u>1,493</u>
Net assets attributable to members		<u>1,593</u>	<u>1,493</u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts		<u>800</u>	<u>700</u>
Members' other interests			
Members' capital classified as equity		<u>793</u>	<u>793</u>
Total members' interests		<u>1,593</u>	<u>1,493</u>

The financial statements of Pramerica PRECAP II GP LLP (registered number OC394794) on pages 9 to 17 were approved by the Board of members on 4 August 2023 and signed on their behalf on 10 August 2023 by:

DocuSigned by:

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 M. G. Fresson
 Director of Designated Member

Pramerica PRECAP II GP LLP
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Statement of Changes in Members' Interests
for the year ended 31 December 2022

	Equity	Loans and other debts due to members	
	Members' capital €	Members' other amounts €	Total 2021 €
Members' interest at 1 January 2021	793	600	1,393
Members' remuneration charged as an expense	-	100	100
Members' interests after result for the financial year	793	700	1,493
At 31 December 2021	<u>793</u>	<u>700</u>	<u>1,493</u>

	Members' capital €	Members' other amounts €	Total 2022 €
Members' interest at 1 January 2022	793	700	1,493
Members' remuneration charged as an expense	-	100	100
Members' interests after result for the financial year	793	800	1,593
At 31 December 2022	<u>793</u>	<u>800</u>	<u>1,593</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

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, 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 Euro (€) 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, 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 2019.

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

The members have performed an assessment of the expected performance of the LLP for the 12 months following the signature of the financial statements. The members have performed an analysis of actual and potential impact of the current market conditions on the financial position, including work performed on stress-testing such as a severe but plausible downside scenario, and planned for mitigating actions that can be taken.

Because of the nature of its liquidity and the strength of its balance sheet, the members are confident that the LLP can meet its liabilities as they fall due for the 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 priority profit share earned in the LLP's role as General Partner and a portion of profits from the Partnership. This revenue is measured at the fair value of the consideration received or receivable. These are recognised on an accrual basis. The LLP recognises revenue in the accounting period in which the services are rendered and when it is probable that an economic benefit will flow to the entity and can be reliably measured. The LLP recognises profit share when performance obligations have been satisfied.

c) 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 LLP's functional currency is €.

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.

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).

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

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 (2021: 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.

k) Significant estimates and judgements

No significant estimates and judgements has been used in the preparation of the financial statements of the year.

3 Turnover

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

4 Operating profit

The auditors' remuneration in respect of audit services provided to the LLP amounts to €7,022 (2021: €6,807) and is borne by the designated member, PGIM Financial Limited.

Pramerica PRECAP II GP LLP
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Notes to the Financial Statements (continued)

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

	2022 €	2021 €
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

	2022 €	2021 €
Amounts owed by the Partnership	400	400
Amounts owed by the members	<u>1,193</u>	<u>1,093</u>
	<u>1,593</u>	<u>1,493</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

	2022 €	2021 €
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 Related party transactions

The LLP's ultimate parent company is Prudential Financial, Inc., a company incorporated in the United States of America. Related parties of the LLP comprise the ultimate parent and other subsidiaries of the ultimate parent, principally PGIM Financial Limited, a designated member and the immediate parent. The LLP is a wholly owned direct subsidiary of PGIM Financial Limited.

The LLP acts as General Partner to the Partnership, which was dissolved on 22 February 2023. The LLP discloses transactions with related parties which are not wholly owned within the same group. PFI Group affiliates comprise the Partnerships.

	2022 €	2021 €
Management fees received and receivable from PFI Group affiliates	100	100
Amounts owed from PFI Group affiliates	400	400
Amounts owed to PFI Group affiliates	1,000	1,000

10 Non adjusting events after the financial year

No known non-adjusting events have taken place after the financial year.