PRAMERICA REAL ESTATE CAPITAL VI S.À R.L.

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 3 DECEMBER 2015 (DATE OF INCEPTION) TO 31 DECEMBER 2016

14, rue Edward Steichen
L-2540 Luxembourg
Subscribed capital £12,500
R.C.S. No. B0202219

CONTENTS

BOARD OF MANAGERS AND PROFESSIONAL ADVISORS

Manager, Operator and AIFM of the Parent	PGIM Fund Management Limited
Board of Managers of the Company	PGIM Real Estate CD S.à r.l. E Baldan M Crowther N Synnott
Registered office of the Company	14, rue Edward Steichen L-2540 Luxembourg Grand-Duché de Luxembourg
Parent	Pramerica Real Estate Capital VI Limited Partnership
Registered office of the Parent	Grand Buildings, 1-3 Strand, Trafalgar Square London, WC2N 5HR United Kingdom
General Partner of the Parent	Pramerica Precap VI GP LLP
Designated Members of Pramerica Precap IV GP LLP	PGIM Financial Limited PGIM (Scots) GP Limited
Auditor of the Company	PricewaterhouseCoopers, Société Coopérative 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Grand-Duché de Luxembourg
Legal Advisor	Clifford Chance 10 boulevard G.D.Charlotte B.P. 1147 L-1011 Luxembourg Grand-Duché de Luxembourg

REPORT OF THE BOARD OF MANAGERS

The Board of Managers (the "Board") presents its report and the financial statements for the period from 3 December 2015 (Date of inception) to 31 December 2016.

INCORPORATION

Pramerica Real Estate Capital VI S.à r.l. (the "Company"), was incorporated in Luxembourg on 3 December 2015 as a "Société à responsabilité limitée".

ACTIVITIES

The Company's object is to, directly or indirectly, acquire, hold or dispose of interests, in any form whatsoever and participations in Luxembourg or foreign entities, by any means and to administrate, develop and manage such holding of interests or participations.

The Company may also, directly or indirectly, acquire, hold or dispose of loans or of various tranches of loans or other indebtedness originated, structured or funded by other entities or persons, by any means and administrate, develop and manage such holding of loans or tranches of loans or other indebtedness.

The Company may make real estate related investments whether directly or through direct or indirect participations in subsidiaries of the Company owning such investments. The Company may also, directly or indirectly, invest in, acquire, hold or dispose of any kind of asset by any means.

The Company may also render every assistance, whether by way of loans, guarantees or otherwise to its subsidiaries or companies in which it has a direct or indirect interest or any company being a direct or indirect shareholder of the Company or any entity or person belonging to the same group as the Company (hereafter referred to as the "Connected Companies") or any other entity.

The Company may in particular enter into the following transactions, it being understood that the Company will not enter into any transaction which would cause it to be engaged in any activity that would be considered as a regulated activity of the financial sector:

- to borrow money in any form or to obtain any form of credit facility and raise funds through, including, but not limited to, the issue, always on a private basis, of listed or unlisted bonds, notes, promissory notes and other debt or equity instruments convertible or not, the use of financial derivatives or otherwise;

- to advance, lend or deposit money or give credit to or with or to subscribe to or purchase any debt instrument issued by any Luxembourg or foreign entity on such terms as may be thought fit and with or without security;

- to enter into any guarantee, pledge or any other form of security, whether by personal covenant or by mortgage or charge upon all or part of the undertaking, property assets (present or future) or by all or any of such methods, for the performance of any contracts or obligations of the Company and of any of the Connected Companies, within the limits of and in accordance with the provisions of Luxembourg Law;

The Company can perform all legal, commercial, technical and financial investments or operations and in general, all transactions which are necessary to fulfill its object as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

During the financial period the Company has not performed any activity in the field of research and development and as at 31 December 2016, the Company does not own any of its own shares.

REPORT OF THE BOARD OF MANAGERS (continued)

RESULTS AND DIVIDENDS

The profit for the period amounts to £3,473,257

BOARD OF MANAGERS

The managers who held office during the period were:

PGIM Real Estate CD S.à r.l.
E Baldan
M Crowther
N Synnott

REGISTERED OFFICE

14, rue Edward Steichen
L-2540 Luxembourg
Grand-Duché de Luxembourg

BY ORDER OF THE BOARD

The Board of Managers

Place: Luxembourg

Date: 30 March 2017

Neil Synnott
Manager

Natalie Naughton
on behalf of
PGIM Real Estate CD S.à r.l.
Manager

DISCLAIMER

PGIM Real Estate is the real estate investment management business of PGIM, Inc., the principal asset management business of Prudential Financial, Inc.. In the United Kingdom and various other jurisdictions in Europe, all investment activities are carried out by representatives of PGIM Fund Management Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. PGIM Fund Management Limited is registered in England No. 03205768 VAT no. 447 1835 36, Registered Office, Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. PGIM, the PGIM logo, and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

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Audit report

To the Partner of
Pramerica Real Estate Capital VI S.à r.l.

Report on the financial statements

We have audited the accompanying financial statements of Pramerica Real Estate Capital VI S.à r.l., which comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the period from 3 December 2015 (date of inception) to 31 December 2016, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Pramerica Real Estate Capital VI S.à r.l. as of 31 December 2016, and of its financial performance and its cash flows for period from 3 December 2015 (date of inception) to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the report of the Board of Managers but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

The report of the Board of Managers is consistent with the financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 30 March 2017

Kenneth Kai Siong Iek

STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2016

	Note	For the period from 3 December 2015 (Date of Inception) to 31 December 2016 £
Income		
Financing income	4	5,658,075
Net change in fair value of financial assets at fair value through profit or loss	7	13,727,674
Total net income		**19,385,749**
Expenses		
Net change in fair value of financial liabilities at fair value through profit or loss	8	(12,919,988)
Transaction costs	6	(175,972)
Other operating expenses	9	(696,497)
Operating profit		**5,593,292**
Other income	5	210,238
Finance costs	10	(2,317,751)
Profit before tax		**3,485,779**
Tax expense	16	(12,522)
Profit for the period		3,473,257

Natalie Naughton
on behalf of
PGIM Real Estate CD S.à r.l.
Manager

Neil Synnott
Manager

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

Assets	Note	31 December 2016 £
Non-current assets		
Financial assets at fair value through profit or loss	11	206,076,703
Total non-current assets		**206,076,703**
Current assets		
Financial assets at fair value through profit or loss	11	26,581,275
Cash and cash equivalents	12	12,341,247
Total current assets		**38,922,522**
Total assets		**244,999,225**
Equity and liabilities		
Equity		
Share capital	18	12,500
Retained Earnings		3,473,257
Total equity		**3,485,757**
Current liabilities		
Financial liabilities at fair value through profit or loss	17	64,813,500
Amounts owed to related parties	13	2,717
Accrued expenses	14	98,103
Trade and other payables	15	2,370,211
Current income tax liabilities	16	12,107
Total current liabilities		**67,296,638**
Non-current liabilities		
Financial liabilities at fair value through profit or loss	17	174,216,830
Total liabilities		**241,513,468**
Total equity and liabilities		**244,999,225**

Neil Synnott
Neil Synnott
Manager

Natalie Naughton
on behalf of
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2016

	Share capital £	Retained earnings £	Legal Reserve £	Total equity £
Issuance of share capital	12,500	-	-	12,500
Profit for the period	-	3,473,257	-	3,473,257
Balance at 31 December 2016	**12,500**	**3,473,257**	-	**3,485,757**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the period ended 31 December 2016

	Note	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Cash flows from operating activities		
Profit before tax		3,485,779
Adjustments for:		
Investment in debt instruments	11	(235,101,656)
Proceeds from repayment of debt investment instruments	11	16,171,352
Net change in fair value of financial assets	7	(13,727,674)
Net change in fair value of financial liabilities	8	12,919,988
Increase in amounts owed to related companies	13	2,717
Increase in accrued expenses	14	98,103
Increase in trade and other payables	15	2,370,211
Income tax paid	16	(415)
Net cash flows (used in) by operating activities		**(213,781,595)**
Cash flows from financing activities		
Proceeds from issuance of non-interest bearing loans	17	195,368,530
Amounts drawn under multicurrency loan facility line	17	138,324,819
Amounts repaid under multicurrency loan facility line	17	(107,583,007)
Proceeds from issuance of share capital	18	12,500
Net cash flows provided byfinancing activities		**226,122,842**
Net increase in cash and cash equivalents for the period		12,341,247
Cash and cash equivalents at the end of the period	12	**12,341,247**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2016

1. General Information

Pramerica Real Estate Capital VI S.à r.l. (the “Company”) was incorporated on 3 December 2015 and is organised under the laws of Luxembourg as a "société à responsabilité limitée" for an unlimited period. The registered office of the Company is established in Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December each year, except for the Company's first financial period starting on 3 December 2015 and ending 31 December 2016.

The Company is primarily engaged in the provision of capital to assist with the acquisition and refinancing of commercial real estate assets located in the United Kingdom and Germany.

The Company is a wholly owned subsidiary of Pramerica Real Estate Capital VI L.P. (the “Parent”). The Parent’s group accounts consolidate the accounts of the Company. These consolidated financial statements are prepared using International Financial Reporting Standards as adopted by the European Union (EU) and they are available at the registered office of the Parent.

The financial statements of the Company are authorised for issue on 30 March 2017. The Parent does not have the power to amend the financial statements after issue.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied. There were no changes in accounting policy in the period.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) (IFRS). The financial statements have been prepared under the historical cost convention, as modified for the measurement of certain financial instruments at fair value.

The preparation of financial statements requires the use of accounting estimates and judgements, that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Board believes that the underlying assumptions are appropriate and that the Company’s financial statements therefore present the financial position and results fairly. Significant accounting estimates used in preparing the financial statements are considered to relate to the fair value measurement of financial instruments designated at fair value through profit or loss (FVTPL). The valuation methodology is described in Note 2.4.

2.1.1 Going concern

The Board believes that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

2.1.2 Standards and interpretations effective in 2016 and adopted by the Company

The following standards and amendments have been adopted by the Company for the first time for the financial period beginning on 3 December 2015:

• Annual improvements to IFRS 2012-2014 cycle, and
• Disclosure initiative: Amendments to IAS 1.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Standards and interpretations effective in 2016 and adopted by the Company

The adoption of these amendments did not have any significant impact on the financial statements of the Company for the current period and is not likely to affect future periods.

The Company did not elect to adopt any of the amendments early.

2.1.3 Future accounting developments

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements.

IAS 12, 'Income taxes' was amended to clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. No significant impact is expected on the Company's financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit and loss. No significant impact is expected on the Company's financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Company does not have any revenue from contracts with customers.

IFRS 16, 'Leases' was issued in January 2016. For lessees, it will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases will be removed. The accounting for lessors will not significantly change. The Company has not entered into any lease agreements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on the Company.

2.2 Foreign currency translation

(a) Functional and presentational currency

The financial statements are presented in Pounds Sterling ("£"), which is also the Company's functional currency. The Board considers Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses relating to financial instruments designated at FVTPL are presented in the statement of comprehensive income within net change in fair value of financial assets and financial liabilities at FVTPL. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

2.2 Foreign currency translation (continued)

Foreign exchange gains and losses relating to financial instruments designated at FVTPL are presented in the statement of comprehensive income within net change in fair value of financial assets and financial liabilities at FVTPL. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

2.3 Financial instruments designated at fair value

(a) Classification

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below, and are so designated by the Board. The Company may designate financial instruments at fair value when the designation:

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases.

- applies to financial instruments that are managed and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

- relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The Company classifies its investments as financial assets at FVTPL on the basis that they are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company’s policy requires the Board to evaluate information about these financial assets on a fair value basis together with other related financial information. Reports which set out the fair value of the investments held by the Company are provided to management and the ultimate owners of the Company on a quarterly basis.

Interest bearing liabilities issued by the Company are closely related to the underlying investments designated at FVTPL. The Company classifies the financial liabilities at FVTPL to eliminate an accounting mismatch which would otherwise arise.

Assets and liabilities in this category are classified as current if they are expected to be realised within 12 months of the reporting date. Those not expected to be realised within 12 months of the reporting date are classified as non-current.

(b) Recognition, derecognition and measurement

Financial instruments classified at FVTPL are initially recognised at fair value. A financial asset or liability is recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Transaction costs (Note 2.9) are expensed as incurred in the statement of comprehensive income.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. This condition is met when the liability is settled by paying the creditor or when the Company is released from primary responsibility for the liability, either by process of law or by the creditor.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

2.3 Financial instruments designated at fair value (continued)

(b) Recognition, derecognition and measurement (continued)

Subsequent to initial recognition, all financial instruments classified at FVTPL are measured at fair value. Gains and losses arising from changes in fair value of financial instruments at FVTPL are presented in the statement of comprehensive income in the period in which they arise.

Interest receivable (payable) on loans designated at FVTPL is recognised in the statement of comprehensive income as part of the net change in fair value of financial assets (liabilities) at FVTPL.

Interest and non-interest income received and interest paid are disclosed separately as part of financing income and finance costs respectively on the face of the statement of comprehensive income.

2.4 Financial instruments - valuation

A fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. An input is significant if that input can result in a significantly different fair value measurement. The fair value hierarchy ranks fair value measurements based on the type of inputs; it does not depend on the type of valuation techniques used.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a specified (or contractual) term a Level 2 input must be observable for the same or substantially the full term of the asset or liability. Level 2 inputs would include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets in markets which are not active; and (c) inputs other than quoted prices that are observable for the asset or liability, for example (i) interest rates and yield curves observable at commonly quoted intervals; (ii) implied volatilities; (iii) credit spreads; and (iv) market-corroborated inputs.

Level 3 inputs are unobservable inputs for the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In general, the input values used in the valuation process for the financial assets and liabilities are unobservable; therefore unless indicated otherwise investments and related liabilities are classified as Level 3 under IASB guidance on fair value measurements.

Investments for which market quotations are not readily available are stated at estimated fair value as determined in accordance with the guidelines set forth in authoritative guidance on fair value measurements. In general, fair value estimates are based on appraisal reports prepared by independent appraisers within a reasonable amount of time following acquisition of the investment and no less frequently than annually thereafter. The Chief Real Estate Appraiser of PGIM Limited (PIM) is responsible to assure that the valuation process provides independent and reasonable fair value estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

2.4 Financial instruments - valuation (continued)

The purpose of an appraisal is to estimate fair value at a specific date. IFRS 13 defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value estimate is based on conventional approaches to value, all of which require the exercise of subjective judgement. In general, the valuation technique used to measure fair value is the net present value of estimated future cash flows based on a discounted cash flow model. The discount rate is the estimated return required by market participants at the measurement date and takes into consideration the following inputs as appropriate (i) interest rates and/or interest rate spreads for loans of comparable quality and maturity, (ii) the value of the underlying collateral, (iii) free cash flow for debt servicing and debt yield, (iv) security of income and covenant quality, (v) credit enhancements and (vi) market based loan-to-value and debt-service-coverage ratios relative to each investment held by the Company.

Certain standard assumptions are employed in the valuation process that relate to the timing, duration, and amounts of future cash flows and the applicable discount rates. These factors have been determined to be reasonable and reflect current and projected market conditions.

Estimated fair values may vary significantly from the prices at which the real estate related investments would be sold, since market prices of investments can only be determined by negotiation between a willing buyer and seller. These variances are mitigated by the relationship existing between financial assets and financial liabilities designated at FVTPL. Although fair value estimates are subjective, the Board believes they reasonably approximate market prices and the aggregate estimated value of investments and liabilities is fairly presented at the reporting date.

2.5 Trade and other receivables

Trade and other receivables represent amounts due from third parties in the ordinary course of business. If collection is expected within one year they are classified as current; otherwise, they are presented as non-current.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provison for impairment.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and monies held in escrow on behalf of the Company pending completion of investments. Cash and cash equivalents are classified as loans and receivables. Cash at bank comprises balances with original maturity dates of less than 90 days.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

2.7 Payables and accrued expenses

Payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

2.8 Financing income

Financing income includes interest and exit fees received and arrangement fees earned by the Company. Arrangement fees earned on financial assets at FVTPL are recognised in the statement of comprehensive income on initial recognition. Arrangement fees are not refundable and include fees compensation for origination, underwriting and structuring financial assets designated at FVTPL.

2.9 Transaction costs

Transaction costs are legal and professional fees incurred in connection with the acquisition of financial assets and the issuance of financial liabilities designated at FVTPL. They include the upfront fees and commissions paid to agents, advisers, brokers and dealers and due diligence fees. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

2.10 Finance costs

Finance costs include interest paid and fees incurred with relation to the Company's borrowings.

2.11 Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Due to the Company's activities, it does not have temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Company is an ordinary corporate taxpayer under Luxembourg law. Corporations that are resident Luxembourg taxpayers are taxed on their world wide net income, determined on the basis of gross income less costs incurred. Certain items of income and capital gains are excluded from the calculation of income received for tax purposes, including income and capital gains from certain investments which meet certain holding periods and size requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

3. Financial risk management

3.1 Financial risk factors

The objective of the Company is to preserve and generate income from invested capital.

The Company's investment strategy is underpinned by a fundamental underwriting discipline: all investments are evaluated on the basis of a thorough analysis of real estate net asset values and property market fundamentals. It also includes an analysis of loan terms, borrower credit worthiness and legal issues. The Investment Manager of the Parent presents each investment proposal to the European Debt Investment Committee for approval (the "Investment Committee"). An investment opportunity will only be progressed if it is approved by the Investment Committee. The investment opportunity must be authorised by the Board prior to funding.

Following funding of an investment, ongoing review procedures are followed which include:

- Quarterly review meetings of the business plan with the borrower;

- Quarterly covenant compliance letters provided by the borrower;

- Quarterly valuation of the debt investment instruments;

- Annual valuation of the underlying real estate;

- Quarterly reports prepared by the portfolio management team detailing loan-to-value ratio, interest and debt service coverage ratios, progress against business plan and any other material issues. The reports form part of the bi-annual portfolio review by the Investment Manager's Chief Investment Risk Officer.

During the period, the Company held eleven debt instrument investments with loan proceeds used to finance commercial real estate located in the UK and Germany. The maturity profile of the portfolio ranges from one to four years and the loans attract annual coupons of between 10 per cent and 15 per cent. The fair value estimates take into consideration potential prepayments and include contractual non-interest income receivable by the Company.

The Company´s activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and exchange rate risk.

3.1.1 Market risk

The Company is subject to market risk due to fluctuations in the prevailing levels of market discount rates.

The table below, which includes financial instruments measured at fair value, summarises the Company's exposure to market risk categorised by maturity date as at 31 December 2016.

	Less than one year £	More than one year £	Total £
Assets			
Financial assets at FVTPL	26,581,275	206,076,703	232,657,978
Liabilities			
Financial liabilities at FVTPL	64,813,500	174,216,830	239,030,330

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

3. Financial risk management (continued)

3.1.1 Market risk

The sensitivity analysis examines the impact of a 200 basis point movement in the market required return on fair value of financial instruments designated at fair value through profit or loss.

Sensitivity of fair values to reasonably possible alternative assumptions	Movement in discount rate			
	-2%	-1%	1%	2%
Adjusted fair value of financial assets	242,860,445	237,666,645	227,826,807	223,165,832
Adjusted fair value of financial liabilities	248,678,840	243,765,843	234,464,876	230,062,398
Change in net assets	553,956	273,153	(265,718)	(524,215)
Percentage change in net assets	15.89%	7.84%	-7.62%	-15.04%

3.1.2 Credit risk

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to the risk of non-payment by counterparties who issue debt instruments held by the Company.

The maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets set out below.

	31 December 2016 £
Cash and cash equivalents	12,341,247
Financial assets at fair value through profit or loss	232,657,978
Total	**244,999,225**

The Company provides loans which are represented as debt instruments. The Manager aims to structure investments to protect the Company's position, to reduce overall credit risk and to maximise recoveries in the event of default. The portfolio is secured by charges over real estate, share securities and bank accounts of the borrower entities and their affiliates.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below categorises the Company’s financial liabilities into by category relevant groupings based on the remaining period to maturity at the reporting date.

At 31 December 2016	On demand £	Less than one year £	More than one year £	Total £
Financial liabilities at FVTPL	-	64,813,500	174,216,830	239,030,330
Accrued expenses	-	98,103	-	98,103
Current income tax liabilities	-	12,107	-	12,107
Trade and other payables	-	2,370,211	-	2,370,211
Total liabilities	**-**	**67,293,921**	**174,216,830**	**241,510,751**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

3. Financial risk management (continued)

3.1.3 Liquidity risk (continued)

The Company bears minimal liquidity risk in connection with financial liabilities designated at FVTPL due to the relationship between financial assets and financial liabilities designated at FVTPL. Financial liabilities designated at FVTPL represent the present value of amounts payable to the Parent under the Tracking Bonds, which are determined by discounting expected future gross cash receipts less direct and indirect costs less a taxable margin.

The fair value of financial liabilities designated at FVTPL is differentiated from the fair value of financial assets designated at FVTPL by the present value of future direct and indirect costs expected to be borne by the Company and the present value of the expected future taxable margin required to be withheld by the Company.

Financial assets designated at FVTPL are a function of the discount rate and expected future cash receipts over the investment holding period. An increase (decrease) in the discount rate or a decrease (increase) in expected future cash receipts decreases (increases) the carrying value of financial assets designated at FVTPL which is largely offset by a decrease (Increase) in financial liabilities designated at FVTPL.

3..1.4 Exchange rate risk

The Company's net asset value is affected by changes in the EUR/GBP exchange rate. At the reporting date the Company held two Euros denominated investment with a nominal value of €28,275,000. The table below illustrates the sensitivity of the net asset value to changes in the EUR/GBP exchange rate.

Change in EUR:GBP	Increase / (decrease) in fair values of Euro financial assets	(Increase) / decrease in fair values of Euro financial liabilities	Adjustment to NAV
%	£	£	£
25%	6,333,096	(6,039,905)	293,191
20%	5,066,477	(4,831,924)	234,553
15%	3,799,858	(3,623,943)	175,915
10%	2,533,239	(2,415,962)	117,277
5%	1,266,619	(1,207,981)	58,638
-5%	(1,266,619)	1,207,981	(58,638)
-10%	(2,533,239)	2,415,962	(117,277)
-15%	(3,799,858)	3,623,943	(175,915)
-20%	(5,066,477)	4,831,924	(234,553)
-25%	(6,333,096)	6,039,905	(293,191)

3.2 Capital risk management

The capital of the Company is represented by the total equity. The Company's objective when managing the capital is to safeguard its ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

3.3 Fair value estimation

The table below classifies within the fair value hierarchy, the Company's financial assets and financial liabilities (by class) measured at fair value at 31 December 2016.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at FVTPL				
- Debt instrument investments	-	-	232,657,978	232,657,978
Total assets measured at fair value	**-**	**-**	**232,657,978**	**232,657,978**

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Liabilities				
Financial liabilities at FVTPL				
- Multicurrency revolving facility line	-	-	31,858,457	31,858,457
- Tracking bonds	-	-	207,171,873	207,171,873
Total liabilities measured at fair value	**-**	**-**	**239,030,330 -**	**239,030,330**

There were no transfers between the various levels of the fair value hierarchy during the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

3.4 Financial instruments by category

Assets by category as at 31 December 2016	Loans and receivables	Assets at FVTPL	Total
	£	£	£
Financial assets at FVTPL	-	232,657,978	232,657,978
Cash and cash equivalents	12,341,247	-	12,341,247
Total	**12,341,247**	**232,657,978**	**244,999,225**

Liabilities by category as at 31 December 2016	Other financial liabilities	Liabilities at FVTPL	Total
	£	£	£
Financial liabilities at FVTPL	-	239,030,330	239,030,330
Amounts owed to related company	2,717	-	2,717
Accrued expenses	98,103	-	98,103
Current income tax liabilities	12,107	-	12,107
Trade and other payable	2,370,211	-	2,370,211
Total	**2,483,138**	**239,030,330**	**241,513,468**

3.5 Key unobservable inputs to Level 3 financial instruments

The table below presents information about the significant unobservable inputs used in the fair value measurement of Level 3 instruments for the period ended 31 December 2016. Significant changes in any of those inputs in isolation would result in a significant change in fair value measurement.

	Fair value	Unobservable input	Range
	£		%
Profit participating loans	133,299,249	Discount rate	10.0%-15.0%
Non-profit participating loans	99,358,728	Discount rate	12.0%-15.0%
Multicurrency revolving facility line	31,858,457	Discount rate	1.55%-2.07%
Tracking Bonds	207,171,873	Discount rate	10.0%-15.0%

Due to the relationship existing between financial assets and financial liabilities designated at fair value through profit and loss (Note 3.1.3.) the same unobservable input applies for both categories.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

4. Financing income	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Arrangement fees	2,024,631
Interest income	3,633,444
	5,658,075

5. Other income	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Unrealised foreign exchange	209,800
Realised foreign exchange	438
	210,238

6. Transaction costs	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Legal fees	145,972
Valuation fees	30,000
	175,972

7. Net change in fair value of financial assets at fair value though profit or loss	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Financial assets designated at FVTPL (Note 11)	13,727,674
	13,727,674
Unrealised	13,727,674
Total net change in fair value of financial assets at FVTPL	**13,727,674**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

8. Net change in fair value of financial liabilities at fair value though profit or loss

	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Financial liabilities designated at FVTPL (Note 17)	12,919,988
	12,919,988
Unrealised	12,919,988
Total net change in fair value of financial liabilities at FVTPL	**12,919,988**

9. Other operating expenses

	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Loan arrangement fees	218,016
Legal fees	206,347
Valuation fees	127,340
Loan management fees	50,980
Administration fees	45,067
Audit fees	29,507
Professional tax fees	9,996
Corporate services fees	5,364
Bank charges	2,952
Rental expense	928
	696,497

10. Finance costs

	For the period from 3 December 2015 (Date of inception) to 31 December 2016 £
Asset linked loan interest paid	2,317,751
	2,317,751

11. Financial assets at fair value through profit or loss	**31 December 2016 £**
Debt instrument made during the period	235,101,656
Payments received during the period	(16,171,352)
Net change in fair value of financial assets at FVTPL (Note 7)	13,727,674
Closing balance	**232,657,978**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

11. Financial assets at fair value through profit or loss (continued)

	31 December 2016 £
Becoming due within one year	
- Current interest receivable	11,357,325
- Other current repayments	15,223,950
	26,581,275
Becoming due after more than one year	
- Non-current interest receivable	57,255,904
- Other non-current financial assets	148,820,799
	206,076,703

Net change in fair value of financial assets designated at FVTPL

	31 December 2016 £
Unrealised	13,727,674
	13,727,674

The classification of financial assets at FVTPL into current and non-current components is based on Management's assessment of the likelihood of an early loan repayment by the borrower. This is a key feature of the fair value measurement which considers changes in the discount rate since inception and contractual prepayment provisions to estimate the likely exit date of the investment which may or may not be the same as the contractual termination date.

12. Cash and cash equivalents

	31 December 2016 £
Cash at bank	12,341,247
	12,341,247

13. Amounts owed to related party

	31 December 2016 £
PGIM Real Estate CD S.à r.l.	2,717
	2,717

Amounts owed to PGIM Real Estate CD S.à r.l. represent outstanding bank charges.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

14. Accrued expenses

	31 December 2016 £
Valuation fees	76,349
Professional tax fees	7,919
Corporate services fees	5,335
Legal fees	8,500
	98,103

15. Trade and other payables

	31 December 2016 £
Other creditors	2,136,977
VAT Payable	233,234
	2,370,211

Other creditors relates to cash held to pay costs on behalf of the borrowers.
VAT payable relates to reverse charge VAT owed to the Luxembourg Tax Authority.

16. Current income tax liabilites

	31 December 2016 £
Income tax charged for the period	12,522
Income tax paid during the period	(415)
	12,107

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate on the applicable profits of the Company as follows:

	31 December 2016 £
Profit before tax	3,485,779
Tax charge calculated at domestic tax rates applicable to profits arising in Luxembourg	1,017,364
Tax effect of:	
Financing income/finance costs	(769,009)
Net changes in fair value of financial assets/financial liabilities	(236,006)
Other	-
Tax charge	**12,349**

The weighted average applicable tax rate was 29.22%

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

17. Financial liabilities at fair value through profit or loss

	31 December 2016 £
Loans drawn during the period	333,693,349
Loans repaid during the period	(107,583,007)
Net change in fair value of financal liabilities at FVTPL (Note 8)	12,919,988
Closing Balance	**239,030,330**
Becoming due and payable within one year	64,813,500
Becoming due and payable after more than one year	174,216,830
	239,030,330

Financial liabilities at FVTPL include discounted future cash outflows expected to be disbursed with respect to the Company's borrowings and unrealised losses on foreign currency forward contracts.

(a) Asset linked loan facility

During the period, the Company issued bonds (the "Tracking Bonds") with an issue price of £195,368,530 to the Parent (the "Bondholder"). The Board has authorised the issue of up to £1 billion of Tracking Bonds to the Bondholder. The Tracking Bonds represent a securitised loan facility and are issued for the purpose of acquiring the portfolio and paying any taxes and operational expenses in relation to the portfolio. The value or return of the Tracking Bonds will depend on the value or performance of the investment portfolio held by the Company. The Tracking Bonds mature on 2036 and are measured at fair value.

Interest charged on the loan comprises a fixed and a variable component. Fixed interest is charged at 0.50% per annum on the outstanding principal amount of the loan. Variable interest is equal to the positive amount resulting from the sum of all income and gains arising from the portfolio for the relevant period less the expenses incurred, realised losses and a taxable margin. Interest paid during the period ended 31 December 2016 amounts to £2,317,751 (Note 10).

	31 December 2016 £
Loans drawn during the period	195,368,530
Net change in fair value of asset linked loan facility (Note 8)	11,803,343
Closing balance	**207,171,873**
Becoming due and payable within one year	32,955,043
Becoming due and payable after more than one year	174,216,830
	207,171,873

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

17. Financial liabilities at fair value through profit or loss (continued)

Net change in fair value of asset linked loan facility	31 December 2016 £
- Unrealised	11,803,343
	11,803,343

(b) Multicurrency revolving

On 8 March 2016 the Company entered into a £75,000,000 multicurrency revolving facility line with Wells Fargo Bank. Draws on the facility will be priced at LIBOR EURIBOR plus 155bps. On 8 August 2016 the facility was increased to £82,500,000. At 31 December 2016 amounts of £7,692,949 and €28,275,000 were drawn on the subscription line.

	31 December 2016 £
Loans drawn during the period	138,324,819
Loans repaid during the period	(107,583,007)
Net change in fair value of multicurrency revolving (Note 8)	1,116,645
Closing balance	**31,858,457**

	31 December 2016 £
Net change in fair value of multicurrency revolving	
- Unrealised	1,116,645
	1,116,645

18. Share Capital

The subscribed and authorised capital amounts to £12,500, represented by 12,500 shares fully paid-up with a nominal value of one GBP Sterling (£1) each. The Parent owns 100% of the shares in the Company.

19. Legal Reserve

In accordance with Luxemburg law, the Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. No allocation of net income was made to the legal reserve for the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

20. Commitments and contingencies

In the ordinary course of business there can be various legal actions brought against the Company. As of 31 December 2016, the Board of Managers was not aware of any such matter that would have a material effect on the Company's financial condition or results of operations.

As at 31 December 2016, the Group had unfunded loan commitments of £12,379,687 and €1,334,764.

21. Related Parties

Transactions carried out or balances outstanding with related parties are set out in Notes 10,13,17.

22. Subsequent events

There are no significant subsequent events that would require disclosure in the financial statements.