Registered Number: 2071488

Directors' Report and Accounts 2017

Allianz Properties Limited

Directors:	M J Churchlow
	J M Dye
	S J Robertson
	K P Scott
Secretary:	R C Jack-Kee
Registered Office:	57 Ladymead, Guildford, Surrey, GU1 1DB
Registered No:	2071488

Strategic Report

The Directors present their Strategic Report for the year ended December 31, 2017.

Principal activity and review of the business

In 2011, the Company acquired, from Allianz Investment Properties Limited, a portfolio of property investments which alongside an investment in a property fund it purchased in 2013 it manages on behalf of Allianz Insurance plc.

No changes in the principal activity are anticipated in the foreseeable future.

As part of a consolidation strategy that aims to reduce portfolio complexity, four properties were sold during the year for a market value of £19.6m. This disposal resulted in realised loss of £6.0m (2016: £0.4m gain).

The results for the year are set out in the Statement of Comprehensive Income on page 6. The profit for the year amounted to £12.8m (2016: £27,000 loss). At the year end the Company had £185.8m of net assets (2016: £171.9m).

The Key Performance Indicator for the business is the performance of its investment portfolio. The total return of the portfolio in 2017 was 11.5%, much higher than the performance in 2016 (1.3%). The solid performance was driven by the forward momentum of the commercial property market and the stable income stream. Given the quality of the portfolio, the length of tenant leases and the very low void ratio, the portfolio is expected to hold up fairly well in 2018.

The Company is a wholly owned subsidiary of Allianz Holdings plc, whose Directors manage the Allianz Holdings plc Group's operations on a divisional basis. For this reason the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance, or position of the business of the Company.

Principal risks and uncertainties

The principal risk facing the Company is that poor performance of its investment properties might have a material impact on the asset valuation and rental income in the financial statements. The Company manages this risk by investing in high quality properties and regularly reviewing and valuing its properties.

As a wholly owned subsidiary of Allianz Holdings plc, the Company's management of risk is set at Group level rather than at subsidiary company level. For this reason the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Allianz Holdings plc group, which include those of the Company, are disclosed in the Group's annual report, which does not form part of this Report.

By order of the Board

M J Churchlow
Director

March 23, 2018

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the year ended December 31, 2017.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 6. A review of the Company's business activities and any likely future developments can be found in the Strategic Report.

The Directors do not recommend the payment of a dividend for the year ended December 31, 2017 (2016: £nil).

Directors

The names of the current Directors are shown on page 1. All served throughout this period.

Directors' responsibility to the auditor

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

Auditor

Pursuant to the 2017 Allianz UK group audit tender process, KPMG LLP will resign as auditor of the Company following completion of their statutory and regulatory audits of the Allianz UK group for the financial year ended December 31, 2017, and PricewaterhouseCoopers LLP will be appointed as auditor of the Company for the financial year ending December 31, 2018 in their place.

By order of the Board

R C Jack-Kee
Secretary

March 23, 2018

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements on pages 6 to 18, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the financial position of the Company and profit of the Company; and
- the Strategic Report on page 1 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the Company face.

Independent auditor's report

to the members of Allianz Properties Limited

Opinion

We have audited the financial statements of Allianz Properties Limited ("the Company") for the year ended December 31, 2017 which comprise the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

Independent auditor's report

to the members of Allianz Properties Limited

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Salim Tharani (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

March 23, 2018

Statement of Comprehensive Income

for the year ended December 31, 2017

	Notes	2017 £000	2016 £000
Continuing operations			
Investment income	2	11,738	11,865
Net fair value gain/(loss)	3	5,567	(9,540)
Total revenue		17,305	2,325
Administration expenses	5	(820)	(1,079)
Impairment loss of Equity Security	7	(1,499)	–
Profit from continuing operations before taxation		14,986	1,246
Tax expense	6(a)	(2,150)	(1,273)
Profit/(Loss) for the year wholly attributable to the equity holders		12,836	(27)
Other comprehensive (loss)/income			
Net change in fair value of available for sale financial assets		1,025	(2,917)
Other comprehensive income/(loss) for the year net of tax		1,025	(2,917)
Total comprehensive income/((loss) for the year		13,861	(2,944)

Statement of changes in equity

for the year ended December 31, 2017

	Capital contribution £000	Share capital £000	Retained earnings £000	Fair value reserve £000	Total £000
Balance as at January 1, 2016	38,990	120,510	13,497	1,892	174,889
Net loss for the year	–	–	(27)	–	(27)
Net change of available for sale asset	–	–	–	(2,917)	(2,917)
Balance as at December 31, 2016	38,990	120,510	13,470	(1,025)	171,945
Net profit for the year	–	–	12,836	–	12,836
Net change of available for sale asset	–	–	–	1,025	1,025
Balance as at December 31, 2017	38,990	120,510	26,306	–	185,806

The notes on pages 9 to 17 are an integral part of these financial statements.

Balance sheet
as at December 31, 2017

	Notes	*31 Dec 2017 £000*	*31 Dec 2016 £000*
Non-current assets			
Deferred taxation	6(c)	1,416	1,728
Investment properties	7	157,065	135,775
		172,017	158,163
Current assets			
Investment properties held for sale	7(a)	–	6,650
Available for sale assets	8	13,536	14,010
Other receivables	9	1,407	1,763
Amounts due from related parties	12	17,704	16,991
		19,111	18,754
Total assets		191,128	176,917
Current liabilities			
Trade and other payables	10	3,483	2,798
Income tax payable	6(c)	1,839	2,174
		5,322	4,972
Total liabilities		5,322	4,972
Net assets		185,806	171,945
Issued capital and reserves attributable to equity holders of the parent			
Equity share capital	11	120,510	120,510
Retained earnings		26,306	13,470
Capital contribution	4	38,990	38,990
Fair value reserve		–	(1,025)
Total equity		185,806	171,945

These financial statements were approved by the Board of Directors on March 23, 2018 and signed on its behalf by:

M J Churchlow
Director

The notes on pages 9 to 17 are an integral part of these financial statements.

Statement of cash flows

For the year ended December 31, 2017

	Notes	*2017* *£000*	*2016* *£000*
Cash flows from operating activities			
Net profit before tax		14,986	1,246
Adjustments to reconcile group operating profit to net cash inflows from operating activities			
Net fair value (gains)/losses on investment property	3	(11,537)	9,968
Realised losses/(gains) on disposal of investment property	3	5,970	(428)
Impairment of Available for Sale assets		1,500	–
Increase in amounts due from related parties	12	(713)	(12,593)
Decrease in other receivables	9	356	793
Increase in trade and other payables	10	685	811
Cash generated from operating activities		11,247	(203)
Tax paid	6(b)	(2,174)	(2,107)
Net cash flow from operating activities		9,073	(2,310)
Cash flows from investing activities			
Purchase of Investment Properties		(28,477)	–
Disposal of Investment Properties		19,404	2,310
Net cash flow from investing activities		(9,073)	2,310
Increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the year end		–	–

The notes on pages 9 to 17 are an integral part of these financial statements.

Notes to the financial statements

for the year ended December 31, 2017

1. Accounting policies

Company and its operations

The financial statements of Allianz Properties Limited (the 'Company') for the year ended December 31, 2017 were authorised for issue by the Board of the Directors on March 23, 2018 and the balance sheet was signed on the Board's behalf by M J Churchlow. Allianz Properties Limited is a private limited company incorporated and domiciled in England & Wales.

Statement of compliance

The financial statements of Allianz Properties Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are compiled on a going concern basis.

Investment properties

Property held for long term rental yields and for capital appreciation is classified as investment property.

Investment properties are initially measured at cost. Subsequently, at each balance sheet date such properties are carried at fair value as assessed by qualified external valuers. Fair value is the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. An investment property is derecognised when either its use changes or it has been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Gains or losses arising from changes in the fair values are recognised in the income statement in the period in which they arise.

If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the net book value and the fair value of the item at the date of transfer is recognised as a fair value gain in equity and is subsequently treated under the normal policies for investment properties.

Trade and other receivables

Trade receivables, which generally have 90-300 day terms, are recognised and carried over at the lower of their original invoiced value and recoverable amount. A provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other payables

Trade and other payables are stated at their cost.

Financial assets

Available for sale financial assets, after initial recognition, are measured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statement of comprehensive income.

Notes to the financial statements

for the year ended December 31, 2017

1. Accounting policies (continued)

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

The shortfall between the future operating lease commitments and income receivable has been provided for until the end of the lease, on a discounted basis.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rental income from property is recognised in the income statement on a straight line basis over the term of the lease.

Interest income is recognised in the income statement as it accrues.

Notes to the financial statements

for the year ended December 31, 2017

2. Investment income

Revenue disclosed in the income statement is analysed as follows:

	2017	*2016*
	£000	*£000*
Rental income	11,312	11,326
Interest income	426	539
	11,738	11,865

Rental income relates to operating leases.

3. Net fair value gains/(losses)

	2017	*2016*
	£000	*£000*
Fair value gains/(losses) from investment properties	11,537	(9,968)
Realised (losses)/gains from sale of Investment properties	(5,970)	428
	5,567	(9,540)

4. Capital contribution

The Capital Contribution relates to a loan from the previous parent, Allianz (UK) Limited, this was waived prior to the acquisition by Allianz Insurance plc.

5. Expenses and auditor's remuneration

	2017	*2016*
	£000	*£000*
Auditor's remuneration for audit services	5	5
Property investment expenses	815	1,074
	820	1,079

No staff are employed directly by the Company.

The Directors received no emoluments from the Company during the year (2016: £nil). Audit fees were payable to KPMG LLP.

Notes to the financial statements

for the year ended December 31, 2017

6. Income taxes relating to continuing operations

(a) Income tax recognised in profit or loss

	2017 £000	2016 £000
Current tax:		
In respect of the current years	1,839	2,174
In respect of prior years	–	(2)
	1,839	2,172
Deferred tax:		
In respect of the current year	270	(1,112)
Adjustments to deferred tax attributable to changes in tax rates and laws	41	213
	311	(899)
Total income tax expense recognised in the current year relating to continuing operations	2,150	1,273

The income expense for the year can be reconciled to the accounting profit as follows:

	2017 £000	2016 £000
Profit before tax from continuing operations	14,986	1,246
Income expense calculated at 19.25% (2016: 20%)	2,885	249
Effect of unrealised movement on real estate	(1,910)	1,095
Effect of capital losses	1,149	(86)
Effect of prior year adjustment	–	(2)
Effect of imputed transfer pricing adjustments	26	17
Income tax expense recognised in profit or loss (relating to continuing operations)	2,150	1,273

The tax rates used for the 2017 and 2016 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax will be 19% for 2018.

(b) Tax paid for cash flow purposes

	2017 £000	2016 £000
Current tax payable at January 1	2,174	2,109
Amounts charged to the income statement	2,150	1,273
Movement in deferred tax lability in the income statement	(311)	899
Tax paid during the year	(2,174)	(2,107)
Current tax payable at December 31	1,839	2,174

Notes to the financial statements

for the year ended December 31, 2017

6. Income taxes relating to continuing operations (continued)

(c) Current tax assets and liabilities

	2017	*2016*
	£000	*£000*
Current tax liabilities	1,839	2,174

2017

	Opening balance	Recognised in profit or loss	Closing balance
	£'000	*£'000*	*£'000*
Deferred tax assets in relation to:			
Investment properties	1,728	(311)	1,417
	1,728	(311)	1,417

2016

	Opening balance	Recognised in profit or loss	Closing balance
	£'000	*£'000*	*£'000*
Deferred tax assets in relation to:			
Investment properties	829	899	1,728
	829	899	1,728

7. Investment properties

		2017	*2016*
		£000	*£000*
At January 1		135,775	154,275
Additions		28,477	–
Disposals of investment properties		(18,724)	(1,882)
Net fair value gains/(losses)		11,537	(9,968)
Transfer to investment properties held for sale	7(a)	–	(6,650)
At December 31		157,065	135,775

Notes to the financial statements

for the year ended December 31, 2017

7. Investment properties (continued)

(a) Investment properties held for sale

	2017	*2016*
	£000	*£000*
At January 1	6,650	–
Transfer from investment properties	–	6,650
Disposals of investment properties	(6,650)	–
At December 31	–	6,650

Sovereign House, Northampton was held as an investment property for sale. The property was marketed in the later months of 2016, with the sale completion due in January 2017 for a market value of £6,650k.

As described in the Strategic Report, the property portfolio of Allianz Investment Properties Limited was acquired with effect from October 6, 2011, at market value.

There was no movement of cash involved in this transaction.

Fair value hierarchy
The following table shows a three-level fair value hierarchy for financial assets depending on the inputs used to determine fair value. The fair value hierarchy has the following levels:

Level 1: Quoted prices in active markets for identical assets. Additional criteria was applied to Corporate Bonds which were only included if they were AAA-rated and government-backed. Other Corporate Bonds were included in Level 2.

Level 2: Corporate Bonds which did not meet the criteria necessary to qualify for Level 1.

Level 3: Inputs that are not based on observable market data.

	Fair value of as December 31, 2017	*Level 1*	*Level 2*	*Level 3*
	£000	*£000*	*£000*	*£000*
Recurring Non Financial Assets:				
Investment Properties	157,065	–	–	157,065
Equity Securities	13,536	–	–	13,536
Total	170,601	–	–	170,601

	Fair value of as December 31, 2016	*Level 1*	*Level 2*	*Level 3*
	£000	*£000*	*£000*	*£000*
Recurring Non Financial Assets:				
Investment Properties	142,425	–	–	142,425
Equity Securities	14,010	–	–	14,010
Total	156,435	–	–	156,435

There have been no transfers between level 1 and level 2 recurring fair value measurements during the year.

Notes to the financial statements

for the year ended December 31, 2017

7. Investment properties (continued)

Reconciliation of opening and closing balances for level 3 fair value measurement:

	Fair value of as January 1	*Additions*	*Disposals*	*Unrealised gains/(loss)*	*Fair value of as December 31*
	£000	*£000*	*£000*	*£000*	*£000*
2017					
Investment Properties	142,425	28,477	(25,374)	11,537	157,065
Equity Securities	14,010	–	–	(474)	13,536
2016					
Investment Properties	154,275	–	(1,882)	(9,968)	142,425
Equity Securities	16,927	–	–	(2,917)	14,010

During 2013, the Company purchased a holding in a property fund. The fair value of this holding £13,536k (2016: £14,010k) is based upon the net asset value of the fund. During the year, the equity security was impaired amounting to £1,500K; being £1,025K of un-realised losses from the prior year and a current year charge of £474K.

Sensitivity to changes in unobservable inputs

An all risk yield investment method of valuation has been adopted for estimating the fair value of the investment properties, whereby the rental income stream is capitalised at an appropriate capitalisation rate based on current comparable rental and investment transactions. In considering the evidence the net initial and, where known, equivalent and reversionary yields, have been used to inform the valuation, capitalising the net income to achieve an appropriate net initial yield, reversionary yield on the Market Rent (MR), and equivalent yield on the full income stream.

Significant unobservable inputs:

Rental growth	Factored into the yield applied (location/sector specific)
Voids	0-9 months
Occupancy rate	Approximately 97.96%
Rent free	0-18 months upon re-letting
Equivalent yields applied	5.0% - 9.35%

The estimated fair value would increase / (decrease) if:

- expected market rental growth were higher / (lower)
- void periods were shorter / (longer)
- rent free periods were shorter / (longer); or
- the occupancy rate were higher / (lower).

8. Financial assets

	2017	*2016*
	£000	*£000*
At fair value		
Equity securities	13,536	14,010
At Cost		
Equity securities	13,536	15,036

The cost of the financial assets have been reduced by the amount of impairment loss recognised in the Statement of Comprehensive Income as disclosed in Note 7.

Notes to the financial statements

for the year ended December 31, 2017

9. Other receivables

	2017	*2016*
	£000	*£000*
Other receivable	1,407	1,763
	1,407	1,763

10. Trade and other payables

	2017	*2016*
	£000	*£000*
Other payables	3,483	2,798

11. Share capital

	2017	*2016*
	£000	*£000*
Allotted, called up and fully paid:		
120,510,002 ordinary shares of £1 each	120,510	120,510
	120,510	120,510

12. Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at December 31 with other related parties, are as follows:

(a) Related party	*Amounts owed by related party £000*	*Amounts owed to related party £000*
2017	17,704	–
2016	16,991	–

Terms and conditions of transactions with related parties

Transactions and balances with related parties relate to services provided to the Allianz (UK) Limited group of companies. Transactions with related parties are made at arms length.

Notes to the financial statements

for the year ended December 31, 2017

13. Operating lease commitments

Leases as lessor

The properties are let under operating leases. The future minimum lease receipts under non-cancellable leases are as follows:

	2017	*2016*
	£000	*£000*
Not later than one year	10,597	9,943
After one year but no more than 5 years	40,038	35,459
After 5 years	13,209	39,976
	63,844	85,378

During the year £11,312k (2016: £11,326k) was recognised as rental income by the Company.

14. Ultimate parent undertaking

The immediate parent undertaking is Allianz Insurance plc, a company registered in England and Wales.

The ultimate parent undertaking, Allianz Societas Europaea, is incorporated in Germany and is the parent of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the group accounts are available on request from Allianz Societas Europaea, Königinstrasse 28, 80802 München, Germany.

Allianz Holdings plc is the parent undertaking of the smallest group of undertakings of which the Company is a member and for which group accounts are drawn up. Allianz Holdings plc is incorporated in England and Wales and group accounts are available from the Company Secretary, 57 Ladymead, Guildford, Surrey GU1 1DB.