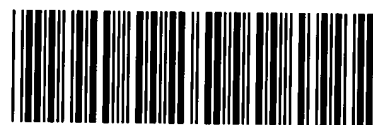


# **TIAA-CREF ASSET MANAGEMENT UK LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**Registration Number**  
**6575777**

FRIDAY



A27      \*A64TCHKX\*      #33  
21/04/2017  
COMPANIES HOUSE

**CONTENTS**

	Page
Company information	3
Strategic report	4 - 5
Report of the directors	6 - 7
Statement of directors' responsibilities	8
Independent auditors' report	9 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 - 24

**COMPANY INFORMATION**

<b>Directors</b>	R Adderley M Griffiths M.Neal M Sales C Throssell
<b>Company secretary</b>	TH RE Corporate Secretarial Services Limited
<b>Registered number</b>	6575777
<b>Registered office</b>	201 Bishopsgate London EC2M 3BN
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
<b>Bankers</b>	The Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

## **TIAA-CREF ASSET MANAGEMENT UK LIMITED**

---

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their Strategic Report on TIAA CREF Asset Management UK Limited ("the Company") for the year ended 31 December 2016.

#### **Business Review**

The principal activities of the Company are to provide real estate asset management, market research and portfolio management advice. The Company primarily works on the 'TIAA-European' and CRE Debt Funds. The Company is authorised and regulated by the Financial Conduct Authority. The Company is a wholly owned subsidiary of Nuveen Real Estate Limited ("the Group"). The Group is run on an integrated basis rather than the legal construct of its subsidiaries. The Company's strategy and business model is governed by that of the Group. The Directors do not envisage a change of activities in the foreseeable future.

The Company applies FRS 101 – Reduced Disclosure Framework and has taken advantage of certain exemptions allowed under this standard. Further details are provided in note 2.1 to these financial statements.

During the year ended 31 December 2016 the funds managed by the Company disposed of a number of assets in the UK and mainland Europe. The Company's assets under management ("AUM") therefore dropped significantly from 2015 to 2016, but the remaining assets are seen as good long term investments that will maximise shareholder returns. The performance of the Company is satisfactory and in line with the Group's strategy.

	<b>2016</b>	<b>2015</b>	<b>Change</b>
Turnover (£)	4,342,357	7,072,972	-38.61%
Operating Profit / (Loss) (£)	1,385,567	(425,434)	-425.68%
Total Shareholders' Funds (£)	2,625,001	1,471,326	+78.41%
AUM (£'000)	717,038	2,053,402	-65.08%

#### **Principal Risks and Uncertainties**

TH RE and its group companies have a risk management framework in place to ensure the Group meets its objectives within acceptable risk parameters. This framework is reviewed regularly so that new and emerging risks are identified early on. The Group's culture embeds the management of risk at all levels within the organisation. The framework under which it operates also ensures that the business is capable of meeting its business objectives within its risk appetite and is subject to continuous review. Financial risks are discussed further in note 3 to these financial statements.

#### **Key Performance Indicators**

The Company uses the following key performance indicators (KPIs) to assist in the understanding of the development, performance and position of the business:

##### **i) Assets Under Management**

During 2016, the Company continued to undertake the asset management for certain real estate investments of the affiliates of the Company located in the UK and Europe. AUM fell in the year due to disposals across the UK and Mainland Europe, but this was in line with expectation.

##### **ii) Cash Flow from Operations**

Operating cash flows are monitored at a Group level as a key element in understanding the performance and position of the business.

**TIAA-CREF ASSET MANAGEMENT UK LIMITED**


---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Cash Flow from the operations of the Group was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Cash generated from operations</b>	<b><u>16,513,078</u></b>	<b><u>4,859,173</u></b>

This report was approved by the Board of Directors on 20 April 2017 and signed on its behalf by:

  
C Throssell  
Director

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

Please also refer to the Strategic Report on page 4 for the activities of the Company and a discussion of the principal risks and uncertainties.

**Results and Dividends**

The profit for the financial year ended 31 December 2016 amounted to £1,153,675 (2015 loss: £195,438). The Directors do not recommend the payment of a dividend.

**Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

	<i>Appointment date</i>	<i>Resignation date</i>
R Adderley	06/06/2016	
M Griffiths	23/05/2016	
D Howie	21/08/2014	15/03/2016
M Neal	18/11/2016	
M Sales	15/07/2013	
C Throssell	23/05/2016	
M Wood	01/04/2014	17/06/2016

**Directors' Declaration**

Each of the persons who are Directors at the time when this report is approved have confirmed that:

- a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) each Director has taken all the steps that he or she ought to have taken as a Director, including making appropriate enquiries of his fellow Directors and of the Company's auditors for that purpose, in order to make him aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**Directors' third party and pension scheme indemnity provisions**

The Group may indemnify the Directors to the extent permitted by United Kingdom law. The Group may indemnify the Directors against all costs, charges, losses, expenses and liabilities incurred:

- i) in the actual or purported execution and/or discharge of his/her duties, or in relation to them; and
- ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006), including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his /her part or in connection with any application in which the grants him/her, in his/her capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs.

The Group may provide the Directors with funds to meet expenditure incurred or to be incurred by him/her in connection with any proceedings or application referred above.

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, its financial risk management objectives and its exposure to cash flow risk are included in the Strategic Report. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has adopted the going concern basis of accounting in preparing its annual financial statements.

This report was approved by the board of directors on 20 April 2017 and signed on its behalf by:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

C Throssell  
Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Company has decided to adopt Financial Reporting Standard 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **Independent auditors' report to the members of TIAA CREF Asset Management UK Limited**

## **Report on the financial statements**

---

### **Our opinion**

In our opinion TIAA CREF Asset Management UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

---

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

## **Opinions on other matters prescribed by the Companies Act 2006**

---

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

---

## **Other 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:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility

---

## Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

---

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Koziarski (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

20 April 2017

**TIAA-CREF ASSET MANAGEMENT UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 £	31 Dec 2015 £
<b>Revenues</b>	5	4,342,357	7,072,972
Administrative expenses		(2,956,790)	(7,498,406)
<b>Operating profit / (loss)</b>	6	<u>1,385,567</u>	<u>(425,434)</u>
Finance Costs	7	(420)	-
<b>Finance Costs - net</b>		<u>(420)</u>	<u>-</u>
<b>Profit / (loss) on ordinary activities before income tax</b>		<u>1,385,147</u>	<u>(425,434)</u>
Income tax (expense) / credit on ordinary activities	8	(231,472)	229,996
<b>Profit / (loss) for the financial year and total comprehensive income / (expense) for the financial year</b>		<u><u>1,153,675</u></u>	<u><u>(195,438)</u></u>


The notes on pages 14 to 24 are an integral part of these financial statements.

**TIAA-CREF ASSET MANAGEMENT UK LIMITED****REGISTRATION NUMBER 6575777****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Note	As at 31 Dec 2016 £	As at 31 Dec 2015 £
<b>Current assets</b>			
Deferred tax asset	9	176,027	415,079
Trade and other receivables	10	1,958,314	1,441,746
Cash and cash equivalents	11	1,621,370	282,809
		<u>3,755,711</u>	<u>2,139,634</u>
<b>Creditors – amounts falling due within one year</b>			
Trade creditors	12	(1,130,710)	(668,308)
		<u>(1,130,710)</u>	<u>(668,308)</u>
<b>Net current assets</b>		<u>2,625,001</u>	<u>1,471,326</u>
<b>Total assets less current liabilities</b>		<u>2,625,001</u>	<u>1,471,326</u>
<b>Net assets</b>		<u>2,625,001</u>	<u>1,471,326</u>
<b>Equity</b>			
Called up Share capital	13	3,000,000	3,000,000
Accumulated Losses		<u>(374,999)</u>	<u>(1,528,674)</u>
<b>Total shareholders' funds</b>		<u>2,625,001</u>	<u>1,471,326</u>

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements on pages 11 to 24 were approved by the Board of Directors on 20 April 2017 and signed on their behalf by:

  
 C Throssell  
 Director

**TIAA-CREF ASSET MANAGEMENT UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Called-up Share Capital £	Accumulated Losses £	Total Shareholders' Funds £
<b>Balance at 1 January 2015</b>		<b>2,000,000</b>	<b>(1,333,236)</b>	<b>666,764</b>
<b>Comprehensive expense</b>				
Loss for the financial year		-	(195,438)	(195,438)
<b>Total comprehensive expense for the financial year ending 2015</b>		<b>-</b>	<b>(195,438)</b>	<b>(195,438)</b>
<b>Transactions with owners</b>				
Issue of share capital	13	1,000,000	-	1,000,000
<b>Balance as at 31 December 2015</b>		<b>3,000,000</b>	<b>(1,528,674)</b>	<b>1,471,326</b>
<b>Comprehensive income</b>				
Profit for the financial year		-	1,153,675	1,153,675
<b>Total comprehensive income for the financial year ending 2016</b>		<b>-</b>	<b>1,153,675</b>	<b>1,153,675</b>
<b>Balance as at 31 December 2016</b>		<b>3,000,000</b>	<b>(374,999)</b>	<b>2,625,001</b>

The notes on pages 14 to 24 are an integral part of these financial statements.

## **TIAA-CREF ASSET MANAGEMENT UK LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1 General Information**

TIAA-CREF Asset Management UK Limited (the "Company") is a private limited company authorised and regulated by the Financial Conduct Authority to provide real estate asset management, market research and portfolio management advice.

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 201 Bishopsgate, London, EC2M 3BN.

#### **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 to the year presented, unless otherwise stated.

##### **2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1 (share capital);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures) if not a financial position
- IAS 7, 'Statement of cash flows', exemption from preparing statement of cash flows and related notes;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Company; and
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

##### **Going concern**

The Company meets its day-to-day working capital requirements through regular cash flows from Group activities. The Directors consider that the Company has adequate financial resources to continue in operational existence in the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2.2 Consolidation**

The Company is a wholly owned subsidiary of Nuveen Real Estate Limited ("NRE"). NRE is 99% owned by TIAA International Holdings 3 Limited. The results of the Company are included in the consolidated financial statements of TIAA International Holdings 2 Limited which are publicly available.

**2.3 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses'.

**2.4 Financial instruments**

*(a) Financial assets*

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, or in the case of investments not at fair value, through profit or loss with directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company's financial assets consist of loans and receivables.

Financial assets recognised in the Statement of Financial Position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

*(b) Financial liabilities*

Liabilities within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

**2.5 Pre-payments**

Pre-payments are carried at cost less any accumulated impairment losses.

**2.6 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**2.7 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**2.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.9 Current and deferred income tax**

Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.10 Provisions**

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

**2.11 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, stated net of value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*Fee income*

Fee income includes management fees, advisory fees and development fees. All fees are recognised in the accounting period in which the associated investment management or development services are provided.

*Other Income*

Other income includes income recognised for services provided which is not directly related to management of the assets, nor development or transaction services.

**2.12 Interest income and expense**

Interest income and expense are recognised within 'finance income' and 'finance costs' in the Statement of Comprehensive Income. The Company has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

**2.13 Other expenses**

Expenses include legal, accounting, auditing and other fees. They are recognised in Statement of Comprehensive Income in the period in which they are incurred (on an accruals basis).

**2.14 Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**3 Financial risk management**

**3.1 Financial risk factors**

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting year. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out centrally under policies approved by the Board of Directors. Financial risks are identified and evaluated in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Key financial risk management reports are produced monthly on a Company level and provided to the key management personnel of the Company.

*(a) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a monthly basis (see details below). However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

*(i) Foreign exchange risk*

The Company operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Company.

The Company has various financial assets such as trade and other receivables and cash and short-term deposits that arise directly from its operations. The Company's principal financial liabilities are trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations.

Foreign currency risk is managed on a Group basis.

The functional currency of the Company is the Pound Sterling.

*(ii) Price risk*

The Company has no exposure to price risk arising from direct investments in equity securities or commodities.

The Company is however exposed to price risk relating to the valuation of underlying real estate investments for which it has been appointed investment manager or investment advisor. The Company's recurring fee income is directly correlated with these valuations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

(iii) Cash flow and fair value interest rate risk

Changes in market interest rates do not have any significant direct effect on the Company's income.

*(b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables. The Company's main customers are property owning companies. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution. No financial assets are deemed to be impaired or past due at year end.

No credit limits were exceeded during the reporting year, and management does not expect any losses from non performance by counterparties.

*(c) Liquidity risk*

Cash flow forecasting is performed at a Group level. Forecasts of the liquidity requirements are monitored to ensure the Company has sufficient cash to meet its operational needs. Given the ultimate group structure the liquidity risk is seen as minimal for this Company.

**3.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**3.3 Fair value estimation**

The fair values of the Company's financial assets and liabilities approximates the carrying amount at reporting date.

**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

**Critical accounting estimates and assumptions**

Management are required to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

*(a) Impairment of trade and other receivables*

Assets are tested for impairment in line with the policy described in note 2.4 to these financial statements. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

*(b) Income taxes*

The Company is subject to income taxes in the United Kingdom. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

The deferred tax assets recognised at 31 December 2016 have been based on future profitability assumptions over a five-year horizon. In the event of changes to these profitability assumptions the tax assets recognised may be adjusted.

*(c) Development Fees*

Development fees are recognised throughout the period in which development management services are provided, on the basis of the amount of work completed in the period. This requires reasonable estimations and judgements to be made. Should any over or under-estimate be made, fees in future periods would be adjusted to reflect this.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5 Revenue**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<u>Classified by revenue type</u>		
Management Fees	3,656,783	6,449,611
Development Fees	685,000	618,000
Other Income	574	5,361
	<u>4,342,357</u>	<u>7,072,972</u>

**6 Operating profit / (loss)**

Operating profit / (loss) is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Administration Fees	3,395,166	7,299,446
Staff Costs	2,435.04	(21,988)
Rent	-	42,338
Legal and Professional Fees	21,214	8,004
Travel and Entertaining	-	(1,517)
Other Office Costs	-	14,732
Audit Fees	12,040	12,750
Marketing	-	284
Other expenses	7,940	27,336
Foreign Exchange (gain) / loss	(482,005)	117,021
	<u>2,956,790</u>	<u>7,498,406</u>

The emoluments of the Directors' are paid by TH RE Administration Limited which makes no recharge to the Company. The Directors' perform their services for various Group entities and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Total emolument details are disclosed in the financial statements of TH RE Administration Limited.

All auditors' remuneration is for audit services so no split for non-audit services is necessary.

**7 Finance costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank charges	420	-
<b>Finance costs</b>	<u>420</u>	<u>-</u>

**8 Income tax**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Corporation tax - current	231,472	(229,996)
Deferred tax - current year	-	-
Charge / (credit) for the year	<u>231,472</u>	<u>(229,996)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8 Income tax (continued)**

**Factors affecting tax charge / (credit) for the year**

The difference between the total current tax charge shown above and the amount calculated applying the standard rate of UK corporation tax to the profit / (loss) before taxation is as follows:

	2016 £	2015 £
Profit/(Loss) on ordinary activities before tax	<u>1,385,147</u>	<u>(425,434)</u>
Tax on profit/(loss) on ordinary activities at standard corporation tax rate of 20% (2015: 20.25%)	277,030	(86,136)
Tax effect on :		
Adjustments to tax in respect of prior periods	(7,580)	(308,489)
Amounts charged directly to equity or otherwise transferred	-	117,459
Expenses not deductible for tax purposes	1,200	-
Group relief surrendered / (claimed)	84	-
Adjust closing deferred tax to average rate of 20% (2015: 20.25%)	6,858	51,806
Adjust opening deferred tax to average rate of 20% (2015: 20.25%)	(46,120)	(4,636)
Income tax charge / (credit) in the year	<u>231,472</u>	<u>(229,996)</u>

**9 Deferred tax**

	2016 £	2015 £
<i>Deferred Tax Asset</i>		
Deferred tax asset start of year	415,079	493,571
Deferred tax charge in the Statement of Comprehensive Income for the year	(239,052)	(78,492)
Deferred tax asset at end of the year	<u>176,027</u>	<u>415,079</u>

Deferred income tax assets are recognised for tax losses carried forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The deferred tax asset of £176,027 (2015: £415,079) has arisen as a result of the origination of temporary differences in relation to tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

**10 Trade and other receivables**

	2016 £	2015 £
<b>Current assets</b>		
Trade receivables - net	68,500	477,284
Amounts owed by group undertakings	1,086,402	122,310
Prepayments and accrued income	803,412	842,094
Other receivables	-	58
	<u>1,958,314</u>	<u>1,441,746</u>

The fair value of trade and other receivables, which are due within one year, approximates to their carrying amounts at the reporting date.

# **TIAA-CREF ASSET MANAGEMENT UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **11 Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	1,621,370	282,809
	<u>1,621,370</u>	<u>282,809</u>

### **12 Creditors - amounts falling due within one year**

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Amounts owed to group undertakings	1,010,371	457,877
VAT liability	104,121	195,380
Accruals and deferred income	16,218	15,051
	<u>1,130,710</u>	<u>668,308</u>

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

### **13 Called up Share capital**

	2016 £	2015 £
<b>Ordinary shares of £1 each</b>		
<u>Allotted and fully paid</u>		
At 1 January	3,000,000	2,000,000
Issued during the year	-	1,000,000
At 31 December	<u>3,000,000</u>	<u>3,000,000</u>

### **14 Related party transactions**

The Company has taken advantage of the exemption in FRS 101 by not disclosing related party transactions entered into between two or more members of a group which are wholly owned subsidiaries.

The amounts listed below were outstanding at the balance sheet date:

	<b><u>Amounts owed by related parties</u></b>	
	2016 £	2015 £
Nuveen Real Estate Limited	61,873	3,287
TIAA CREF International Holdings LLC	-	58,586
Nuveen Real Estate Management Limited	1,024,529	60,437
	<u>1,086,402</u>	<u>122,310</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**14 Related party transactions (continued)**

	<b>Amounts owed to related parties</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
TH RE Administration Limited	572,164	65,558
TIAA CREF Luxembourg Sarl	178,450	154,680
TH Real Estate France SAS	259,757	237,639
	<b>1,010,371</b>	<b>457,877</b>

The above entities are related parties to the Company as they are part of the Group.

The amounts outstanding are unsecured, carry no interest and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

**15 Post balance sheet events**

On 21st March 2017 the Directors declared a dividend of £1,250,000.

**16 Immediate parent company and ultimate controlling party**

The Company's immediate parent company is TH RE FCACO Limited, a limited company incorporated in the United Kingdom. The ultimate parent undertaking and largest group to consolidate these financial statements is Teachers Insurance and Annuity Association. Copies of the consolidated financial statements can be obtained from 730 Third Avenue, New York, NY 10017. TIAA International Holdings 2 Limited is the parent undertaking of the smallest group to consolidate these financial statements in the United Kingdom. The consolidated financial statements of TIAA International Holdings 2 Limited can be obtained from 150 Aldersgate Street, London, EC1A 4AB.