

Registration number: 06575777

TIAA-CREF Asset Management UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



TIAA-CREF Asset Management UK Limited

Contents

	Page(s)
Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Independent Auditors' Report	6 to 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 23

TIAA-CREF Asset Management UK Limited

Company Information

Directors	R. J. Adderley M. Griffiths M. H. Neal M. J. L. Sales C. P. Throssell
Company secretary	Nuveen Corporate Secretarial Services Limited
Registered office	201 Bishopsgate London EC2M 3BN
Bankers	National Westminster Bank Plc Western Avenue, Waterside Court Chatham Maritime, Chatham ME4 4RT
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

TIAA-CREF Asset Management UK Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report on TIAA-CREF Asset Management UK Limited (the "Company") for the year ended 31 December 2018.

Business Review

The principal activity of the Company is 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 ("NRE" or "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 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 to these financial statements.

The Company's assets under management ("AUM") increased during 2018, due to the growth in the TIAA Debt mandate. The performance of the Company is satisfactory and in line with the Group's strategy.

As of 1 January 2019, all of the Company's revenue earning contracts have been novated to Nuveen Real Estate Management Limited, a related party to the Company. As a result, the Company will earn no further revenue in 2019. Following this, there is an intention to wind down the entity within the next 12 months. Thus, the annual financial statements of the Company have been prepared on a basis other than going concern.

	2018 £	2017 £	Change %
Revenue	9,320,730	7,055,625	32.10%
Profit before tax	463,851	719,743	(35.55)%
Total shareholders' funds	2,330,929	1,955,666	19.19%
AUM	2,992,626,000	2,806,874,000	6.62%

Principal risks and uncertainties

NRE and its group companies have a risk management framework in place to ensure the Group meets its business 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 it is subject to continuous review. Financial risks are discussed further in note 3 to these financial statements.

EU Referendum

Following the result of the 2016 referendum, the UK is scheduled to depart the European Union. The terms of the departure have not yet been agreed and the impact it will have on the UK financial services sector remains unclear. The Company anticipates a more challenging market for commercial property in the UK and will continue to measure strategic performance alongside the Key Performance Indicators highlighted below.

Key Performance Indicators

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

TIAA-CREF Asset Management UK Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

i) Assets Under Management

During 2018, the Company continued to undertake the asset management for certain real estate investments of the affiliates of the Company located in in the UK and Europe. AUM increased in the year due to growth in the TIAA Debt mandate.

ii) Cash flow from Operations

The Group monitors operating cash flows as a key element in understanding the performance and position of the business. Management expects to continue to have positive cash flow from operations over the next 12 months.

Approved by the Board of Directors on ^{9 April 2019} and signed on its behalf by:

.....
M.J.L. Sales
Director

TIAA-CREF Asset Management UK Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Please also refer to the Strategic Report on page 2 for the activities of the Company and a discussion of the principle risks and uncertainties.

Results and Dividends

The profit for the year ended 31 December 2018 amounted to £375,263 (2017: £580,665). The Directors do not recommend the payment of a dividend (2017: £1,250,000).

Directors

The Directors who were in office during the year ended 31 December 2018 and up to the date of signing the financial statements were as follows:

R. J. Adderley

M. Griffiths

M. H. Neal

M. J. L. Sales

C. P. Throssell

Directors' third party and pension scheme indemnity provisions

NRE may indemnify the Directors to the extent permitted by United Kingdom law. NRE 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 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 part or in connection with any application which grants him, in his 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.

NRE may provide the Directors with funds to meet expenditure incurred or to be incurred by him 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.

TIAA-CREF Asset Management UK Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

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

The Directors 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.

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.

Directors' confirmations

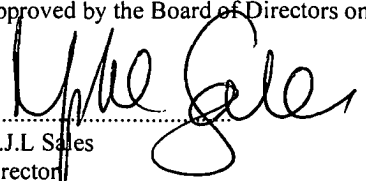
In the case of each Director in office at the date the Directors' Report is approved have confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Going Concern

On 1 January 2019, all revenue earning contracts previously held by the Company were novated to Nuveen Real Estate Management Limited, a related party to the Company. It is now the intention of the Board of Directors to liquidate the Company within the next 12 months. As a result, the annual financial statements of the Company have been prepared on a basis other than going concern as described in note 2 to the financial statements. We have provided for all liabilities arising from the decision and all operations in the income statement have been reclassified to discontinuing operations. No other adjustments were required to be made to the financial statements.

Approved by the Board of Directors on 9 April 2019 and signed on its behalf by:


M.J.L. Sales
Director

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

Report on the audit of the financial statements

Opinion

In our opinion, TIAA-CREF Asset Management UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the 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.


Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

9 April 2019

TIAA-CREF Asset Management UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Revenue	5	9,320,730	7,055,625
Administrative expenses		<u>(8,853,025)</u>	<u>(6,491,884)</u>
Operating profit	6	467,705	563,741
Foreign exchange (losses)/gains		(1,696)	156,215
Finance costs	8	<u>(2,158)</u>	<u>(213)</u>
Profit before income tax		463,851	719,743
Income tax expense	9	<u>(88,588)</u>	<u>(139,078)</u>
Profit for the financial year and total comprehensive income for the financial year		<u><u>375,263</u></u>	<u><u>580,665</u></u>

All amounts reported in the Statement of Comprehensive Income for the year ended 31 December 2018 relate to discontinued operations.

The notes on pages 11 to 23 are an integral part of these financial statements.

TIAA-CREF Asset Management UK Limited

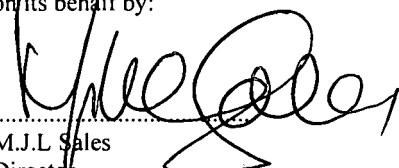
(Registration number: 06575777)

Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Current assets			
Trade and other receivables	10	2,698,671	1,453,845
Cash and cash equivalents	11	2,048,379	3,211,127
Deferred tax asset	12	-	36,949
		<u>4,747,050</u>	<u>4,701,921</u>
Creditors: Amounts falling due within one year			
Trade and other payables	13	(2,364,482)	(2,746,255)
Income tax liability		(51,639)	-
		<u>(2,416,121)</u>	<u>(2,746,255)</u>
Net assets		<u>2,330,929</u>	<u>1,955,666</u>
Equity			
Share capital		3,000,000	3,000,000
Accumulated losses		(669,071)	(1,044,334)
Total shareholders' funds		<u>2,330,929</u>	<u>1,955,666</u>

The notes on pages 11 to 23 form an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved by the Board of Directors on 9 April 2019 and signed on its behalf by:



 M.J.L. Sales
 Director

TIAA-CREF Asset Management UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £	Accumulated losses £	Total Shareholders' Funds £
Balance at 1 January 2017	3,000,000	(374,999)	2,625,001
Profit for the year	-	580,665	580,665
Total comprehensive income for the year	-	580,665	580,665
Dividends	-	(1,250,000)	(1,250,000)
Balance as at 31 December 2017	3,000,000	(1,044,334)	1,955,666
Profit for the year	-	375,263	375,263
Total comprehensive loss for the year	-	375,263	375,263
Balance as at 31 December 2018	3,000,000	(669,071)	2,330,929

The notes on pages 11 to 23 form an integral part of these financial statements.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

TIAA-CREF Asset Management UK Limited 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 a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

201 Bishopsgate
London
EC2M 3BN

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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:

- 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 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),

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

- 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)
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation).

Going concern

The annual financial statements are prepared on a basis other than going concern. As of 1 January 2019, all revenue earning contracts have been novated to Nuveen Real Estate Management Limited, a related party to the Company. As a result, the Company will earn no further revenue in 2019. Following this, there is an intention to wind down the company within the next 12 months. Thus, the annual financial statements of the Company have been prepared on a basis other than going concern. We have provided for any liabilities arising from the decision and all operations in the income statement have been reclassified to discontinuing operations. No other adjustments were required to be made to the financial statements.

New Standards, amendments and IFRIC Interpretations

IFRS 9 and IFRS 15 are new accounting standards for year ended December 31st 2018. As per assessment made by management, there is no material impact to the company. There are no other amendments to accounting standards, or IFRIC Interpretations that are effective for the year ended 31 December 2018 and have had a material impact on the company

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.

Foreign currency transactions and balances

(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

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

(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.

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.

Cash and cash equivalents are also classified as loans and receivables. Cash and cash equivalents includes cash in hand and deposits held at call with banks.

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.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If the collection is expected in one year or less (or in the normal operating cycle of the business) they are classified as current assets, if not they are classified as non current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost using effective interest method less provision for impairment

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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.

(b) Financial liabilities

Liabilities within the scope of IFRS 9 'Financial Instruments' 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 or 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.

Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Current and deferred tax

The tax expense for the period comprises tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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.

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.

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.

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 and development fees. All fees are recognised in the accounting period in which the associated investment management or development services are provided.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Finance income and expense policy

Finance 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.

Administrative expenses

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

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Dividends

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.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Financial risk management

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. 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 Group'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 Group 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.

For the year ended 31 December 2018 the Company recognised a loss of £1,696 (2017: £156,215 profit) relating to foreign exchange movements.

Foreign currency risk is managed on a Group basis.

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Financial risk management (continued)

(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.

(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 counterparties are other entities within the Group. Cash balances are held with high credit quality financial institutions (B grade) 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 period, and management does not expect any losses from non-performance by counterparties.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. 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.

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 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.

Fair value estimation

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

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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 makes 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 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.

(b) Income taxes

The Company is subject to income taxes in the United Kingdom and Luxembourg. 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 asset has been released in 2018 due to the expected liquidation of the Company in 2019.

5 Revenue

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2018 £	2017 £
<u>Classified by revenue type</u>		
Management Fees	8,300,906	5,159,298
Development Fees	647,167	617,000
Income from group undertakings	370,753	1,146,124
Other Income	1,904	133,203
	<u>9,320,730</u>	<u>7,055,625</u>

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Administrative expenses

Operating profit is stated after charging:	2018	2017
	£	£
Administration fees	8,827,372	6,420,999
Auditors' remuneration	12,101	12,375
Legal and professional fees	10,421	55,193
Other expenses	3,131	3,317
	<u>8,853,025</u>	<u>6,491,884</u>

All fees payable to the Company's auditors are for the audit of the Company's financial statements, so no split for non-audit services is required.

7 Directors' remuneration

The emoluments of the Directors' are paid by Nuveen 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 Nuveen Administration Limited.

8 Finance costs

	2018	2017
	£	£
Interest expense	1,928	-
Bank charges	230	213
	<u>2,158</u>	<u>213</u>

9 Income tax expense

Tax charged in the statement of comprehensive income

	2018	2017
	£	£
UK corporation tax	51,639	-
Deferred tax - current year	36,949	139,078
	<u>88,588</u>	<u>139,078</u>

Factors affecting tax charge for the year

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

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 before tax is as follows:

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Income tax expense (continued)

	2018 £	2017 £
Profit before tax	463,851	719,743
Tax on profit at standard corporation tax rate of 19% (2017: 19.25%)	88,132	138,526
Tax rate changes	(1)	511
Effects of group relief/other reliefs	-	41
Release of deferred tax asset	457	-
Total tax charge for the year	<u>88,588</u>	<u>139,078</u>

10 Trade and other receivables

	31 December 2018 £	31 December 2017 £
Amounts owed by Group undertakings	823,162	-
Prepayments and accrued income	1,875,235	1,453,845
Other receivables	274	-
	<u>2,698,671</u>	<u>1,453,845</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 3 "Financial risk management".

Amounts owed from Group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

11 Cash and cash equivalents

	31 December 2018 £	31 December 2017 £
Cash at bank	2,048,379	3,211,127
	<u>2,048,379</u>	<u>3,211,127</u>

12 Deferred tax asset

	2018 £	2017 £
<i>Provision for deferred tax:</i>		
Tax gains carried forward and other deductions	<u>-</u>	<u>36,949</u>

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

Movement in provision:

Provision at start of year	36,949	176,027
Deferred tax credited in the Statement of comprehensive income for the year	<u>(36,949)</u>	<u>(139,078)</u>
	<u><u>-</u></u>	<u><u>36,949</u></u>

The deferred tax asset has been released in full to the Statement of Comprehensive Income in 2018 because the Company is not expected to make any future profits in order to utilise the deferred tax.

13 Trade and other payables

	31 December 2018	31 December 2017
	£	£
Amounts falling due within a year		
Amounts owed to related parties	2,342,010	2,665,560
VAT liability	22,472	67,477
Accrued expenses	<u>-</u>	<u>13,218</u>
	<u><u>2,364,482</u></u>	<u><u>2,746,255</u></u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 3 "Financial risk management".

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The estimated fair values of the above financial liabilities approximate their carrying amounts.

14 Called up share capital

	2018	2017
	£	£
Ordinary shares of £1 Each		
<u>Allotted and fully paid</u>		
Opening balance	<u>3,000,000</u>	<u>3,000,000</u>
Closing balance	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>

TIAA-CREF Asset Management UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 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 parties of a group.

The amounts listed below were outstanding at the Statement of Financial Position date:

Receivables from related parties:

	31 December 2018 £	31 December 2017 £
Nuveen Real Estate Management Limited	823,162	-
	<u>823,162</u>	<u>-</u>

Payables to related parties

	31 December 2018 £	31 December 2017 £
Nuveen Administration Limited (formerly TH RE Administration Limited)	2,153,659	1,325,370
TIAA CREF Luxembourg Sarl	188,351	186,126
Nuveen Real Estate Management Limited	-	1,154,064
	<u>2,342,010</u>	<u>2,665,560</u>

The above entities are related parties to the Company as they are part of the Group. The amount outstanding are unsecured, carry no interest and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in spite of amounts owed by group undertakings

16 Post balance sheet events

As of 1 January 2019, all of the Company's revenue earning contracts have been novated to Nuveen Real Estate Management Limited, a related party to the Company. As a result, the Company will earn no further revenue in 2019. Following this, there is an intention to wind down the entity within the next 12 months.

17 Parent and ultimate parent undertaking

The company's immediate parent is Nuveen FCACO Limited, a limited company incorporated in the United Kingdom. The ultimate undertaking and controlling party and largest group to consolidate these financial statements is Teachers Insurance and Annuity Association, a company incorporated in the United States of America. These financial statements are available upon request 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.