

Registration number: 08698172

# TIAA International Holdings 2 Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

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## **TIAA International Holdings 2 Limited**

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## **TIAA International Holdings 2 Limited**

### **Company Information**

<b>Directors</b>	D. D. Morton
	M. J. L. Sales
	O. Salami
<b>Company secretary</b>	Cornhill Secretaries Limited
<b>Registered office</b>	5 Market Yard Mews
	194-204 Bermondsey Street
	London, England
	SE1 3TQ
<b>Bankers</b>	Citibank London NA
	CGC Centre
	Canary Wharf
	London
<b>Independent Auditors</b>	E15 5LB
	PricewaterhouseCoopers LLP
	7 More London Riverside
	London
	SE1 2RT

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2020**

The Directors present their strategic report on TIAA International Holdings 2 Limited ("TIH2" or the "Company") for the year ended 31 December 2020.

#### **Business Review**

The Company is a wholly owned subsidiary of Nuveen Real Estate Global, LLC, a limited liability company incorporated in the United States of America.

TIH 2 was incorporated in the United Kingdom on 19 September 2013 by Teachers Insurance and Annuity Association ("TIAA"), the ultimate controlling party of the Company as at the Statement of Financial Position date, to act as a holding company for TIAA's joint venture investment in Nuveen Real Estate Limited ("NRE").

Throughout this report, reference is made to the "Group" which refers to TIH 2 and its subsidiary companies.

The Group's consolidated revenue is primarily derived from investment management activities from the underlying subsidiaries. The Directors do not envisage a change of activities in the foreseeable future.

At 31 December 2020 the Group's Assets Under Management ("AUM") was £27.8bn (2019: £26.4bn).

#### **Principal risks and uncertainties**

The Group has a risk management framework in place to ensure that it 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. The main risks the Group faces are market risk, liquidity risk, foreign exchange risk and credit risk, which are discussed further in note 4 to the financial statements. The risk of COVID-19 has very quickly elevated from being an emerging risk to impacting all of the principal risks above facing our business.

#### **Our response to the COVID-19 pandemic**

The COVID-19 virus has had a profound effect on societies, economies and markets across the world, and there remains significant uncertainty about its future impact. The Group's priorities during this period have been to ensure the health and safety of its employees and to continue to focus on delivering value for its stakeholders. While this crisis is unprecedented in recent memory, the Group's business model and culture have meant that it has responded effectively to the challenges and maintained its operational, investment and support activities as close to normal as possible.

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2020**

#### Operational impact

Although the nature and impact of the COVID-19 pandemic was not predicted, the Group's Business Continuity Plan was deployed swiftly and delivered an effective response in the context of the rapid development of government guidance, policies and legislation in each of the countries in which the Group operates. Over a two-week period in mid-March 2020, the Group successfully transitioned from full-time office-based roles to working remotely. This was efficiently carried out due to our global operating model and robust IT infrastructure, as well as the commitment and dedication of all employees at a time of significant uncertainty. The integrity of the Group's remote access environment enables effective management of cyber security risks in the remote working period.

Some working practices were changed early in the crisis, such as no face-to-face meetings and a restriction on travel, and while at the time of writing they remain in place it is expected that they will ultimately prove temporary. Nonetheless, the increased use of 'virtual' communications since the start of 2020 is likely to have a lasting impact on behaviour across the industry.

In line with local government guidelines, certain offices have begun to return to office-based operations, with strict social distancing rules in place and team rotations. However, the Group's post COVID-19 approach will include a combination of working in the office and from home.

#### Communications

The worldwide impact of the pandemic on working practices meant that the Group had to employ alternative ways of communicating with stakeholders. The Group has a significant increase in the use of video calling systems to enable employees to maintain contact with members of their teams and other colleagues, frequent and regular Senior Leadership Team emails and Zoom meetings to all employees, ongoing regular contact with the Group's regulators, as well as communicating with stakeholders early in the crisis to provide a comprehensive update and reassurance on the Group's response to the developing situation.

#### Conclusion

With the COVID-19 crisis evolving, the Group remains in close contact with local health authorities, governmental agencies and other key stakeholders in all geographies, so that the Group can react and adapt to any changes in circumstances and minimise the risk to the Group's customers, employees and other stakeholders. There are a number of ongoing business reviews to evaluate different courses of action in response to the crisis.

Looking ahead, the Group will review the lessons learned during this crisis as part of future updates to the risk management framework, specifically when it comes to the Group's approach taken to prepare for similar types of events.

#### **The Group's approach to Brexit**

The UK left the European Union ('EU') on 31 January 2020. A transitional period, during which the UK is no longer a member of the EU but is still subject to EU rules and remains a member of the Customs Union, concluded on 31 December 2020. The UK's future trading relationship with the EU remains subject to negotiation.

The Group's preparation for Brexit ensured that it was appropriately positioned to deal with the significant regulatory change resulting from the UK's departure from the EU. All of the Group's Brexit plans were delivered in 2019 and are operating as intended. During 2019, the Group created two new Luxembourg domiciled entities. These new entities enabled the Group to manage Alternative Investment funds and provide European Markets in Financial Instruments Directive (MiFID) services through its newly established branches.

During 2020, Management have monitored Brexit developments and have determined that the steps taken in 2019 are still appropriate to mitigate the impact of Brexit on the Group. The updated operating model will continue to be monitored.

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2020**

#### **Directors' duties**

The Directors of the Group must act in accordance with a predefined set of duties, as per S.172 of the UK Companies Act 2006. A director of a Company should act in good faith, which in turn, is most likely to promote the success of the Company and benefit its stakeholders. The Directors' report on page 5 contains a full list of Directors' duties.

The Director must have regard to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct, and;
- The need to act fairly as between members of the Company.

#### **Key Performance Indicators**

The Group 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 2020, the Group continued to undertake the asset management for certain real estate investments of the affiliates of the Company located in Europe and Asia.

At 31 December 2020 AUM is £27.8bn versus a Plan of £29.1bn (2019: £26.4bn versus a Plan of £29.7bn). The unfavourable variance is driven by asset valuation declines in response to COVID-19 and lower market activity.

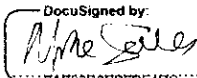
##### **ii) Cash Flow from Operations**

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.

##### **iii) Operating Margin**

The Group expects to see a gradual improvement in its operating margin in the long term. Since incorporation the margin has been increasing and is seen as a key metric for the Group.

Approved by the Board of Directors on 15 April 2021 and signed on its behalf by:

DocuSigned by:  
  
ZAB93D8CB6DF4DC.....  
M. J. L. Sales  
Director

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The Directors present their report and the audited Group and Company financial statements for the year ended 31 December 2020 which have been prepared under and comply with international accounting standards in conformity with the requirements of the Companies Act 2006.

Please refer to the Strategic Report on pages 2 to 4 for the activities and future developments of the Company and a discussion of the principal risks and uncertainties. For financial risk management refer to note 4.

#### **Principal activities**

The principal activity of the Company is that of a holding company. The Group has overseas branches in Spain, Luxembourg, Germany, Denmark and Sweden. A new branch in the Netherlands was established in the year. Further details on the Group's approach to Brexit can be found on page 3 of the Strategic report.

#### **Results and Dividends**

The profit for the year ended 31 December 2020 amounted to £656,000 (2019: £12,657,000). The Directors do not recommend the payment of a dividend (2019: £nil).

#### **Financial instruments**

The Group and Company financial risk management objectives and policies, including exposures to risks are discussed in Capital resources and risk management, note 4 of these financial statements.

#### **Directors**

The Directors, who held office during the year ended 31 December 2020 and up to the date of signing the financial statements were as follows:

G. E. Brightman (resigned 15 October 2020)

D. D. Morton (appointed 24 March 2020)

M. J. L. Sales

O. Salami (appointed 15 October 2020)

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

Nuveen Real Estate Limited ("NRE") on behalf of the Company has made qualifying third party indemnity provisions within the meaning given to the term by s.234 and s.235 of the Companies Act 2006 for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

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.

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2020**

#### **Directors' duties**

The Directors of the Group must act in accordance with a predefined set of duties, as per S172 of the UK Companies Act 2006. A director of a Company should act in good faith, which in turn, is most likely to promote the success of the Company and benefit its stakeholders.

The Director must have regard to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct, and;
- The need to act fairly as between members of the Company.

The following paragraphs summarise how the Directors' fulfil their duties:

#### **Employees**

The Group is committed to its employees ensuring it attracts, retains and develops its people. The Group promotes a collaborative and inclusive work environment that encourages diversity, growth and development and rewards individual and team achievements. These attributes are embedded in the employee's values which helps guide behaviour and achieve strategic goals.

#### **Community and the Environment**

The Group ensures it acts sustainably by integrating environmental, social and corporate goals. There are key personnel dedicated to sustainability who ensure the business is well placed to pursue growth opportunities, whilst minimising the risk of accelerated depreciation and early obsolescence within the Group's asset portfolio. The sustainability team also educate the wider Group employees and directors to guarantee the environment is at the forefront of decision making.



## TIAA International Holdings 2 - SECR Report 2020

Impact area	Units of measurement	Sustainability Performance Measures			Absolute measures
					2020
Energy	kWh	3.1	Electricity	for direct operations	362 121
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	362 121
		3.2	District thermals	for direct operations	
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	
		3.3	Fuels	for direct operations - including business travel/transport	17 744
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	17 744
No of applicable properties			Energy and associated GHG disclosure coverage	1	
%			Proportion of energy and associated GHG estimated	0.0%	
Greenhouse gas emissions	tonnes CO <sub>2</sub> e	3.5	Direct	Scope 1	4
		3.6	Indirect	Scope 2	84
			Total	Scopes 1 + 2 (combined)	89
	Renewable Energy	kWh		Energy	Total renewable energy
No of applicable properties			Renewable energy disclosure coverage		0

## Intensity metrics

Impact area	Units of measurement	Sustainability Performance Measures		Intensity measures
				Office
				2020
Energy	kWh / Full Time Employees / year	Energy	<b>Building energy intensity</b>	1,428.1
Greenhouse gas emissions	kgCO <sub>2</sub> e / Full Time Employees / year	Greenhouse gas emissions	<b>Greenhouse gas intensity</b>	333.93
	Full Time Employees		Energy and associated GHG disclosure coverage	266
	Number of applicable properties		Energy and associated GHG disclosure coverage	1

## Data Qualifying Notes:

This environmental performance summary covers 01/01/20 - 31/12/20 and focuses on TIAA International Holdings 2's UK corporate activities. This includes the energy consumption for which TIAA International Holdings 2 is responsible under the SECR guidelines.

The calculations in this report have been carried out in accordance with the GHG Protocol and the carbon footprint combines Scope 1 and 2 emissions. Data has been collected from the entity via utility bills and mileage expense claims. No estimations have been carried out as complete data was provided. Data was collected in kWh where possible. Mileage data was collected as pass. miles travelled, and then converted in to kWh using DEFRA published conversion factors.

The absolute values represent total energy and carbon arising from the activities under TIAA International Holdings 2 direct control in the buildings that it operates.

**Assets:** Only electricity consumption from the London office location (201 Bishopsgate) is included in this report. The energy consumption for the office location in Edinburgh has not been included as this is not purchased by the entity. Mileage data has been collected for all expense claims to the entity, for travel within the UK, or starting/ending in the UK, including expenses which are ultimately recharged to other entities.

**Intensity values:** Energy and carbon intensities have been calculated using only combined consumption (kWh) and combined Scope 1 and 2 emissions (kgCO<sub>2</sub>e) and have been normalised by the number of Full Time Employees at the London office.

**Emissions factors:** Carbon emission factors from DEFRA 2020 have been used to produce this report.

**Energy Efficiency Initiatives:**

**2020**

**Lighting:** Reduce lighting levels during periods of low or zero occupation. During COVID-19 the office has often been totally unoccupied. Engineers have been checking to ensure lighting is at minimum levels.  
Whole Year Saving: 19,938 kWh

**Air Conditioning:** The low office use has naturally resulted in reduced air conditioning energy usage. However, air circulation has also been reduced when safe to do so.  
Whole Year Saving: 48,600 kWh

**Low Use Equipment:** Equipment that has been infrequently used has been shut down to conserve energy. The equipment, for example AV equipment and rack has been set to off and only restarted when required.  
Whole Year Saving: 1,296 kWh

**UPS Systems:** The Nuveen area IT load is powered by a 3 module UPS. This UPS has been reduced to 2 module operation for the majority of 2020. This results in a direct energy saving and a resultant saving in air conditioning load in the UPS room.  
Whole Year Saving: 10,368 kWh

**Verification statement for SECR**

Verco Advisory Services (Verco) hereby confirm that the energy consumption reported for SECR has been verified through a trend and variance analysis. There has been regular correspondence with the data collectors to review the accuracy of the data. The verification has been done in line with the following standards.

- ISO 14064-3
- ISO 50002
- ISO 19011

The verification checks are delivered by Verco, a specialist sustainability consultancy, on the sustainability disclosures related to TIAA International Holdings 2 UK operations.

Craig Morey

Head of Reporting for Zero (Real Estate)

Verco Advisory Services

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2020**

#### **Clients**

The Directors ensure they have open dialogue with clients allowing the communication to be effective and efficient. Clients are expecting increased transparency in the levels of information which the Company fulfils to ensure a range of products are available for investor's needs.

#### **Ultimate Parent**

Nuveen is part of a wider group, therefore not only do the Directors have to act in good faith for the Company but also the wider group. All of TIAA's Directors ensure that they promote the success of the whole group and educate Directors across the whole organisation.

#### **Risk Management**

The risk management, compliance and legal teams are essential elements to the business. These teams are partners to the investment, product and distribution teams' safeguarding decisions. The Group maintains a three-lines-of-defence model ensuring best practice:

- First line: Employees in the investment, product and distribution teams have a duty to supervise and follow rigorous internal compliance guidelines;
- Second line: Risk Management and Compliance teams with guidance from Legal, assisting in identifying and mitigating risks; and
- Third line: Internal audit function which provides information on the adequacy and effectiveness of the risk management process.

#### **Directors' Confirmations**

Each person who is Director at the time when this report is approved has confirmed that:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the Director has taken all the steps that he ought to have taken as a Director, including making appropriate enquiries 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.

#### **Going concern**

Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2020. The Group's going concern assessment considers the Group's principal risks (see page 35) and is dependent on a number of factors, including financial performance.

Based on the above, together with available market information and the Directors' knowledge and experience of the Group's business and markets, the Directors continue to adopt the going concern basis in preparing the annual financial statements for the year ended 31 December 2020.

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2020**

#### **Events after the reporting period**

On 9 March 2021, the Company acquired 99% of the issued shares in Glennmont Asset Management Limited, Clean Energy Partners LLP and certain affiliated entities thereof (collectively, "Glennmont") for a consideration of €96,500,000 (£82,668,000). Glennmont Asset Management Limited and Clean Energy Partners LLP are regulated by the United Kingdom Financial Conduct Authority. The acquisition will enhance Nuveen's existing private infrastructure platform, which manages almost £2.7 billion across renewable energy, digital, telecoms, transportation and social infrastructure sectors globally and has delivered consistent investment performance for more than 10 years for the firm and its parent, TIAA. The financial effects of this transaction have not been recognised as of 31 December 2020. The results and assets and liabilities of Glennmont will be consolidated from 9 March 2021 the date at which control was obtained.

For further details of the acquisition, refer to note 32, Events after the reporting period on page 65 of these financial statements.

## **TIAA International Holdings 2 Limited**

### **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 Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

Under company law, 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 Group and Company and of the profit or loss of the Group and 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 IFRSs as adopted by the European Union 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 Group and Company will continue in business.

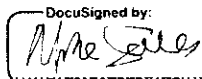
The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **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.

The Financial Statements on pages 15 to 66 were approved by the Board of Directors on 15 April 2021 and signed on its behalf by:

DocuSigned by:  
  
-----ZAB93D8CB6DF4DC-----  
M. J. L. Sales  
Director



# Independent auditors' report to the members of TIAA International Holdings 2 Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, TIAA International Holdings 2 Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit, the company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2020; the Consolidated Statement of Profit or Loss, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements of Cash Flows 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## **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 the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and the Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' Report for the year ended 31 December 2020 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the 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, 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 group's and 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 group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present more favourable financial results. Audit procedures performed included:

- Enquiries with management and compliance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board;
- Reviewing FCA correspondence, FCA capital submissions, complaints register and the breaches log for instances of non-compliance with laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Obtaining investment management contracts and validating the inputs into the calculation of management fee.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

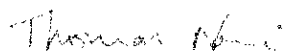
## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained 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 company 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  
15 April 2021



## TIAA International Holdings 2 Limited

### Consolidated Statement of Profit or Loss for the Year Ended 31 December 2020

		(Restated)	
	Note	2020 £ 000	2019 £ 000
Revenue	5	92,902	101,260
Administrative expenses	6	(116,978)	(104,762)
Other operating income	10	<u>28,055</u>	<u>20,872</u>
Operating profit		<u>3,979</u>	<u>17,370</u>
Finance income	11	31	60
Finance costs	12	<u>(637)</u>	<u>(318)</u>
Net finance cost		(606)	(258)
Share of loss of associates and joint ventures accounted for using the equity method	18	<u>(6)</u>	<u>(1)</u>
Profit before tax		3,367	17,111
Income tax expense	13	<u>(2,711)</u>	<u>(4,454)</u>
Profit for the year		<u>656</u>	<u>12,657</u>
<b>Profit attributable to:</b>			
Owners of the company		567	11,971
Non-controlling interests		<u>89</u>	<u>686</u>
		<u>656</u>	<u>12,657</u>

The above results were derived from continuing operations.

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

The notes on pages 25 to 66 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December  
2020**

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Profit for the year	656	12,657
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	<u>1,006</u>	<u>(982)</u>
Total comprehensive income for the year	<u><u>1,662</u></u>	<u><u>11,675</u></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	1,549	11,059
Non-controlling interests	<u>113</u>	<u>616</u>
	<u><u>1,662</u></u>	<u><u>11,675</u></u>

The notes on pages 25 to 66 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited**

**Company Statement of Comprehensive Income for the Year Ended 31 December 2020**

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Administrative expenses	<u>(240)</u>	<u>(203)</u>
Operating loss	(240)	(203)
Other income	-	1,480
Finance costs	<u>(1)</u>	<u>(1)</u>
(Loss)/profit before tax	<u>(241)</u>	<u>1,276</u>
(Loss)/profit and total comprehensive (expense)/income for the year	<u>(241)</u>	<u>1,276</u>

The notes on pages 25 to 66 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited****(Registration number: 08698172)****Consolidated Statement of Financial Position as at 31 December 2020**

	Note	31 December 2020 £ 000	31 December 2019 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	2,512	2,584
Right-of-use assets	16	19,534	18,400
Intangible assets	17	134,863	137,853
Investments in associates	18	79	132
Other investments	19	655	760
Trade and other receivables	20	-	138
Deferred tax assets	21	-	277
		<u>157,643</u>	<u>160,144</u>
<b>Current assets</b>			
Trade and other receivables	20	48,862	54,535
Current tax asset		1,685	32
Cash and cash equivalents	22	<u>98,501</u>	<u>79,969</u>
		<u>149,048</u>	<u>134,536</u>
Total assets		<u>306,691</u>	<u>294,680</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	23	1	1
Share premium	24	202,163	202,163
Retained earnings		<u>25,424</u>	<u>23,876</u>
Total equity attributable to owners of the company		227,588	226,040
Non-controlling interests	26	<u>(411)</u>	<u>(524)</u>
Total equity		<u>227,177</u>	<u>225,516</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	18,019	16,797
Trade and other payables	27	<u>10,985</u>	<u>13,345</u>
		<u>29,004</u>	<u>30,142</u>
<b>Current liabilities</b>			
Trade and other payables	27	44,943	34,563
Lease liabilities	16	3,318	3,376
Current tax liability		2,231	1,061
Provisions	28	<u>18</u>	<u>22</u>
		<u>50,510</u>	<u>39,022</u>

The notes on pages 25 to 66 form an integral part of these financial statements.

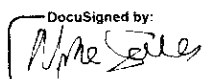
**TIAA International Holdings 2 Limited**

**(Registration number: 08698172)**

**Consolidated Statement of Financial Position as at 31 December 2020**

	<b>Note</b>	<b>31 December 2020 £ 000</b>	<b>31 December 2019 £ 000</b>
Total liabilities		<u>79,514</u>	<u>69,164</u>
Total equity and liabilities		<u>306,691</u>	<u>294,680</u>

The financial statements on pages 15 to 66 are approved by the Board of Directors on 15 April 2021 and signed on its behalf by:

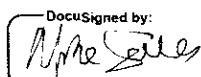
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M. J. L. Sales  
Director

The notes on pages 25 to 66 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited****(Registration number: 08698172)****Company Statement of Financial Position as at 31 December 2020**

	Note	31 December 2020 £ 000	31 December 2019 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	18	202,163	202,163
<b>Total non-current assets</b>		<b>202,163</b>	<b>202,163</b>
<b>Current assets</b>			
Trade and other receivables	20	75	-
Cash and cash equivalents	22	675	934
<b>Total current assets</b>		<b>750</b>	<b>934</b>
<b>Total assets</b>		<b>202,913</b>	<b>203,097</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	23	1	1
Share premium	24	202,163	202,163
Retained earnings		546	789
<b>Total equity</b>		<b>202,710</b>	<b>202,953</b>
<b>Current liabilities</b>			
Trade and other payables	27	203	144
<b>Total current liabilities</b>		<b>203</b>	<b>144</b>
<b>Total equity and liabilities</b>		<b>202,913</b>	<b>203,097</b>

The financial statements on pages 15 to 66 are approved by the Board of Directors on 15 April 2021 and signed on its behalf by:

DocuSigned by:  
  
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 M. J. L. Sales  
 Director

The notes on pages 25 to 66 form an integral part of these financial statements.

## TIAA International Holdings 2 Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity attributable to owners of the company £ 000	Non-controlling interests £ 000	Total equity £ 000
<b>Adjusted balance at 1 January 2019</b>	1	202,163	13,049	215,213	(312)	214,901
Profit for the year	-	-	11,971	11,971	686	12,657
Other comprehensive income	-	-	(912)	(912)	(70)	(982)
Total comprehensive income for 2019	-	-	11,059	11,059	616	11,675
Dividends paid	-	-	-	-	(216)	(216)
Decrease in non-controlling interest in subsidiaries	-	-	(232)	(232)	(612)	(844)
<b>Balance as at 31 December 2019</b>	1	202,163	23,876	226,040	(524)	225,516
Balance as at 1 January 2020	1	202,163	23,875	226,039	(524)	225,515
Profit for the year	-	-	567	567	89	656
Other comprehensive income	-	-	982	982	24	1,006
Total comprehensive income	-	-	1,549	1,549	113	1,662
<b>Balance as at 31 December 2020</b>	1	202,163	25,424	227,588	(411)	227,177

The notes on pages 25 to 66 form an integral part of these financial statements.

## TIAA International Holdings 2 Limited

## Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £ 000	Share premium £ 000	(Accumulated losses)/ Retained earnings £ 000	Total equity £ 000
<b>Balance at 1 January 2019</b>	1	202,163	(487)	201,677
Profit for the year	-	-	1,276	1,276
Total comprehensive income	-	-	1,276	1,276
<b>Balance as at 31 December 2019</b>	1	202,163	789	202,953
Loss for the year	-	-	(241)	(241)
Total comprehensive expense	-	-	(241)	(241)
<b>Balance as at 31 December 2020</b>	1	202,163	546	202,710

The notes on pages 25 to 66 form an integral part of these financial statements.



## TIAA International Holdings 2 Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note(s)	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Profit before tax		3,367	17,111
<b>Adjustments for:</b>			
Depreciation and amortisation	6	7,772	8,250
(Profit)/loss on disposal of property plant and equipment	6	(9)	10
Foreign exchange (gain)/loss		(10)	1,460
Net finance cost	11, 12	606	258
Share of loss of associates and joint ventures accounted for using the equity method		6	1
Adjustments on transfer of right-of-use assets and cancellation of lease		-	(329)
		11,732	26,761
<b>Change in operating assets and liabilities:</b>			
Decrease/(increase) in trade and other receivables	20	5,877	(13,113)
Increase in trade and other payables	27	8,020	4,577
Decrease in provisions	28	(4)	(1,235)
<b>Cash generated from operations</b>		25,625	16,990
Income taxes paid		(2,599)	(3,617)
Interest paid		(242)	(302)
<b>Net cash inflow from operating activities</b>		22,784	13,071
<b>Cash flows from investing activities</b>			
Interest received	11	31	60
Purchases of property, plant and equipment	15	(1,137)	(2,460)
Proceeds from sale of property plant and equipment		17	2
Proceeds from sale of other investments		59	-
Purchases of other investments	18	(9)	(135)
Acquisition of subsidiaries		-	(24)
<b>Net cash outflow from investing activities</b>		(1,039)	(2,557)
<b>Cash flows from financing activities</b>			
Lease liability payments		(4,000)	(3,528)
Dividends paid		-	(216)
Transactions with non-controlling interests		-	(843)
<b>Net cash outflow from financing activities</b>	26	(4,000)	(4,587)
<b>Net increase in cash and cash equivalents</b>		17,745	5,927
Cash and cash equivalents at 1 January		79,969	76,021
Effect of exchange rate fluctuations on cash held		787	(1,979)
<b>Cash and cash equivalents at 31 December</b>	22	98,501	79,969

The notes on pages 25 to 66 form an integral part of these financial statements.

## TIAA International Holdings 2 Limited

### Company Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(241)	1,276
Increase in trade and other receivables	20	(75)	-
Increase/(decrease) in trade and other payables	27	<u>57</u>	<u>(1,431)</u>
<b>Net cash outflow from operating activities</b>		<u>(259)</u>	<u>(155)</u>
<b>Net decrease in cash and cash equivalents</b>		(259)	(155)
Cash and cash equivalents at 1 January		<u>934</u>	<u>1,089</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>675</u></u>	<u><u>934</u></u>

The notes on pages 25 to 66 form an integral part of these financial statements.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

These consolidated financial statements comprise the financial statements of TIAA International Holdings 2 Limited (the “Company”) a private company limited by shares, and its subsidiaries (together the “Group”).

The principal activity of the Group is the provision of real estate asset management services, market research and portfolio management advice.

The principal activity of the Company is that of a holding company.

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is:  
5 Market Yard Mews  
194-204 Bermondsey Street  
London, England  
SE1 3TQ

#### **2 Basis of preparation and significant accounting policies**

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

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (‘IFRS’) and the applicable legal requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of financial instruments, as set out in the accounting policy below.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimates means that actual outcomes could differ from those estimates.

##### **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

##### **Going concern**

Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2020. The Group’s going concern assessment considers the Group’s principal risks (see page 35) and is dependent on a number of factors, including financial performance.

Based on the above, together with available market information and the Directors’ knowledge and experience of the Group’s business and markets, the Directors continue to adopt the going concern basis in preparing the annual financial statements for the year ended 31 December 2020.

##### **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.

##### **New standards, interpretations and amendments not yet effective**

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have a material impact on the Group's financial statements.

#### **Changes in accounting policy**

The accounting policies set out in these financial statements have been applied consistently to all years presented. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, but do not have a material effect on these financial statements.

#### **Consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control, on an annual basis.

The acquisition method of accounting is used by the Group when it undertakes a business combination. In the Statement of Financial Position, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The consolidated financial statements are based on the financial statements of the individual subsidiaries drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Group policies for consolidation purposes.

All intra-group transactions and balances between Group entities are eliminated on consolidation.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Foreign currencies

##### • *Functional and presentation currency*

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in British Pounds, which is the Company's functional currency and the Group's presentation currency.

##### • *Transactions and balances*

Transactions in foreign currencies are translated into British Pounds at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period and are measured at historical cost (translated using the exchange rates on the transaction date), except for non-monetary items carried at fair value, which are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are recognised in profit or loss.

##### • *Group companies*

The results and financial position of the Group entities (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency on consolidation as follows:

- (i) assets and liabilities for each Statement of Financial Position are translated at the closing rate at the date of that Statement of Financial Position;
- (ii) income and expenses are translated at the rate on the date of the transaction; and
- (iii) all resulting exchange differences are recognised in other comprehensive income to the translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### 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 Group recognises revenue when the amount of the 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 Group's activities, as described below. The Group 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, transaction fees, development fees and performance fees stated net of rebates. Management fees, transaction fees, development fees and advisory fees are recognised in the accounting period in which the associated investment management or transaction services are provided. Performance fees are recognised when the prescribed performance hurdles are achieved and it is certain that a fee will crystallise as a result.

##### • *Other operating income*

Income from transfer pricing is recognised on cost allocation plus 5%/8% mark-up on certain departments to related group companies and an allocation of profits occurred outside of the TIH2 group that sell Real Estate products.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Investments in associates**

Investments in associates are those over which the Group has significant influence but not control or joint control. These are accounted for using the equity method of accounting. Significant influence is considered to be participation in the financial and operating policy decisions of the investee and is usually evidenced when the Group owns between 20% and 50% of that company's voting rights.

Investments in associated entities are initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the associated entity after acquisition. At the date of acquisition any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associated entity is recognised as goodwill. The carrying amount of these investments is reduced to recognise any impairment of the value of the individual investment. If the Group's share of losses exceeds its interest in an associated entity the carrying value of that investment is reduced to nil and the recognition of any further losses is discontinued unless the Group has an obligation to make further funding contributions to that associated entity.

Where a Group entity has transactions with an associated entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associated entity. Accounting policies of associated entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where there is a disposal of an investment in an associated entity, the carrying value of the investment held on the Statement of Financial Position at the date of disposal is removed and offset against the consideration received for that investment, with the net profit or loss on disposal being recognised in the consolidated Statement of Profit or Loss.

#### **Interest income and expense**

Interest income and expense are recognised within finance income and finance costs in the Statement of Profit or Loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

#### **Property, plant and equipment**

Property, plant and equipment are initially recognised at acquisition cost, defined as the aggregate amount paid and the fair value of any other consideration given to acquire the asset, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Assets are subsequently stated at cost less accumulated depreciation and any recognised impairment loss.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the end of the reporting period, of each asset over its expected useful life as follows:

Asset class	Depreciation method and rate
Leasehold improvements	straight line basis over the period of the lease
Furniture and fixtures	straight line basis over 3 - 5 years
Office equipment	straight line basis over 3 - 8 years
Computer hardware	straight line basis over 3 years
Computer software	straight line basis over 3 years
Right of use assets	straight line basis over the shorter of estimated life or lease term

The carrying values of property, plant and equipment are reviewed for impairment when it becomes apparent that the carrying value may not be recoverable, and in such circumstances the assets are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is included in the Statement of Profit or Loss.

#### Intangible assets

##### • *Goodwill on business combinations*

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent assets acquired.

Cost comprises the fair value of the assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Direct costs of acquisition are recognised immediately as an expense.

Goodwill arising on a business combination is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. When the fair value of the identifiable assets, liabilities and contingent liabilities exceed the fair value of the consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Goodwill on business combinations is determined to have an indefinite useful life and is not subject to amortisation.

#### Amortisation

Investment management contracts have been identified as a separately identifiable intangible asset and are recognised at fair value, calculated by applying a discounted cash flow method to future recurring revenue streams arising from the contracts. The investment management contracts have a finite useful life and are carried at cost less accumulated amortisation.

Asset class	Amortisation method and rate
Open-ended investment management contracts	straight line basis over 15 years
Closed-ended investment management contracts	over the period of the contract

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### **Impairment of non-financial assets**

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value is based on forecasts approved by the board, extrapolated for expected future growth rates and discounted at a risk adjusted discount rate based on the Group's weighted average cost of capital. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

#### **Financial Instruments**

##### **• Recognition and initial measurement**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual obligations of the financial instrument. The Group determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each reporting period end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through the Statement of Profit or Loss, directly attributable transaction costs.

##### **• Financial assets**

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in Statement of Profit or Loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within expenses.

##### **• Financial liabilities**

The Group's financial liabilities include trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through the Profit and Loss account, that are carried subsequently at fair value with gains or losses recognised in the Statement of Profit or Loss.

##### **• Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are extinguished, discharged or cancelled or have expired.

##### **• Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

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 risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.



## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Other investments**

Other investments comprise of equity investments that do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Other investments are measured at fair value through the Statement of Profit or Loss.

Other investments are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

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

Cash and cash equivalents comprise cash in hand and at bank.

#### **Trade receivables**

Trade receivables are amounts due from customers for 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 group will not be able to collect all amounts due according to the original terms of the receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

#### **Prepayments**

Prepayments are carried at cost less any accumulated impairment losses.

#### **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.

#### **Taxation**

Tax is recognised in the Statement of Profit or Loss, 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 Group 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.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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 consolidated 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 Group 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.

#### **Employee benefits**

The Group operates various employment schemes, including both defined contribution pension plans and medical plans.

##### *Defined contribution pension obligation*

A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### *Long term incentive plan*

The Group has accrued for long-term cash settled deferred compensation which is determined by an estimate of the value of the expected future payments. Actual long-term cash settled deferred compensation could vary from those estimates.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period the Group revises its estimates of the benefit that is expected to vest. It recognises the impact of the revision to original estimate, if any, in the Statement of Profit or Loss.

#### **Other expenses**

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Leases**

The Group leases various assets, comprising property, plant, equipment.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The following sets out the Group's lease accounting policy for all leases with the exception of leases with a low value and term of 12 months or less for which/where we have taken the exemption under the standard. These are expensed to the Statement of Profit or Loss as incurred.

At the inception of the lease, the Group recognises a right-of-use asset and a lease liability. A right-of-use asset is capitalised in the Statement of Financial Position at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. A lease liability of equivalent value is also recognised. Right-of-use assets are depreciated using the straight line method over the shorter of estimated life or the lease term.

Depreciation is included within the line item administrative expenses in the Statement of Profit or Loss.

Under IFRS 16 the right-of-use assets will be tested for impairment in accordance with IAS 36 'Impairment of Assets'. This will replace the previous requirement to recognise a provision for an onerous lease. The Group has elected to apply the exemption to treat existing onerous leases as impairments on adoption.

The corresponding lease liability is included on the Statement of Financial Position as a lease liability. The lease liability is measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the line item net finance costs in the Statement of Profit or Loss.

The lease payments comprise fixed payments and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at inception date. The payments also include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Group has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term.

The Group has made judgements in adopting IFRS 16 such as; determining contracts in scope for IFRS 16, determining the interest rate used for discounting of future cash flows, and the lease term.

The lease payments are discounted at the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. This rate is derived by starting with our ultimate controlling party's (Teachers Insurance and Annuity Association) borrowing rate. The rates are based upon the Federal Home Loan Bank ("FHLB") System. The FHLB rates are secured and are a normal course borrowing that Teachers Insurance and Annuity Association would utilise *routinely making it a logical rate for lease application. As there is a US risk free rate implicit in this rate we have adjusted for the country specific risk free rates of the lessor based on the country the lessor operates in.*

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### **Dividend distributions**

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.

### **3 Critical accounting estimates**

Estimates 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. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### **Useful economic lives of property, plant and equipment and investment management contracts**

The depreciation charge for property, plant and equipment and the amortisation charge for investment management contracts are sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually in line with the property, plant and equipment and intangible assets accounting policy. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Investment management contracts are amended where necessary to reflect the current circumstances of the underlying contracts. An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

#### **Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group 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 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. An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

#### **Deferred compensation scheme**

The Group has accrued for a long-term deferred compensation scheme which is determined by an estimate of the value of the expected future payments. Actual outcomes could vary from those estimates. An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **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 estimates and judgements to be made. Should any over or under-estimate be made, fees in future periods would be adjusted to reflect this. Total development and development performance fees recognised during the year amounted to £5,034,000 (2019: £3,595,000). An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

#### **Investments in subsidiaries**

As noted in the accounting policies above, investments in subsidiaries are held at cost. Management reviews the investment at each period end for any signs of impairment. An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

#### **Impairment of intangible assets**

Intangible assets are tested for impairment in line with the policy described in note 2 to these financial statements. When assessing impairment of intangibles, management considers factors including the long term growth rate and discount rates applied, and historical experience. Any goodwill impairment is recognised immediately as an expense and is not subsequently reversed. An impairment is recognised in the statement of comprehensive income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets.

#### **Impairment of trade and other receivables**

The Group makes an estimate of the recoverable value of trade and other receivables. 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. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## **4 Capital resources and risk management**

### **Group and company**

#### *Management of capital*

The objectives inherent in the capital management policy of the Group are:

- To maintain a strong capital base;
- To meet regulatory requirements at all times in all jurisdictions in which the Group operates;
- To ensure that the Group can continue as a going concern; and
- To provide an adequate return to shareholders

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

Management view the following as the capital of the Company and Group:

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	31 December 2020 £000	31 December 2019 £000
<b>Group</b>		
Called up share capital	1	1
Share premium	202,163	202,163
Retained earnings	25,424	23,876
Non-controlling interests	(411)	(524)
	<u>227,177</u>	<u>225,516</u>
<b>Company</b>		
Called up share capital	1	1
Share premium	202,163	202,163
Retained earnings	546	789
	<u>202,710</u>	<u>202,953</u>

#### *Financial risk management*

Management consider financial risk management on a Group basis. Management consider that the Group has the following risks:

- Liquidity risk
- Market risk
- Foreign currency risk
- Credit risk
- Brexit risk

#### **Liquidity risk**

The Group is exposed to liquidity risk which is the risk that the Group will have insufficient cash resources to meet its obligations as they fall due. Management manage liquidity risk by performing cash flow forecasting in the operating entities of the Group. Forecasts of liquidity requirements are monitored to ensure the Group has sufficient cash to meet its operational needs. Given the ultimate Group structure the liquidity risk is seen as minimal for the Group. The following are the undiscounted contractual maturities of financial liabilities of the Group:

At 31 December 2020:

Non derivative financial liabilities	Due in under 3 months £ 000	Due between 3 months and 1 year £ 000	Due between 1 and 2 years £000	Due between 2 and 5 years £000	Total £000
Trade and other payables	42,909	23,250	-	10,985	77,144

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

At 31 December 2019:

<b>Non derivative financial liabilities</b>	<b>Due in under 3 months £ 000</b>	<b>Due between 3 months and 1 year £ 000</b>	<b>Due between 1 and 2 years £000</b>	<b>Due between 2 and 5 years £000</b>	<b>Total £000</b>
Trade and other payables	31,319	23,439	-	13,345	68,103
Current tax liabilities	-	2,699	-	-	2,699
	<u>31,319</u>	<u>26,138</u>	<u>-</u>	<u>13,345</u>	<u>70,802</u>

#### Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies, and (b) assets and liabilities, to the extent that these are exposed to general and specific market movements. However, the use of this approach does not prevent losses outside 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 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 rate.

The Group has been quick to address issues created by the Covid-19 pandemic, allowing the Group to continue to meet the needs of its customers whilst adhering to strict Government guidelines. The health, safety and welfare of our employees and those in the communities we serve has been under intense focus, ensuring our operational and support management teams are able to perform at optimum levels.

The longer-term impact of COVID-19 remains uncertain with many unknowns, but the principles of investing, the long-term growth opportunities and the resilience of the Group's business model, ensure that the Group is well-positioned to meet the challenges and opportunities resulting from the crisis.

#### Foreign exchange risk

The Company and its subsidiaries that operate internationally are exposed to foreign exchange risk, primarily with respect to the Euro. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective company entity.

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

Management consider foreign exchange risk on a Group basis rather than on an entity by entity basis. The functional currency of the Group is British Pounds; the functional currency of the Company and its principal subsidiaries is British Pounds.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

The Group had the following main currency exposure at 31 December 2020:

<i>Currency</i>	<b>Assets £ 000</b>	<b>Liabilities £ 000</b>	<b>Net exposure £000</b>
AUD	3,455	673	2,782
EUR	47,238	5,713	41,525
SEK	796	125	671
SGD	590	785	(195)
USD	4,755	3,601	1,154
	<u>56,834</u>	<u>10,897</u>	<u>45,937</u>

The Group had the following main currency exposure at 31 December 2019:

<i>Currency</i>	<b>Assets £ 000</b>	<b>Liabilities £ 000</b>	<b>Net exposure £000</b>
AUD	3,498	246	3,252
EUR	38,839	7,005	31,834
SEK	605	47	558
SGD	2,698	200	2,498
USD	4,071	4,542	(471)
	<u>49,711</u>	<u>12,040</u>	<u>37,671</u>

The Group's exposure to foreign currencies held on the balance sheet could affect the Group's profit or loss. At 31 December 2020 if GBP had strengthened by 10% against the above currencies and all other variables were held constant, pre-tax profit for the year would have been reduced by £4,594,000 (2019: £3,767,000). This sensitivity analysis is considered to be representative of the Group's position throughout the year.

#### **Credit risk management**

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 Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables. The Company's subsidiaries' main customers are property owning companies. Cash balances are held with high credit quality financial institutions (BBB+ grade) and the Group 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 (2019: no) credit limits were exceeded during the reporting year, and management does not expect any losses for non-performance by counterparties.

#### **Brexit Risk**

As described in the Strategic report, Brexit has caused implications distributing products from the UK into the EU and the access to the EU and UK markets depends on the regulation of the investment manager.

In preparation to Brexit, the Group strategically positioned its products to distribute its products with specialised representation in the staff in both jurisdictions. To date, there have been no issues raised with our Brexit approach. Management will continue to monitor the situation to be prepared for any fundamental change in the current regulations of the economic environment.



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 5 Revenue

##### Group

The analysis of the Group's revenue for the year from continuing operations is as follows:

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Management Fees	79,556	84,120
Performance Fees	3,060	8,366
Development Fees	5,034	3,595
Transaction Fees	5,252	5,179
	<u>92,902</u>	<u>101,260</u>

#### 6 Administrative expenses

##### Group

Operating profit is arrived at after charging:

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
		(Restated)
Staff costs	88,308	72,154
Depreciation on right-of-use assets	3,580	3,845
Depreciation on property, plant and equipment	1,202	1,133
Amortisation expense	2,990	3,272
Foreign exchange (gains)/losses	(10)	1,460
(Profit)/loss on disposal of property, plant and equipment	(9)	10
Other administrative expenses	20,917	22,888
	<u>116,978</u>	<u>104,762</u>

#### 7 Auditors' remuneration

##### Group

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Audit of the Group financial statements	<u>645</u>	<u>662</u>
<b>Other fees to auditors</b>		
Audit related services	<u>(2)</u>	<u>35</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Company

	2020 £ 000	2019 £ 000
*Audit of the Company financial statements	134	103
	<u>134</u>	<u>103</u>

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

#### 8 Directors' remuneration

The following emoluments were paid by the Company and the other Group companies in respect of the services of Directors of the Company and other Group companies:

##### Group

	2020 £000	2019 £000
Wages and salaries	4,646	5,670
Other pension costs	62	95
	<u>4,708</u>	<u>5,765</u>

The emoluments paid by the Company and the other Group companies in respect of services provided by the highest paid Director of the Company and other Group companies were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	4,252	3,549
Other pension costs	46	46
	<u>4,298</u>	<u>3,595</u>

##### Company

The emoluments of D. Morton and M. Sales are paid by Nuveen Administration Limited which makes no recharge to the Company (2019: £nil). The emoluments of O. Salami are paid by the parent with no recharge being made to the Company. The Directors are directors of a number of fellow subsidiaries and their total emoluments are included in the aggregate of directors emoluments disclosed in those financial statements.

#### 9 Employee information

##### Group

The aggregate staff costs were as follows:

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
Wages and salaries	59,885	60,171
Social security costs	4,163	3,793
Pension costs, defined contribution scheme	3,638	2,703
Redundancy	15,971	1,405
Other employee expense	4,651	4,082
	<u>88,308</u>	<u>72,154</u>

#### Voluntary Separation Program

During the second quarter of 2020, management offered eligible employees an opportunity to participate in a Voluntary Separation Program (the "VSP"). Eligible employees were required to make an election to participate in the VSP by 13 July 2020, with Management either approving or denying the election by 3 August 2020. Employees approved to participate in the VSP received cash payments based on salary and years of service, variable compensation awards (annual cash & LTTP were applicable), subsidised health care premiums, and outplacement assistance.

For the year ended 31 December 2020, £15,535,000 was recorded for the VSP to Administrative expenses on the Group's Consolidated Statement of Profit or Loss. At 31 December 2020, the Group recorded £4,725,000 of accrued compensation related to the VSP to be paid in future periods.

The average number of persons employed by the Group during the year, analysed by category was as follows:

	2020 No.	2019 No.
Support & administration	215	195
Investment professionals	141	124
Business development & marketing	52	47
	<u>408</u>	<u>366</u>

#### Company

The Company has no employees (2019: nil).

#### 10 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Transfer pricing - related parties	26,687	16,922
Miscellaneous other operating income	1,368	3,950
	<u>28,055</u>	<u>20,872</u>

(Restated)

Refer to note 33 for disclosure around the restatement impacting the prior year.

#### 11 Finance income

##### Group

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
<b>Finance income</b>		
Other interest receivable	31	60
Total finance income	31	60

#### 12 Finance costs

##### Group

	2020 £ 000	2019 £ 000
<b>Finance costs</b>		
Other interest expense	637	318
Total finance costs	637	318

#### 13 Income tax expense

##### a) Analysis of tax charge for the year

##### Group

Tax charged in the income statement

	2020 £ 000	2019 £ 000
<b>Current taxation</b>		
UK corporation tax	2,434	3,674
Foreign tax	-	70
Total current income tax	2,434	3,744
<b>Deferred taxation</b>		
Current year deferred tax charge	277	710
Tax expense in the income statement	2,711	4,454

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### b) Factors affecting the tax charge 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 before tax is as follows:

	2020 £ 000	2019 £ 000
Profit before tax	<u>3,367</u>	<u>17,111</u>
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2019: 19%)	640	3,250
<b>Tax effect of:</b>		
Increase (decrease) in current tax from adjustment for prior periods	-	199
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	756	708
Tax decrease from utilisation of tax losses	-	(119)
Increase (decrease) from effect of foreign tax rates	808	(297)
Deferred tax expense (credit) relating to changes in tax rates or laws	277	710
Other tax effects for reconciliation between accounting profit and tax income	<u>230</u>	<u>3</u>
Total tax charge	<u>2,711</u>	<u>4,454</u>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

#### 14 Financial instruments

##### Group

##### Financial assets

##### Financial assets at fair value through profit or loss

	Carrying value		Fair value	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
Other investments	<u>655</u>	<u>760</u>	<u>655</u>	<u>760</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Financial assets at amortised cost

	Carrying value		Fair value	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
Cash and cash equivalents	98,501	79,969	98,501	79,969
Trade and other receivables	48,863	54,674	48,863	54,674
	<u>147,364</u>	<u>134,642</u>	<u>147,364</u>	<u>134,642</u>

#### Financial liabilities

##### *Financial liabilities at amortised cost*

	Carrying value		Fair value	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
Trade and other payables	<u>55,789</u>	<u>47,908</u>	<u>55,789</u>	<u>47,908</u>

## TIAA International Holdings 2 Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

## 15 Property, plant and equipment

Group	Leasehold improvements £ 000	Office Equipment £ 000	Computer software £ 000	Furniture and fixtures £ 000	Computer hardware £ 000	Total £ 000
<b>Cost</b>						
At 1 January 2020	942	2,836	5,656	476	1,526	11,436
Additions	337	106	441	20	223	1,127
Disposals	-	-	-	-	(188)	(188)
Translations	(108)	(51)	-	(17)	(4)	(180)
At 31 December 2020	1,171	2,891	6,097	479	1,557	12,195
<b>Accumulated Depreciation</b>						
At 1 January 2020	212	2,617	4,610	341	1,072	8,852
Charge for the year	205	88	614	45	249	1,201
Eliminated on disposal	-	-	-	-	(180)	(180)
Translations	(108)	(64)	-	(14)	(4)	(190)
At 31 December 2020	309	2,641	5,224	372	1,137	9,683
<b>Net Book Value</b>						
As at 31 December 2020	862	250	873	107	420	2,512
As at 31 December 2019	730	219	1,046	135	454	2,584

**TIAA International Holdings 2 Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2020**

**16 Leases**

**Group**

**(i) Amounts recognised in the Statement of Financial Position**

	<b>31 December 2020 £000</b>	<b>31 December 2019 £000</b>
<b>Right-of-use assets</b>		
Buildings	19,406	16,324
Vehicles	128	2,076
	<u>19,534</u>	<u>18,400</u>
<b>Lease liabilities</b>		
Current	3,318	3,376
Non-current	18,019	16,797
	<u>21,337</u>	<u>20,173</u>

**(ii) Amounts recognised in the Statement of Profit or Loss**

	<b>31 December 2020 £ 000</b>	<b>31 December 2019 £ 000</b>
<b>Depreciation charge on right-of-use assets</b>		
Buildings	3,501	3,469
Vehicles	79	376
	<u>3,580</u>	<u>3,845</u>
Interest expense (included in finance cost)	395	15

The total cash outflow for leases in 2020 was £4,000,000 (2019: £3,528,000).

**17 Intangible assets**

**Group**

	<b>Goodwill £ 000</b>	<b>Investment management contracts £ 000</b>	<b>Total £ 000</b>
<b>Cost:</b>			
At 1 January 2020	124,610	41,144	165,754
At 31 December 2020	124,610	41,144	165,754
<b>Accumulated Amortisation:</b>			
At 1 January 2020	-	27,901	27,901
Amortisation charge	-	2,990	2,990
At 31 December 2020	-	30,891	30,891



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	Goodwill £ 000	Investment management contracts £ 000	Total £ 000
<b>Net Book Value</b>			
As at 31 December 2020	124,610	10,253	134,863
As at 31 December 2019	124,610	13,243	137,853

#### Goodwill

The Group considers itself to have a single cash generating unit to which goodwill is allocated.

The recoverable value of goodwill for the Group at year end has been determined by a value in use calculation, using cash flows based on the Group's 1 year operating plan approved by the board, and a terminal value for the period thereafter. The key assumptions applied to the Group's 1 year operating plan are market performance and net fund flows.

The terminal value has been calculated using a long term growth rate of 3% in perpetuity.

A risk adjusted discount rate of 14.8% (2019: 12.8%) has been applied. The resulting value in use has been compared with the carrying value of the Group's intangible assets to determine if an impairment is required.

Sensitivity analysis has been performed by adjusting key assumptions, such as the discount rate and growth rate. The model continued to show headroom over the carrying value and thus there were no impairment charges in 2020.

As part of the impairment review, a number of scenarios have been run in isolation to identify the points at which impairments would potentially need to be recognised. The cut-off at which each of the inputs would create an impairment are as follows, based on an already stressed case which excludes the performance fee due:

	Current inclusion for impairment review	Cut-off for impairment at each change in inputs
Weighted Average Cost of Capital	14.76%	16.75%
Achievement of Operating Plan	100%	83.8%
Growth in Perpetuity	3%	(.6%)

There remains flexibility within the Group's cost base to manage profitability via adjustments to variable remuneration.

Management considers that the likelihood of any or all of the above scenarios occurring is low.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Investment Management Contracts

In accordance with IAS 36 "Impairment of Assets" management has calculated the recoverable amount of investment management contracts ("IMCs") via a combination of discounted cash flows and EBITDA valuation models over the useful economic life of the underlying contracts. The discount rate applied is 14.8% and a long term growth rate of 3% in perpetuity. Sensitivity analysis has been performed by adjusting key assumptions, such as the discount rate, growth rate and the free cash flows. The model continued to show headroom over the carrying value and thus there were no impairment charges in 2020.

Amortisation of intangible assets is recognised within administrative expenses.

#### 18 Investments

##### Group subsidiaries

All subsidiary undertakings of the Group as listed below have share capital consisting solely of ordinary shares. The proportion of shares held by the Group equates to the proportion of voting rights. All subsidiary undertakings have been included in these consolidated financial statements. Details of the group subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
TIAA International Holdings 3 Limited	Holding company	5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ United Kingdom	100%	100%
Nuveen Real Estate Limited	Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Limited	FCACO Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Holdings Limited	Europe Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Holdings Limited	Group Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Administration Limited	Administration company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Real Estate Management Limited	Operating company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Nuveen Management AIFM Limited	Operating company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
TIAA-CREF Management Limited	Asset Operating company UK	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Henderson Retail Property Management S.à.r.l	European Fund Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	93.4%	93.4%
Nuveen Management Company (Luxembourg) S.à.r.l	Operating company No1	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	93.4%	93.4%
Nuveen Fund (Europe) Management S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Management Limited	Property (Jersey) Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%
Nuveen Management Limited	Fund (Jersey) Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%
Nuveen Centre GmbH	Shopping Dormant Verwaltungs	Bockenheimer Landstr. 24, 60323 Frankfurt Germany	99%	99%
Nuveen Private Limited	Singapore Operating company	50 Raffles Place, #06-00 Singapore, Land Tower, 048623 Singapore	99%	99%
Nuveen (France) SAS	Operating company	7. rue Scribe – 75009 Paris France	99%	99%
CLOF II (No1 GP) Limited	Related to CLOF fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
CLOF II (No1 Nominee) Limited	Related to CLOF fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
CLOF II (No2 GP) Limited	Related to CLOF fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
CLOF II (No3 GP) Limited	Related to CLOF fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
CLOF II (GP) Limited	Related to CLOF fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Matador LP Partner Limited	General Dormant	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Secretarial Limited	Corporate Services	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Limited	Operations Dormant	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Real Estate (Australia) Limited	Operating company	44 Martin Place, Sydney, NSW 2000 Australia	99%	99%
Nuveen Real Estate Nominees Limited	Dormant	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
OMP (GP) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
UK OM (LP1) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
UK OM (LP1) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
UK OM (LP2) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
UK OM (LP2) Limited	Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP3) (GP) Limited	Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP3) Limited	Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
TIAA-CREF Luxembourg S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Italy S.r.l.	Operating company	Piazza Pio XI, 1, 20123 Milan Italy	99%	99%
Islazul General Partner S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Anglo-Sino Henderson Investment Consultancy (Beijing) Co Ltd	Operating company	Unit 22/23B, 36/F, China World Tower, No.1 Jianguomenwai Avenuc, Chaoyang District, 100004 Beijing China	99%	99%
Nuveen (Shanghai) Co Ltd	Operating company	Suite 955 to Suite 965,9/F, Eco City, No.1788,Nanjing West Road, Jing 'An District, Shanghai China	99%	99%
Nuveen Real Estate Debt Partners (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174 Luxembourg	99%	99%
T-C Lux Investments GP S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Enhanced Debt Carry (GP) S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
European Cities Partnership (GP) S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Management Austria GmbH	Operating company	Falkestraße 1, A-1010 Vienna Austria	99%	99%
Nuveen Management Finland Oy	Operating company	Mannerheimintie 20, 00100 Helsinki Finland	99%	99%
FRES APAC II (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174 Luxembourg	99%	99%
Nuveen Real Estate Debt Partners II (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174. Luxembourg	99%	99%
CLOF II Vanquish Limited	Related to CLOF fund	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%
Asia Pacific Cities Management S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
TH Real Estate Limited	Dormant	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Tokyo Multifamily Pte Ltd	Related to Tokyo Multifamily Fund	8 Robinson Road #14-00 ASO Building Singapore	99%	99%
Nuveen Alternatives Europe S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Management Europe S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Real Estate Services (Austria) GmbH	Operating company	Falkestraße 1, A-1010 Vienna Austria	99%	99%
ERES Europe II (GP) S.à.r.l	Operating company	4A, rue Henri Schnadt, L-2530 Luxembourg Luxembourg	99%	99% / 99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Nuveen Real Estate Debt Partners III (GP) S.à.r.l	Operating company	8 rue Loue Hemmer, L-1748 Senningerberg Luxembourg	99%	0%

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Subsidiaries exempt from audit**

The following subsidiary undertakings are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A (section 479A(2)(d)).

Each member of the subsidiary undertakings has consented to an audit exemption in respect of the financial year given below.

The parent guarantees all outstanding liabilities to which the subsidiary undertaking is subject to at the end of the financial year to which the guarantee relates.

#### **For financial year ending 31/03/2021**

OMP (GP) Limited - SC344934

UK (OM) (LP1) (GP) Limited - 06605589

UK OMP (LP2) (GP) Limited - 06605594

UK OM (LP3) (GP) Limited - 06605608

#### **For financial year ending 30/09/2021**

CLOF II (GP) Limited - SC376961

CLOF II (No1 GP) Limited - 07307366

CLOF II (No2 GP) Limited - 07307365



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

The following subsidiary undertakings are dormant and entitled to exemption from audit under section 480 of the Companies Act 2006.

Each member of the subsidiary undertakings has not required the subsidiary to obtain an audit of its individual accounts in accordance with section 476 of the Companies Act 2006.

Furthermore, these subsidiary undertakings are exempt from the requirements of the Companies Act 2006 relating to the preparation and filing of individual accounts under section 394A and 448A respectively.

The Parent guarantees all outstanding liabilities to which the subsidiary undertaking is subject to at the end of the financial year to which the guarantee relates.

#### **For financial year ending 31/12/2020**

Nuveen Real Estate Nominees Limited - 06449110

Matador LP General Partner Limited - SC286874

Nuveen Corporate Secretarial Services Limited - 08938611

Nuveen Operations Limited - 09084229

TH Real Estate Limited - 09624720

#### **For financial year ending 31/03/2021**

UK OM (LP1) Limited - 06605586

UK OM (LP2) Limited - 06605579

UK OM (LP3) Limited - 06605583

#### **For financial year ending 30/09/2021**

CLOF II (No1 Nominee) Limited 08198591

CLOF II (No 3 GP) Limited 07646174

#### **Company Subsidiaries**

**£ 000**

#### **Cost:**

At 1 January 2020	202,163
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At 31 December 2020	202,163
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#### **Net Book Value**

At 31 December 2020	202,163
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At 31 December 2019	202,163
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## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

Management tests investments held for impairment annually. An impairment is recognised in the Statement of Comprehensive Income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets. The Group takes the approach that so long as the principal activity of the Company has not changed, the carrying value transfers to other similar investments held on the Statement of Financial Position as long as the other similar investments' enterprise value supports the transfer and the transfer does not take any individual investment's carrying value above its cost. At 31 December 2020 it has been determined that the carrying value of the investment is less than the enterprise value and therefore no impairment is required.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Group associates

Details of the Group associates as at 31 December 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
*AREFM Limited	(BVI) Investment management company	British Virgin Islands	0%	50% / 50%
Nuveen Immobilien GmbH (formally HGI Immobilien GmbH)	Investment management company	Germany	50% / 50%	50% / 50%

Interests in associates are measured using the equity method.

\*AREFM (BVI) Limited was liquidated during the year.

The following table shows the assets, liabilities and equity of the associated entities at the reporting date. All associated entities have the same reporting date:

	31 December 2020 £000	31 December 2019 £000
Assets	-	201
Liabilities	-	(74)
Equity	-	(130)
(Loss)/Profit before tax	-	(3)

Movement on interests in associates can be summarised as follows:

	2020 £000	2019 £000
Opening balance	132	137
Investment in associated entity	1	-
Share of loss for the year	(6)	(1)
Transfers to other investments	-	(4)
Disposals	(48)	-
	79	132

#### 19 Other investments

	31 December 2020 £000	31 December 2019 £000
<i>Unquoted</i>		
Debt securities	655	760
	655	760

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

The investment in debt securities classified for sale relates to investments in Asia Pacific Cities Fund (£639,000 (2019: £688,000)), China Outlet Mall Fund (£8,000 (2019: £9,000)), and LOOP IV (£7,000 (2019: £nil)).

These investments are fair valued with cost deemed to be the best estimate of fair value as at the Statement of Financial Position date, are included in fair value category level 3, and are denominated in the following currencies:

	<b>31 December 2020 £000</b>	<b>31 December 2019 £000</b>
Australian Dollars	583	627
United States Dollars	72	78
Japanese Yen	-	55
	<u>655</u>	<u>760</u>

The table below shows the movement in other investments during the year. The addition in 2020 relates to an investment made in LOOP IV (£8,000). The investments held in Tokyo Multifamily and LOOP III were disposed during the year.

	<b>31 December 2020 £000</b>	<b>31 December 2019 £000</b>
Opening balance	760	631
Additions	8	135
Disposals	(64)	-
Net fair value movements through profit or loss	(81)	20
Translations	32	(26)
	<u>655</u>	<u>760</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 20 Trade and other receivables

	Group		Company	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
<i><b>Current</b></i>				
Trade receivables	19,968	13,531	-	-
Receivables from Group managed funds	1,454	1,214	75	-
Accrued income	26,054	36,688	-	-
Prepayments	598	591	-	-
Other receivables	788	2,511	-	-
	<u>48,862</u>	<u>54,535</u>	<u>75</u>	<u>-</u>
<i><b>Non-current</b></i>				
Long term loans	-	138	-	-
	<u>48,862</u>	<u>54,673</u>	<u>75</u>	<u>-</u>

The fair value of those trade and other receivables classified as financial assets held at amortised cost are disclosed in the financial instruments note.

All non-current receivables are due within 10 years of the reporting date.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayments and are payable on demand.

#### 21 Deferred tax assets

A deferred taxation asset is recognised in respect of the temporary timing difference between depreciation charged in the financial statements and the capital allowances claimed in the United Kingdom and employer pension contributions, short term temporary differences and tax losses carried forward. Movements in the deferred taxation asset are all charged through the Statement of Profit or Loss.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Group - Deferred tax asset

	31 December 2020 £ 000	31 December 2019 £ 000
<i>Provision for deferred tax</i>		
Tax gains carried forward and other deductions	-	277
<i>Movement in provision:</i>		
Provision at start of year	277	987
Deferred tax expensed in the Consolidated statement of comprehensive income for the year	(277)	(710)
<b>Provision at end of year</b>	<b>-</b>	<b>277</b>

The deferred tax asset of £nil (2019: £277,000) 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.

#### 22 Cash and cash equivalents

	Group		Company	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
Cash at bank	98,501	79,969	675	934

#### 23 Called up share capital

##### Group and company

##### Authorised

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	600	600	600	600

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Issued, called up and fully paid share capital of £1 each	500	500	500	500
Issued, called up and unpaid share capital of £1 each	100	100	100	100
	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>

#### 24 Share Premium

##### Share premium

##### Group and company

	31 December 2020	31 December 2019
	£	£
Share premium account	<u>202,163</u>	<u>202,163</u>
	<u>202,163</u>	<u>202,163</u>

#### 25 Parent and ultimate parent undertaking

The company's immediate parent is Nuveen Real Estate Global, LLC. These financial statements are available upon request from:

730 Third Avenue  
New York  
NY10017

The ultimate controlling party is Teachers Insurance and Annuity Association.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Teachers Insurance and Annuity Association, incorporated in United States.

The address of Teachers Insurance and Annuity Association is:

730 Third Avenue  
New York  
NY 10017

The parent of the smallest group in which these financial statements are consolidated is TH Real Estate Global, LLC, incorporated in United States.

The address of TH Real Estate Global, LLC is:

730 Third Avenue  
New York  
NY 10017

#### 26 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Nuveen Real Estate Limited		Henderson Global Investors Immobilien Austria GmbH	
	2020	2019	2020	2019
	£ 000	£ 000	£	£
Non-current assets	210,184	210,184	-	7
Current assets	17,300	7,925	-	2,194
	<u>227,484</u>	<u>218,109</u>	<u>-</u>	<u>2,201</u>
Current liabilities	4	-	-	53
Net assets	<u>227,480</u>	<u>218,109</u>	<u>-</u>	<u>2,148</u>
Profit before tax	<u>9,368</u>	<u>13</u>	<u>-</u>	<u>1,628</u>
Accumulated non-controlling interest	<u>492</u>	<u>453</u>	<u>-</u>	<u>-</u>

Movements in non-controlling interests during the year can be summarised as follows:

	2020	2019
	£000	£000
Opening balance	(524)	(312)
Non-controlling share of comprehensive profit for the year	113	616
Dividends paid to non-controlling interests during the year	-	(216)
Decrease in derecognition of non-controlling interests	<u>-</u>	<u>(612)</u>
Closing balance	<u>(411)</u>	<u>(524)</u>



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 27 Trade and other payables

	Group		Company	
	31 December 2020 £ 000	31 December 2019 £ 000	31 December 2020 £ 000	31 December 2019 £ 000
<b>Current</b>				
Accrued expenses	42,108	32,376	203	146
Other payables	<u>2,835</u>	<u>2,187</u>	<u>-</u>	<u>(2)</u>
	<u>44,943</u>	<u>34,563</u>	<u>203</u>	<u>144</u>
<b>Non-current</b>				
Accruals and deferred income	15	351	-	-
Employee long term performance plan	<u>10,970</u>	<u>12,994</u>	<u>-</u>	<u>-</u>
	<u>10,985</u>	<u>13,345</u>	<u>-</u>	<u>-</u>

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

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

Amounts owed to related parties are unsecured, interest free, have no fixed date of repayment and are payable on demand.

#### 28 Provisions

Group	2020 £ 000
At 1 January 2020	22
Prior year provisions released	(5)
Decrease due to foreign exchange differences	<u>1</u>
At 31 December 2020	<u>18</u>
Current liabilities	<u>18</u>

#### 29 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the Group sections of this note. All trading balances do not bear interest and have no fixed term for repayment. Non-current balances do not incur interest and repayment will take place once the associated entity starts to make sufficient operating profit to facilitate this, as such it is not possible to predict when repayment will occur.

The following amounts were payable at year end:

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

	31 December 2020 £000	31 December 2019 £000
<i>Amounts receivable from/(payable to) other related parties:</i>		
Nuveen Alternative Advisors LLC	9,109	12,976
Teachers Insurance and Annuity Association	732	12
TIAA International Holdings 1 Limited	276	1
Gresham Investment Management London LLC	156	-
Nuveen Hong Kong Limited	43	(57)
Nuveen Japan Limited	26	6
Nuveen UK Limited	24	6
Nuveen UK Limited	-	(333)
Nuveen Alternative Advisors LLC	(7)	-
Nuveen Japan Co Limited	(543)	-
Nuveen Hong Kong Limited	(961)	-
	<u>8,855</u>	<u>12,611</u>

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.

### 30 Commitments

#### Group

Other than the commitments under leases disclosed in note 16, the Group and Company have no further commitments.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 31 Leases

##### Group

##### Non-cancellable operating leases

The Group leases various offices, vehicles and printers under non-cancellable operating leases expiring within six months to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short term and low-value leases. See note 16 for further information.

	31 December 2020 £ 000	31 December 2019 £ 000
Not later than one year	125	65
Later than one year but not more than five years	82	147
	<u>207</u>	<u>212</u>

#### 32 Events after the reporting period

On 9 March 2021, the Company acquired 99% of the issued shares in Glennmont Asset Management Limited, Clean Energy Partners LLP and certain affiliated entities thereof (collectively, "Glennmont") for a consideration of €96,500,000 (£82,668,000). Glennmont Asset Management Limited and Clean Energy Partners LLP are regulated by the United Kingdom Financial Conduct Authority. The acquisition will enhance Nuveen's existing private infrastructure platform, which manages almost £2.7 billion across renewable energy, digital, telecoms, transportation and social infrastructure sectors globally and has delivered consistent investment performance for more than 10 years for the firm and its parent, TIAA. The financial effects of this transaction have not been recognised as of 31 December 2020. The results and assets and liabilities of Glennmont will be consolidated from 9 March 2021.

Details of the consideration transferred are:

	£'000
<b>Purchase consideration</b>	
Cash paid	69,647
Deferred consideration	13,021
	<u>82,668</u>

##### Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Glennmont. In particular, the fair values of the assets and liabilities have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **33 Restatement**

In prior periods, the group presented expenditure incurred by the group which is recharged to the parent via transfer pricing agreements net of the associated income received from the parent in the Consolidated Statement of Profit or Loss. Having considered the principal versus agent principles within IFRS 15, the group has changed its presentation of these amounts to gross up these items of income and expense, and has restated its comparatives accordingly. As a result administrative expenses and other operating income for the year ended 31 December 2019 have both been restated and increased by £16,922,000. There is no impact on operating profit or profit for the year within the Statement of Profit or Loss. There is no impact on the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position or Consolidated Statement of Cash Flows as a result of this restatement.

## TIAA International Holdings 2 Limited

### Historical Cost Basis U.S. GAAP (unaudited)

The consolidated financial statements of the Company are prepared in accordance with IFRS, as adopted by the European Union ("IFRS") which differs in certain respects from accounting principles generally accepted in the United States of America ("US GAAP"). The unaudited tables below summarise the results under IFRS and the historical cost basis of accounting of US GAAP for year ended 31 December 2020.

	IFRS		U.S. GAAP	
	2020	2019	2020	2019
	£ 000	£ 000	£000	£000
Non-current assets	157,643	160,144	157,643	160,144
Current assets	149,048	134,536	149,048	134,536
Total assets	306,691	294,680	306,691	294,680
Non-current liabilities	29,004	30,142	29,004	30,142
Current liabilities	50,510	39,022	50,510	39,022
Total liabilities	79,514	69,164	79,514	69,164
Net assets	227,177	225,516	227,177	225,516
Profit before tax	3,367	17,111	3,367	17,111