

Registration number: 08698172

TIAA International Holdings 2 Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

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TIAA International Holdings 2 Limited

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TIAA International Holdings 2 Limited

Company Information

Directors	D. D. Morton M. J. L. Sales O. Salami
Company secretary	Nuveen Corporate Secretarial Services Limited
Registered office	9th Floor 201 Bishopsgate London, United Kingdom EC2M 3BN
Bankers	National Westminster Bank Plc Western Avenue Chatham Maritime, Chatham ME4 4RT
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

TIAA International Holdings 2 Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report on TIAA International Holdings 2 Limited (“TIH 2” or the “Company”) for the year ended 31 December 2022.

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 investment in Nuveen Investment Management Holdings Limited (“NIMHL”), a dedicated real estate and infrastructure investment management business.

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 in addition to the asset management of infrastructure.

At 31 December 2022 the Group’s Assets Under Management (“AUM”) was £29.0bn (2021: £27.9bn).

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, credit risk, operational risk and regulatory/legal risk which are discussed further in note 4 to the financial statements.

Whilst the Covid-19 pandemic had been the primary external risk to the Group in prior years, over the past 12 months, as the world started to recover from the Covid-19 pandemic, the risk reduced significantly to one deemed acceptably low so as not to present a threat to the Group and its employees. Management continues to monitor the threat level and is ready to adapt company policies, including hybrid in office/work from home policy accordingly.

The Group initially saw a correction to asset values at the start of the pandemic putting pressure on fee income but asset valuations rebounded strongly in the second half of 2021 across all asset classes.

As the challenges presented by Covid-19 receded, focus moved to rebuilding from the economic impacts as business activity returned to normal. However when Russia invaded Ukraine, the worldwide impact on inflation and interest rates expectations resulted in another challenging period for assets globally.

This geopolitical instability has caused commodity prices to increase rapidly, inflation to rise and the end to the period of historically low interest rates for the global economy. This outlook will impact investor sentiment regarding investments, but the full impact is still to be seen. Whilst not expected to be material, the Group continues to monitor the impact on its business, results of its operations, investments, and cash flows.

TIAA International Holdings 2 Limited

Strategic Report for the Year Ended 31 December 2022

Despite these challenges the Group believes its asset classes remain a good alternative long-term investment and are relevant across a range of economic scenarios.

Climate change - the Group has made a house-level public commitment to reduce the energy intensity of its global real estate equity portfolio by 30% by the year 2025, based on a 2015 baseline. The Group has also committed to transition its global real estate portfolio to Net Zero Carbon by 2040 and future-proof its investments through the active integration of the environment, social and governance ("ESG").

Inflation risk - the Group has sufficient cash flows to support price rises in the short-term. The Bank of England ("BoE") has forecast inflation to fall sharply from mid-2023 due to falls in global oil prices and lower demand anticipated for consumer goods and services. The Group will continue to monitor BoE forecasts and any additional monetary policy tightening to the Bank Rate which currently stands at 4.25%.

Decline in asset valuations - there is a risk to the Group of a decline in net asset valuations ("NAVs") leading to a reduction in revenue. However, to mitigate this risk the Group has a diversified investment portfolio across multiple asset classes and geographies to offset declines in NAVs, by investing in e.g. real assets including wind turbines.

Directors' duties

The Directors of the Group must act in accordance with a predefined set of duties, as per s.172 of the 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. Page 6 of the Directors' Report explains in detail how the Directors fulfil their 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.

TIAA International Holdings 2 Limited

Strategic Report for the Year Ended 31 December 2022

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 2022, the Group continued to undertake the asset management for certain real estate and infrastructure investments of the affiliates of the Company located in Europe and Asia.

At 31 December 2022 AUM is £29.0bn versus a Plan of £27.6bn (2021: £27.9bn versus a Plan of £29.1bn). The favourable variance is driven by market movements.


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 flows 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 13 April 2023 and signed on its behalf by:

DocuSigned by:

8D9B669A059D84C0
D. D. Morton
Director

TIAA International Holdings 2 Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited Group and Company financial statements for the year ended 31 December 2022.

Principal activities and future developments

The principal activity of the Company is that of a holding company. The Group has overseas branches in Spain, Italy, Luxembourg, Germany, Denmark, Sweden, and the Netherlands.

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

The Directors do not envisage a change of activities in the foreseeable future for either the Group or the Company.

Results and Dividends

The loss for the year ended 31 December 2022 amounted to £(3,580,000) (2021 profit: £4,544,000). The Directors do not recommend the payment of a dividend (2021: £nil).

Financial instruments

The Group and Company financial risk management objectives and policies, including exposure 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 2022 and up to the date of signing the financial statements were as follows:

D. D. Morton

M. J. L. Sales

O. Salami

Directors' third party indemnity provisions

NIMHL on behalf of the Company has made qualifying third party indemnity provisions within the meaning given to the term by s.234 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 approval of these financial statements.

NIMHL may indemnify the Directors to the extent permitted by United Kingdom law. NIMHL may indemnify the Directors against all costs, charges, losses, expenses and liabilities incurred in the actual or purported execution and/or discharge of his duties, or in relation to them.

NIMHL 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 2022

Directors' duties

The Directors of the Group must act in accordance with a predefined set of duties, as per s.172 of the 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, including those who are disabled or have become disabled during their employment at Nuveen. Applicants with disabilities are given equal consideration in the application process, and disabled colleagues have equipment and working practices modified for them as far as possible and where it is safe to do so. 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 Limited - SECR Report 2022

Impact area	Units of measurement	Sustainability Performance Measures			Absolute measures				
					2020	2021	2022		
Energy	kWh	3.1	Electricity	for landlord shared services	362,121	436,638	322,355		
				(sub)metered exclusively to tenants					
				Total consumption procured by TIAA International Holdings 2	362,121	436,638	322,355		
		3.2	District thermals	for landlord shared services					
				(sub)metered exclusively to tenants					
				Total consumption procured by TIAA International Holdings 2					
		3.3	Fuels	for landlord shared services	17,744	121,093	97,831		
				(sub)metered exclusively to tenants					
				Total consumption procured by TIAA International Holdings 2	17,744	121,093	97,831		
No of applicable properties			Energy and associated GHG disclosure coverage						
%			Proportion of energy and associated GHG estimated						
Greenhouse gas emissions	tonnes CO ₂ e	3.5	Direct	Scope 1	4	24	18		
		3.6	Indirect	Scope 2	84	93	62		
		3.7	Indirect	Scope 3	N/A	N/A	1,664		
			Total	Scopes 1 + 2 (only)	89	117	80		
	Renewable Energy	kWh		Energy	Total landlord-obtained renewable energy	0	0	0	
No of applicable properties			Renewable energy disclosure coverage						
							0	0	0

Intensity metrics

Impact area	Units of measurement	Sustainability Performance Measures		Intensity measures		
				Office		
Energy	kWh / Full Time Employees / year	Energy	Building energy intensity	2020	2021	2022
				1,428	1,445	849
Greenhouse gas emissions	kgCO ₂ e / Full Time Employees / year	Greenhouse gas emissions (Scope 1 & 2)	Greenhouse gas intensity	334	302	162
				Energy and associated GHG disclosure coverage		
				266	386	495
				Full Time Employees		Energy and associated GHG disclosure coverage
	Number of applicable properties		Energy and associated GHG disclosure coverage	1	3	3

Data Qualifying Notes:

This environmental performance summary covers 01/01/22 - 31/12/22 and focuses on TIAA International Holdings 2 Limited's UK corporate activities. This includes the energy consumption for which TIAA International Holdings 2 Limited is responsible under the SECR guidelines. In line with SECR guidelines, previous years data has also been provided to show where reductions progress is being made.

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, travel data, and mileage expense claims. Estimations of utility data have been carried out based on data received in the same period in the previous year where necessary. Data was collected in kWh where possible. Mileage data was collected as passenger kilometres travelled, and then converted in to kWh using DEFRA published conversion factors.

Scope 3 data has been included in this report for the first time. This data includes business travel within the UK, as well as to and from the UK. Scope 3 also includes water consumption, and waste that has been disposed of from the entities UK offices.

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

Assets: Electricity consumption from the London office location (201 Bishopsgate), Edinburgh office and One Angel Court (Glenmont office) is included in this report. Gas consumption has been included for Edinburgh and One Angel Court. Mileage data has been collected for all expense claims to the entity, for travel within the UK, or starting/ending in the UK.

Intensity values: Energy and carbon intensities have been calculated using only combined Scope 1 and 2 emissions (kgCO₂e) and have been normalised by the number of Full Time

Energy Efficiency Initiatives:

2022

- LED lights have been installed throughout all floors, with 98% of old lighting recycled.
- New refractive blinds are being installed which reduce heat loss in winter and keep the building cooler in summer
- Beneficial cooling is in place in the building which saves on excess cooling times
- Virtual corridor lighting has been installed saving energy from light use.

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

Mark Challis

Operations Director

TIAA International Holdings 2 Limited

Directors' Report for the Year Ended 31 December 2022

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 investors' needs.

Ultimate Parent

TIH 2 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 TIH 2'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, assist in identifying and mitigating risks; and
- Third line: Internal audit function which provides information on the adequacy and effectiveness of the risk management process.

Going concern

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 2022. The Group's going concern assessment considers the Group's principal risks (see note 4) and is dependent on a number of factors, including financial performance.

The Company meets its day-to-day working capital requirements through regular cash flows from Group activities. The Company is in a net current liability position of £1,812,000 (2021 net current asset: £435,000) and an overall net asset position of £289,683,000 (2021: £278,746,000) with the majority of the liability relating to intercompany balances owed to NIMHL. The Directors have received confirmation that the immediate parent, Nuveen Real Estate Global LLC intends to support the Company to enable it to meet its obligations as they fall due and will not seek repayment of part or all of the amount loaned to the Company during a period of 12 months following the financial statement approval date. To seek repayment within this period would place the Company in an insolvent position. Therefore the Company continues to adopt the going concern basis in preparing its financial statements.

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 Group and Company financial statements for the year ended 31 December 2022.

Events after the reporting period

No events occurred after the Statement of Financial Position date that have a material impact on the financial statements. The Directors have not received any further information as at the approval date which has not been reflected in the financial statements presented.

Independent Auditors

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

TIAA International Holdings 2 Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and consolidated 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 the Company financial statements in accordance with UK-adopted international accounting standards.

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 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 UK-adopted international accounting standards 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 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 also 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.

Directors' Confirmations

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

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

The Financial Statements on pages 14 to 68 were approved by the Board of Directors on 13 April 2023 and signed on its behalf by:

DocuSigned by:

.....8B9B59A059D84C0.....
D. D. Morton
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 2022 and of the group's loss, the company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022; 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 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 Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 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 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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 by the engagement team 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;
- 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 management information and market data to validate and assess the inputs into the calculation of management's impairment assessment over goodwill, intangibles, and investment in subsidiaries and challenging assumptions made, where appropriate.

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. 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.

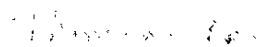
Other required reporting

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
13 April 2023

TIAA International Holdings 2 Limited

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	5	123,401	105,166
Administrative expenses	6	(188,706)	(147,055)
Other operating income	10	<u>71,817</u>	<u>50,798</u>
Operating profit		<u>6,512</u>	<u>8,909</u>
Finance income	11	117	3
Finance costs	12	<u>(685)</u>	<u>(744)</u>
Net finance cost		<u>(568)</u>	<u>(741)</u>
Profit before tax		5,944	8,168
Income tax expense	13	<u>(9,524)</u>	<u>(3,624)</u>
(Loss)/profit for the year		<u>(3,580)</u>	<u>4,544</u>
Profit attributable to:			
Owners of the company		(3,540)	4,461
Non-controlling interests		<u>(40)</u>	<u>83</u>
		<u>(3,580)</u>	<u>4,544</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 on pages 24 to 68.

The notes on pages 24 to 68 form an integral part of these financial statements.

TIAA International Holdings 2 Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
(Loss)/profit for the year	(3,580)	4,544
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>1,783</u>	<u>(1,902)</u>
Total comprehensive (expense)/income for the year	<u>(1,797)</u>	<u>2,642</u>
Total comprehensive (expense)/income attributable to:		
Owners of the company	(1,782)	2,603
Non-controlling interests	<u>(15)</u>	<u>39</u>
	<u>(1,797)</u>	<u>2,642</u>

The notes on pages 24 to 68 form an integral part of these financial statements.

TIAA International Holdings 2 Limited**Company Statement of Comprehensive Income for the Year Ended 31 December 2022**

	Note	2022 £ 000	2021 £ 000
Revenue	5	-	20,315
Administrative expenses	6	<u>10,937</u>	<u>(112)</u>
Operating profit		<u>10,937</u>	<u>20,203</u>
Profit before tax		<u>10,937</u>	<u>20,203</u>
Profit and total comprehensive income for the year		<u><u>10,937</u></u>	<u><u>20,203</u></u>

The above results were derived from continuing operations.

The notes on pages 24 to 68 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 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	15	5,437	2,107
Right-of-use assets	16	16,852	16,362
Intangible assets	17	214,789	225,370
Investments in associates	18	73	6
Other investments	19	917	757
Trade and other receivables	20	77	-
		<u>238,145</u>	<u>244,602</u>
Current assets			
Trade and other receivables	20	118,110	70,066
Current tax asset		2,993	1,719
Cash and cash equivalents	22	82,309	93,398
		<u>203,412</u>	<u>165,183</u>
Total assets		<u>441,557</u>	<u>409,785</u>
Equity and liabilities			
Equity			
Called up share capital	23	1	1
Share premium	24	202,163	202,163
Capital contribution		55,833	55,833
Retained earnings		26,245	28,027
Total equity attributable to owners of the company		284,242	286,024
Non-controlling interests	26	(658)	(643)
Total equity		<u>283,584</u>	<u>285,381</u>
Non-current liabilities			
Trade and other payables	27	30,862	43,949
Lease liabilities	16	14,863	14,922
Deferred tax liabilities	21	7,703	1,065
		<u>53,428</u>	<u>59,936</u>
Current liabilities			
Trade and other payables	27	99,434	60,904
Lease liabilities	16	4,286	3,500
Provisions	28	825	64
		<u>104,545</u>	<u>64,468</u>

The notes on pages 24 to 68 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 2022

	Note	2022 £ 000	2021 £ 000
Total liabilities		<u>157,973</u>	<u>124,404</u>
Total equity and liabilities		<u><u>441,557</u></u>	<u><u>409,785</u></u>

The financial statements on pages 14 to 68 are approved by the Board of Directors on 13 April 2023 and signed on its behalf by:


DocuSigned by:

.....8B9B59AQ59D84CQ.....
D. D. Morton
Director

The notes on pages 24 to 68 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 2022**

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Investments in subsidiaries	18	309,588	309,588
Total non-current assets		309,588	309,588
Current assets			
Trade and other receivables	20	6,039	1,657
Cash and cash equivalents	22	2,122	1,189
Total current assets		8,161	2,846
Total assets		317,749	312,434
Equity and liabilities			
Equity			
Called up share capital	23	1	1
Share premium	24	202,163	202,163
Capital contribution		55,833	55,833
Retained earnings		31,686	20,749
Total equity		289,683	278,746
Non-current liabilities			
Trade and other payables	27	18,093	31,277
Current liabilities			
Trade and other payables	27	9,477	1,941
Provisions	28	496	470
Total current liabilities		9,973	2,411
Total liabilities		28,066	33,688
Total equity and liabilities		317,749	312,434

The financial statements on pages 14 to 68 are approved by the Board of Directors on 13 April 2023 and signed on its behalf by:

DocuSigned by:

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 D. D. Morton
 Director

The notes on pages 24 to 68 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 2022

	Called up share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity attributable to owners of the company £ 000	Non- controlling interests £ 000	Total equity £ 000
Balance at 1 January 2021	1	202,163	-	25,424	227,588	(411)	227,177
Profit for the year	-	-	-	4,461	4,461	83	4,544
Other comprehensive expense	-	-	-	(1,858)	(1,858)	(44)	(1,902)
Total comprehensive income for 2021	-	-	-	2,603	2,603	39	2,642
Dividends paid	-	-	-	-	-	(271)	(271)
Capital contribution	-	-	55,833	-	55,833	-	55,833
Balance at 31 December 2021	1	202,163	55,833	28,027	286,024	(643)	285,381
Loss for the year	-	-	-	(3,540)	(3,540)	(40)	(3,580)
Other comprehensive income	-	-	-	1,758	1,758	25	1,783
Total comprehensive expense	-	-	-	(1,782)	(1,782)	(15)	(1,797)
Balance at 31 December 2022	1	202,163	55,833	26,245	284,242	(658)	283,584

The notes on pages 24 to 68 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 2022

	Called up share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 January 2021	1	202,163	-	546	202,710
Profit for the year	-	-	-	20,203	20,203
Total comprehensive income	-	-	-	20,203	20,203
Other capital redemption reserve movements	-	-	55,833	-	55,833
Balance at 31 December 2021	1	202,163	55,833	20,749	278,746
Profit for the year	-	-	-	10,937	10,937
Total comprehensive income	-	-	-	10,937	10,937
Balance at 31 December 2022	1	202,163	55,833	31,686	289,683

The notes on pages 24 to 68 form an integral part of these financial statements.

TIAA International Holdings 2 Limited**Consolidated Statement of Cash Flows for the Year Ended 31 December 2022**

	Note(s)	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit before tax		5,944	8,168
Adjustments for:			
Depreciation and amortisation	6	13,472	11,933
Profit on disposal of property plant and equipment	6	-	(27)
Foreign exchange loss		2,149	604
Net finance cost	11, 12	568	741
Intangible impairments		3,560	-
Fair value gain on deferred consideration		(13,591)	-
		12,102	21,419
Change in operating assets and liabilities:			
Increase in trade and other receivables	20	(47,326)	(22,934)
Increase in trade and other payables	27	35,055	17,648
Increase in provisions	28	790	46
Cash generated from operations		621	16,179
Income taxes paid		(3,965)	(4,526)
Interest paid		(341)	(400)
Net cash (outflow)/inflow from operating activities		(3,685)	11,253
Cash flows from investing activities			
Interest received	11	117	3
Purchases of property, plant and equipment	15	(5,576)	(741)
Proceeds from sale of property plant and equipment		-	58
Purchases of other investments	18	(92)	(57)
Acquisition of subsidiaries		-	(64,550)
Contribution of capital from parent		-	55,833
Net cash outflow from investing activities		(5,551)	(9,454)
Cash flows from financing activities			
Lease liability payments		(3,941)	(3,568)
Dividends paid		-	(271)
Net cash outflow from financing activities		(3,941)	(3,839)
Net decrease in cash and cash equivalents		(13,177)	(2,040)
Cash and cash equivalents at 1 January		93,398	98,501
Effect of exchange rate fluctuations on cash held		2,088	(3,063)
Cash and cash equivalents at 31 December	22	82,309	93,398

The notes on pages 24 to 68 form an integral part of these financial statements.

TIAA International Holdings 2 Limited

Company Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit before tax		10,937	20,203
Adjustments to cash flows from non-cash items			
Foreign exchange loss/(gain)		1,839	(634)
Fair value gain on deferred consideration		(13,591)	-
		(815)	19,569
Increase in trade and other receivables	20	(4,320)	(1,582)
Increase in trade and other payables	27	7,881	1,698
Increase in provisions	28	26	470
Net cash inflow from operating activities		<u>2,772</u>	<u>20,155</u>
Cash flows from investing activities			
Acquisition of subsidiaries	18	-	(76,108)
Revaluation on investments held at cost		(1,839)	634
Contribution of capital from parent		-	55,833
Net cash outflow from investing activities		<u>(1,839)</u>	<u>(19,641)</u>
Net increase in cash and cash equivalents		933	514
Cash and cash equivalents at 1 January		<u>1,189</u>	<u>675</u>
Cash and cash equivalents at 31 December		<u><u>2,122</u></u>	<u><u>1,189</u></u>

The notes on pages 24 to 68 form an integral part of these financial statements.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 and infrastructure 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 England and Wales. The address of its registered office is:
9th Floor
201 Bishopsgate
London, United Kingdom
EC2M 3BN

2 Basis of preparation and significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards.

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, including other investments as set out in the accounting policies 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Going concern

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 2022. The Group's going concern assessment considers the Group's principal risks (see note 4) and is dependent on a number of factors, including financial performance.

The Company meets its day-to-day working capital requirements through regular cash flows from Group activities. The Company is in a net current liability position of £1,812,000 (2021 net current asset: £435,000) and an overall net asset position of £289,683,000 (2021: £278,746,000) with the majority of the liability relating to intercompany balances owed to NIMHL. The Directors have received confirmation that the immediate parent, Nuveen Real Estate Global LLC intends to support the Company to enable it to meet its obligations as they fall due and will not seek repayment of part or all of the amount loaned to the Company during a period of 12 months following the financial statement approval date. To seek repayment within this period would place the Company in an insolvent position. Therefore the Company continues to adopt the going concern basis in preparing its financial statements.

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 Group and Company financial statements for the year ended 31 December 2022.

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022, but do not have a material effect on these financial statements unless otherwise stated.

Changes in accounting policy

The accounting policies set out in these financial statements have been applied consistently to all years presented.

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 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 2022

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated Statement of Comprehensive Income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used (3.5%) is based on an indicative estimate of TIAA's cost of debt, plus a Z spread of 0.3% and an illiquidity premium.

Contingent consideration is classified as a financial liability which is subsequently remeasured to fair value, with changes in fair value recognised in the consolidated Statement of Comprehensive Income.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 rate of the date of the transaction.

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 performance obligations have been satisfied and for the Group this is when services have transferred to the customer and the customer has control of these. Control is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset.

Revenue is recognised once control is passed onto the customer, either over time or at a point in time.

The Group recognises revenue over time if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created; or
- (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group's activities are 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

• Fee income

Fee income includes management fees, advisory fees, transaction fees, development fees and performance fees stated net of rebates. *Management fees, development fees and advisory fees are recognised over time in the accounting period in which the associated investment management or development services are provided. Transaction fees and performance fees are recognised at a point in time when the prescribed transaction or performance hurdles are achieved and it is certain that a fee will crystallise as a result.*

• Other operating income

Other operating income includes accounting fees, retail price index fees, other revenue, and transfer pricing which is recognised on a cost plus allocation to other TIAA affiliated entities.

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 Comprehensive Income.

Interest income and expense

Interest income and expense are recognised within finance income and finance costs in the Statement of Comprehensive Income 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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.

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 Comprehensive Income.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Intangible assets

• *Goodwill*

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. The Group considers itself to have a single cash generating unit to which goodwill is allocated. For further details refer to Intangibles note 17 of these financial statements.

• *Investment management contracts*

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.

• *Internally generated software*

A subsidiary of the Group has recognised internally generated software in relation to the development of an application which enables users to book storage units.

Only costs directly attributed to the test and design were capitalised while all others were recognised as administrative expenses in the consolidated Statement of Comprehensive Income.

Development costs are capitalised when the following criteria are met:

- (i) It is technically feasible to complete the software so that it will be available for use;
- (ii) Management intends to complete the software and use or sell it;
- (iii) there is an ability to use or sell the software;
- (iv) It can be demonstrated how the software will generate probable future economic benefits;
- (v) Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- (vi) The expenditure attributable to the software during its development can be reliably measured.

Amortisation

Asset class

Open-ended investment management contracts
Closed-ended investment management contracts
Internally generated software

Amortisation method and rate

straight line basis over 15 years
over the period of the contract
straight line basis over 5 years

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Impairment of intangible 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 inflows which are largely independent of the cash inflows from other assets or groups of asset (cash-generating units). 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 Statement of Financial Position when the Group has become a party to the contractual obligations of the financial instrument.

The Group classifies its financial assets in the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI).

The classification depends on the purpose for which the financial assets were acquired, i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

• *Financial assets*

The Group's financial assets consist of cash and cash equivalents, trade and other receivables, and other investments. Cash and cash equivalents and trade and other receivables are held at amortised cost while other investments are held at fair value through profit or loss. 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. All income and expenses relating to financial assets that are recognised in Statement of Comprehensive Income are presented within finance costs, finance income or other financial items.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

• *Financial liabilities*

The Group's financial liabilities consist of trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

• *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 financial liability when its contractual obligations are extinguished, discharged, 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 management's best estimate 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.

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 Comprehensive Income.

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 banks.

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, 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Trade payables

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

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

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.

Members' remuneration

The policy to allocate profits is governed by the amended members' agreement dated 9 March 2021.

Members' capital

Members' capital that is not automatically repayable on retirement is classified as equity. Members' capital that is automatically repayable on retirement is classified as a liability. Members' capital, whether classified as equity or a liability are not interest bearing.

Taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position in the countries where the 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.

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 substantively enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the 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 tax 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 pension 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 Comprehensive Income.

Other expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in the consolidated Statement of Comprehensive Income 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 2022

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 IFRS 16 'Leases'. These are expensed to the Statement of Comprehensive Income 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 Comprehensive Income.

Under IFRS 16 the right-of-use assets will be tested for impairment in accordance with International Accounting Standards ("IAS") 36 'Impairment of Assets'. 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 Comprehensive Income.

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 lease payments are discounted at the lessee's incremental borrowing rate, 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 lease payments are discounted at the lessee's incremental borrowing rate, 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.

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 lease payments are discounted at the lessee's incremental borrowing rate, 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.

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 lease payments are discounted at the lessee's incremental borrowing rate, 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.

Dividend income

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

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 and judgements

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

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

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.

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 £8,102,000 (2021: £4,982,000).

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.

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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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.

Fair values of contingent liabilities and purchase consideration in a business combination

Contingent consideration is measured on future fund performance and is subsequently remeasured at each reporting date. Contingent consideration is recognised as non-current trade and other payables on the Statement of Financial Position. Refer to accounting policy, "Business combination" on pages 26 of these financial statements for further detail.

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:

	2022	2021
	£000	£000
Group		
Called up share capital	1	1
Share premium	202,163	202,163
Capital contribution	55,833	55,833
Retained earnings	26,245	28,027
Non-controlling interests	(658)	(643)
	<u>283,584</u>	<u>285,381</u>
Company		
Called up share capital	1	1
Share premium	202,163	202,163
Capital contribution	55,833	55,833
Retained earnings	31,686	20,749
	<u>289,683</u>	<u>278,746</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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

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 2022:

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	89,385	14,335	17,879	27,846	149,445
Deferred tax liabilities	-	-	-	7,703	7,703
Provisions	825	-	-	-	825
	<u>90,210</u>	<u>14,335</u>	<u>17,879</u>	<u>35,549</u>	<u>157,973</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

At 31 December 2021:

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	55,687	8,717	-	58,871	123,275
Deferred tax liabilities	-	-	-	1,065	1,065
Provisions	64	-	-	-	64
	<u>55,751</u>	<u>8,717</u>	<u>-</u>	<u>59,936</u>	<u>124,404</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 (a) a significant reduction in income and valuation to a financial asset or liability and (b) a significant decline in the value of AUM. The Group is able to mitigate risk (to a certain extent) via natural hedging within the Group, being the natural offset of assets and liabilities of the same currency. It is important to note, 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.

Market risk - foreign exchange

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 currencies of the Company and its principal subsidiaries are British Pounds and Euros.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The Group had the following main currency exposures at 31 December 2022

<i>Currency</i>	Assets £ 000	Liabilities £ 000	Net exposure £000
AUD	2,506	1,695	811
CNY	556	146	410
DKK	38	308	(270)
EUR	71,873	7,863	64,010
HKD	4	26	(22)
JPY	805	5	800
SEK	1,271	1,090	181
SGD	7,714	3,068	4,646
CHF	1,463	168	1,295
NOK	238	-	238
NZD	35	(70)	105
KRW	66	(45)	111
USD	17,535	16,631	904
	<u>104,104</u>	<u>30,885</u>	<u>73,219</u>

The Group had the following main currency exposures at 31 December 2021:

<i>Currency</i>	Assets £ 000	Liabilities £ 000	Net exposure £000
AUD	1,727	465	1,262
CAD	-	2	(2)
CNY	367	101	266
DKK	1,452	1,353	99
EUR	60,124	40,267	19,857
HKD	32	-	32
JPY	723	49	674
SEK	1,397	135	1,262
SGD	1,732	469	1,263
CHF	16	5	11
NZD	11	70	(59)
USD	6,460	5,655	805
	<u>74,041</u>	<u>48,571</u>	<u>25,470</u>

The Group's exposure to foreign currencies held on the Statement of Financial Position could affect the Group's profit or loss. At 31 December 2022 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 £7,322,000 (2021: £2,547,000). This sensitivity analysis is considered to be representative of the Group's position throughout the year.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 (2021: no) credit limits were exceeded during the reporting year, and management does not expect any losses for non-performance by counterparties.

Management reviews aged debtors regularly including any provision for expected credit losses. 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

Operational risk

Operational risk is the risk that the Group will sustain losses as a result of inadequate or failed internal processes, people, systems, or external events. In addition, the Group could also suffer loss through reputational damage arising from operational failures. The Group operates a system of controls which are designed to ensure that operational risks are mitigated and dealt with in a timely manner if they do arise.

Regulatory/legal risk

Regulatory/legal risk is the risk that a change in laws or regulations will materially affect the Group, or the markets in which it operates. The Group is subject to regulations in several different jurisdictions, and currently the pace of change is significant. This may impact the Group either directly or indirectly by reducing clients' appetite for products, or by increasing the capital requirement.

Regulatory developments are continuously monitored and assessed for their impact.

5 Revenue

Group

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

	2022 £ 000	2021 £ 000
Management fees	98,249	88,718
Development fees	8,103	4,982
Transaction fees	4,237	4,400
Performance fees	12,812	7,066
	<u>123,401</u>	<u>105,166</u>

Company

During the year the Company did not receive any dividends (2021: £20,315,000).

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

6 Administrative expenses

Group

	2022 £ 000	2021 £ 000
Staff costs	143,554	107,918
Depreciation on right-of-use assets	4,140	3,446
Depreciation on property, plant and equipment	1,927	1,342
Amortisation expense	7,405	7,145
Foreign exchange (gains)/losses	2,247	425
Profit on disposal of property, plant and equipment	-	(27)
Other administrative expenses	29,433	26,806
	<u>188,706</u>	<u>147,055</u>

Company

The Company's administrative expenses during the year relate to the fair value gain on Clean Energy Partners Holdco LLP and its affiliated entities thereof (collectively, "Glennmont") partner buyout £13,591,000 (2021: £nil) offset by other administrative expenses £2,654,000 (2021: £12,000) recognised through the Statement of Comprehensive Income.

7 Auditors' remuneration

Group

	2022 £ 000	2021 £ 000
Audit of the Company and subsidiary financial statements	<u>1,155</u>	<u>738</u>
Other fees to auditors		
Non-audit services	<u>(1)</u>	<u>2</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Company

	2022 £ 000	2021 £ 000
*Audit of the Company financial statements	233	188
	<u>233</u>	<u>188</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

	2022 £000	2021 £000
Wages and salaries	645	1,619
Other pension costs	63	58
	<u>708</u>	<u>1,677</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:

	2022 £ 000	2021 £ 000
Wages and salaries	454	1,444
Other pension costs	46	46
	<u>500</u>	<u>1,490</u>

During the year, the amount of accrued Directors' emoluments totaled £5,134,000 (2021: £6,926,000). The emoluments are carried at the fair value of the estimated future payments.

Company

The emoluments of D. D. Morton and M. J. L. Sales are paid by Nuveen Administration Limited which makes no recharge to the Company (2021: £nil). The emoluments of O. Salami are paid by the ultimate parent, TIAA with no recharge being made to the Company (2021: £nil). 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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

9 Employee information

Group

The aggregate staff costs were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	113,837	89,605
Social security costs	7,165	4,941
Pension costs, defined contribution scheme	5,907	4,436
Redundancy	8,621	1,610
Other employee expense	8,024	7,326
	<u>143,554</u>	<u>107,918</u>

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

	2022 No.	2021 No.
Support & administration	268	225
Investment professionals	213	172
Business development & marketing	68	57
	<u>549</u>	<u>454</u>

Company

The Company has no employees (2021: nil).

10 Other operating income

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

	2022 £ 000	2021 £ 000
Transfer pricing - related parties	70,369	48,810
Miscellaneous other operating income	1,448	1,988
	<u>71,817</u>	<u>50,798</u>

Transfer pricing income relates to cost plus allocation to other TIAA affiliated entities.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Finance income

Group

	2022 £ 000	2021 £ 000
Finance income		
Other interest receivable	117	3
Total finance income	<u>117</u>	<u>3</u>

12 Finance costs

Group

	2022 £ 000	2021 £ 000
Finance costs		
Other interest expense	685	744
Total finance costs	<u>685</u>	<u>744</u>

13 Income tax expense

a) Analysis of tax charge for the year

Group

Tax charged in the Statement of Comprehensive Income

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	2,885	2,559
Deferred taxation		
Current year deferred tax (credit)/charge	<u>6,639</u>	<u>1,065</u>
Tax charged in the Statement of Comprehensive Income	<u>9,524</u>	<u>3,624</u>

Company

During the year the Company did not incur any income tax expense (2021: £nil).

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

b) Factors affecting the tax charge for the year

Group

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:

	2022 £ 000	2021 £ 000
Profit before tax	<u>5,944</u>	<u>8,168</u>
Tax on profit before tax on ordinary activities at standard corporation tax rate of 19% (2021: 19%)	1,129	1,354
Tax effect of:		
Increase from effect of expenses not deductible in determining taxable profit	1,327	1,358
Increase (decrease) from effect of foreign tax rates	233	(408)
Deferred tax prior year adjustment	6,399	1,065
Short-term timing differences	<u>436</u>	<u>255</u>
Total tax charge	<u><u>9,524</u></u>	<u><u>3,624</u></u>

Factors that may affect future tax charges

On 3 March 2021 it was announced that the UK corporation tax rate would increase from 19% to 25% from 1 April 2023. This change in tax rate was substantively enacted on 24 May 2021. Accordingly, these rates have been considered when calculating the closing deferred tax balances at the Statement of Financial Position date.

14 Financial instruments

Group

Financial assets

Financial assets at fair value through profit or loss

	Carrying value		Fair value	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Other investments	<u>917</u>	<u>757</u>	<u>917</u>	<u>757</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial assets at amortised cost

	<i>Carrying value</i>		<i>Fair value</i>	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	82,309	93,398	82,309	93,398
Trade and other receivables	<u>118,187</u>	<u>70,066</u>	<u>118,187</u>	<u>70,066</u>
	<u>200,496</u>	<u>163,464</u>	<u>200,496</u>	<u>163,464</u>

Financial liabilities

Financial liabilities at amortised cost

	<i>Carrying value</i>		<i>Fair value</i>	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Trade and other payables	<u>130,296</u>	<u>104,853</u>	<u>130,296</u>	<u>104,853</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

15 Property, plant and equipment

Group

Cost	Leasehold improvements £ 000	Office Equipment £ 000	Computer software £ 000	Furniture and fixtures £ 000	Computer hardware £ 000	Total £ 000
At 1 January 2021	1,171	2,891	6,097	479	1,557	12,195
Revaluation recognised in other comprehensive income	(9)	(33)	-	(13)	(3)	(58)
Additions	72	138	125	35	371	741
Disposals	-	(56)	(10)	(68)	(16)	(150)
Acquisition of subsidiary	285	250	-	110	-	645
At 31 December 2021	1,519	3,190	6,212	543	1,909	13,373
Additions	862	94	3,119	346	771	5,192
Translations	(6)	(2)	2	(58)	196	132
At 31 December 2022	2,375	3,282	9,333	831	2,876	18,697
Accumulated Depreciation						
At 1 January 2021	309	2,641	5,224	372	1,137	9,683
Charge for year	277	137	603	53	272	1,342
Eliminated on disposal	-	(55)	-	(62)	(2)	(119)
Foreign exchange movements	(3)	(20)	(4)	(10)	(3)	(40)
Acquisition of subsidiary	133	199	-	68	-	400
At 31 December 2021	716	2,902	5,823	421	1,404	11,266

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Leasehold improvements £ 000	Office Equipment £ 000	Computer software £ 000	Furniture and fixtures £ 000	Computer hardware £ 000	Total £ 000
Charge for the year	390	162	833	88	454	1,927
Translations	(16)	(14)	2	(85)	180	67
At 31 December 2022	1,090	3,050	6,658	424	2,038	13,260
Net Book Value						
At 31 December 2022	1,285	232	2,675	407	838	5,437
At 31 December 2021	803	288	389	122	505	2,107

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

16 Leases

Group

(i) Amounts recognised in the Statement of Financial Position

	2022 £ 000	2021 £ 000
Right-of-use assets		
Buildings	16,713	16,238
Vehicles	139	124
	<u>16,852</u>	<u>16,362</u>
Lease liabilities		
Current	4,286	3,500
Non-current	14,863	14,922
	<u>19,149</u>	<u>18,422</u>

(ii) Amounts recognised in the Statement of Comprehensive Income

	2022 £ 000	2021 £ 000
Depreciation charge on right-of-use assets		
Buildings	4,058	3,356
Vehicles	82	90
	<u>4,140</u>	<u>3,446</u>
Interest expense (included in finance cost)	344	344

The total cash outflow for leases in 2022 was £3,941,000 (2021: £3,568,000).

17 Intangible assets

Group

	Goodwill £ 000	Investment management contracts £ 000	Internally generated software development costs £ 000	Total £ 000
Cost:				
At 1 January 2021	124,610	41,144	-	165,754
Additions	50,449	47,203	-	97,652
At 31 December 2021	<u>175,059</u>	<u>88,347</u>	<u>-</u>	<u>263,406</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Goodwill £ 000	Investment management contracts £ 000	Internally generated software development costs £ 000	Total £ 000
Additions	-	-	384	384
At 31 December 2022	175,059	88,347	384	263,790
Accumulated Amortisation and impairment:				
At 1 January 2021	-	30,891	-	30,891
Amortisation charge	-	7,145	-	7,145
At 31 December 2021	-	38,036	-	38,036
Amortisation charge	-	7,191	214	7,405
Impairment	-	3,560	-	3,560
At 31 December 2022	-	48,787	214	49,001
Net Book Value				
At 31 December 2022	175,059	39,560	170	214,789
At 31 December 2021	175,059	50,311	-	225,370

The future recurring revenues of the purchased investment management contracts ("IMC") have been valued using a discounted cash flow model over the useful economic life of the underlying contracts.

The IMC's are amortised between 1 - 15 years. The remaining amortisation period of the IMCs are between 1 - 15 years.

Development costs that are capitalised as part of the internally generated software include employee costs and an appropriate portion of relevant overheads. Internally generated software is amortised from the point at which the asset is ready for use.

The internally developed software is amortised over a period of 5 years. The remaining amortisation period of the software is between 4 - 5 years.

Amortisation of intangible assets is recognised within administrative expenses. In accordance with IAS 36 'Impairment of Assets' management has calculated the recoverable amount of both goodwill and the investment management contracts via a combination of discounted cash flow and EBITDA valuation models.

The goodwill is not amortised but is subject to an impairment review every year, as and when indicators of impairment exists.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The Group considers itself to have a single cash generating unit to which goodwill is allocated. The recoverable value of goodwill for the Company 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 5 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 pre-tax risk adjusted discount rate of 10% (2021: 12.5%) 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 2022.

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:

The carrying amount of IMC's has been reduced for closed and divested funds, through recognition of an impairment loss. This loss is recognised in the consolidated Statement of Comprehensive Income.

	Current inclusion for impairment review	Cut-off for impairment at each change in inputs
Pre-tax discount rate applied to the cash flow projections	10%	18%
Achievement of Operating Plan	100%	45%
Growth in Perpetuity	3%	(12%)

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.

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 2022 are as follows:

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
TIAA International Holdings 3 Limited	Holding company	201 Bishopsgate, EC2M 3BN United Kingdom	100%	100%
Nuveen Investment Management Limited	Holding company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen FCACO Limited	Holding company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Europe Holdings Limited	Holding company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Group Holdings Limited	Holding company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Administration Limited	Administration company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Investment Management International Limited	Operating company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Nuveen Management AIFM Limited	Operating company	201 Bishopsgate, EC2M 3BN United Kingdom	99%	99%
Henderson European Retail Property Management S.à.r.l	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	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	93.4%	93.4%
Nuveen Management Limited (Jersey)	Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	99%	99%
Nuveen Management Limited (Jersey)	Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	99%	99%

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Nuveen Singapore Private Limited	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 (GP) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Matador LP Partner Limited	General Dormant	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Secretarial Limited	Corporate Services	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Limited	Operations	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Limited	Australia	44 Martin Place, Sydney, NSW 2000 Australia	99%	99%
OMP (GP) Limited	Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP1) Limited	(GP) Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP1) Limited	Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP2) Limited	(GP) Related to OMP fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
UK OM (LP2) Limited	Related to OMP fund	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 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
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%
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 Avenue, 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%
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	Wipplingerstraße 33, 1010 Vienna Austria	99%	99%

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Nuveen Management Finland Oy	Operating company	Mannerheimintie 20, 00100 Helsinki Finland	99%	99%
ERES 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	99%	99%
Tokyo Multifamily Pte Ltd	GP 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 S.à.r.l	Asset Europe	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%
Nuveen Real Estate Debt Partners III (GP) S.à.r.l	Operating company	8 rue Loue Hemmer, L-1748 Senningerberg Luxembourg	99%	99%
Clean Energy Partners Holdco LLP	Holding company	4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%
Glennmont Management Ltd	Asset	Operating company 4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Clean Energy Partners LLP	Operating company	4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%
Glennmont Europe S.à r.l.	REBS Related to Glennmont REBS Europe Fund	412F, route d'Esch, L-2086 Luxembourg	99%	99%
Glennmont Partners III S.à r.l.	Related to Glennmont Clean Energy Fund	412F, route d'Esch, L-2086 Luxembourg	99%	99%
Glennmont Partners IV S.à r.l.	Related to Glennmont Clean Energy Fund	412F, route d'Esch, L-2086 Luxembourg	99%	99%
Clean Energy Partners CEP Services Ltd	Administration company	4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%
Clean Energy Partners CEP2012 Limited	Holding company	4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%
Glennmont Partners I Limited	Related to Glennmont Clean Energy Fund	4th Floor Phoenix House, 1 Station Hill, Reading, RG1 1NB United Kingdom	99%	99%
NRE Storage Portfolio Limited	Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nugreen Services AB	Operating company	Bolagsrätt Sundsvall AB, Box 270, 851 04 Sundsvall, Stockholm Sweden	82%	82%
European Core-Plus Logistics Fund (GP) S.à r.l.	Related to European Logistics Fund	4a rue Henri M Schnadt, L-2530 Gasperich, Luxembourg	99%	99%
Japan Alternatives Living GP Pte. Ltd	Holding company	1 George Street, #14-05 One George Street, Singapore (049145)	99%	99%
Nuveen GmbH	Switzerland Operating company	Fraumünsterstrasse 16, Level 1, FlexOffice, Fraumünster, 8001, Zürich	99%	0%

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
European Renewable Infrastructure S.à r.l.	Core Related to European Core Renewable Fund	8 rue Lou Hemmer, 1748 Senningerberg, Luxembourg	99%	0%
Nuveen Transition Fund II GP S.a.r.l.	Energy Operating company European	6, rue Gabirel Lippmann, L-5365 Munsbach, Luxembourg	99%	0%

Subsidiaries exempt from audit

The following subsidiary undertakings are exempt from the requirements of the Companies Act 2006 relating to the audit of financial statements 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 31/03/2023

OMP (GP) Limited - SC344934

UK OM (LP1) (GP) Limited - 06605589

UK OM (LP2) (GP) Limited - 06605594

UK OM (LP3) (GP) Limited - 06605608

For financial year ending 30/09/2023

CLOF II (GP) Limited - SC376961

For financial year ending 31/12/2023

Clean Energy Partners CEP2012 Limited - 08224625

Clean Energy Partners CEP Services Ltd - 08209483

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 financial statements 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 financial statements 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 31/12/2022

Matador LP General Partner Limited - SC286874

Nuveen Corporate Secretarial Services Limited - 08938611

Nuveen Operations Limited - 09084229

NRE Storage Portfolio Limited - 13694452

For financial year ending 31/03/2023

UK OM (LP1) Limited - 06605586

UK OM (LP2) Limited - 06605579

UK OM (LP3) Limited - 06605583

Company	
Subsidiaries	£ 000
Cost:	
At 1 January 2022	309,588
At 31 December 2022	309,588
Net Book Value	
At 31 December 2022	309,588
At 31 December 2021	309,588

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 9.5, plus the net assets. The Group presumes 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. Furthermore, the similar investments' enterprise value must also support the transfer without assuming any individual investment's carrying value above its cost otherwise, an impairment may be recognised. At 31 December 2022 it has been determined that the carrying value of each investment is less than the enterprise value and therefore no impairment is required.

19 Other investments

	2022 £000	2021 £000
<i>Unquoted</i>		
Debt securities	917	757
	<u>917</u>	<u>757</u>

The investment in debt securities classified for sale relates to investments in Asia Pacific Cities Fund - £848,000 (2021: £718,000), Glennmont - £53,000 (2021: £26,000), LOOP IV - £8,000 (2021: £7,000) and China Outlet Mall Fund - £8,000 (2021: £6,000).

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:

	2022 £000	2021 £000
Australian Dollars	761	640
United States Dollars	102	91
European Euro	54	26
	<u>917</u>	<u>757</u>

The table below shows the movement in other investments during the year.

	2022 £000	2021 £000
Opening balance	757	655
Additions	25	57
Net fair value movements through profit or loss	96	104
Translations	39	(59)
	<u>917</u>	<u>757</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

20 Trade and other receivables

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
<i>Current</i>				
Trade receivables	48,131	10,687	-	-
Amounts owed by related parties	5,415	3,683	5,673	1,228
Accrued income	61,766	52,077	366	429
Prepayments	696	587	-	-
Other receivables	2,102	3,032	-	-
	<u>118,110</u>	<u>70,066</u>	<u>6,039</u>	<u>1,657</u>
<i>Non-current</i>				
Long-term loans	77	-	-	-
	<u>118,187</u>	<u>70,066</u>	<u>6,039</u>	<u>1,657</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 credit risk section of note 4, Capital resources and risk management.

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

21 Deferred tax liability

Deferred tax is recognised in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. All of the movements in deferred taxation are charged through the Statement of Comprehensive Income as there are not any unrecognised temporary differences.

The analysis of the Group's recognised temporary differences are as follows:

Group - Deferred tax

	2022 £ 000	2021 £ 000
Provision at the start of the year	(1,065)	-
Release of bonus accruals	(2,442)	-
Tax losses	(3,941)	-
Accelerated capital allowances	<u>(255)</u>	<u>(1,065)</u>
Provision at end of year	<u>(7,703)</u>	<u>(1,065)</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The deferred tax liability of £7,703,000 (2021: £1,065,000) has arisen as a result of the origination of temporary differences in relation to the timing of bonus accruals, tax losses, and accelerated capital allowances to the extent that the realisation of the related tax benefit through future taxable profits is probable.

22 Cash and cash equivalents

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Cash at bank	82,309	93,398	2,122	1,189

23 Called up share capital

Group and company

Authorised

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	600	600	600	600

Allotted, called up and fully paid shares

	2022		2021	
	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

	2022 £ 000	2021 £ 000
Share premium account	202,163	202,163
	<u>202,163</u>	<u>202,163</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

25 Parent and ultimate parent undertaking

The company's immediate parent is Nuveen Real Estate Global LLC which consolidates to Nuveen, LLC, a wholly owned subsidiary of Teachers Insurance and Annuity Association. These financial statements are available upon request from:

730 Third Avenue
New York
NY10017
United States of America

The ultimate controlling party is TIAA.

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	
	2022	2021
	£ 000	£ 000
Non-current assets	210,184	210,284
Current assets	1,314	459
	<u>211,498</u>	<u>210,743</u>
Current liabilities	824	1
Net assets	<u>210,674</u>	<u>210,742</u>
(Loss)/profit before tax	<u>(70)</u>	<u>1,765</u>
Accumulated non-controlling interest	<u>203</u>	<u>310</u>

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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

	2022 £000	2021 £000
Opening balance	(643)	(411)
Non-controlling share of comprehensive profit for the year	(15)	39
Dividends paid to non-controlling interests during the year	-	(271)
Closing balance	(658)	(643)

27 Trade and other payables

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
<i>Current</i>				
Accrued expenses	22,613	15,075	113	104
Accrued bonus	69,204	42,931	192	-
Other payables	7,617	2,898	-	-
Amounts due to related parties	-	-	9,172	1,837
	<u>99,434</u>	<u>60,904</u>	<u>9,477</u>	<u>1,941</u>
<i>Non-current</i>				
Accruals and deferred income	192	656	-	-
Deferred consideration	30,670	43,293	18,093	31,277
	<u>30,862</u>	<u>43,949</u>	<u>18,093</u>	<u>31,277</u>

Deferred consideration includes £17,879,000 (2021: £31,277,000) relating to TIH 2's purchase of Glennmont. The remaining portion relates to the Group's employee long-term performance plan.

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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

28 Provisions

Group

	2022 £ 000
At 1 January 2022	64
Additional provisions	761
At 31 December 2022	825
Current liabilities	825

A provision has been raised during the year for £761,000 (2021: £46,000) in relation to an amount that was due to be settled to related parties as part of the consideration for the Glennmont acquisition and an amount due to German tax authorities. The Group has determined that it is probable it is still due to be paid.

Company

	2022 £ 000
At 1 January 2022	470
Additions - provision for Glennmont Partners II loss allocation	26
At 31 December 2022	496
Current liabilities	496

A provision has been raised during the year for £26,000 (2021: £470,000) in relation to an amount that was due to be settled to related parties as part of the consideration for the Glennmont acquisition. The Company has determined that it is probable it is still due to be paid.

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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The following amounts were payable at year end:

	2022 £000	2021 £000
<i>Amounts receivable from/(payable to) other related parties:</i>		
Nuveen Alternative Advisors LLC	43,629	21,882
TIAA	1,137	3,354
TIAA International Holdings 1 Limited	945	989
Gresham Investment Management London LLC	11,746	159
Nuveen Hong Kong Limited	55	22
Nuveen Japan Limited	423	420
Westchester	150	82
Nuveen Korea Co Limited	1	-
Nuveen Services, LLC	158	-
TIAA Real Estate Account	174	-
Nuveen Alternative Advisors LLC	-	(19)
Nuveen Japan Co Limited	(1,445)	(765)
Nuveen Hong Kong Limited	(2,125)	(1,018)
	<u>54,848</u>	<u>25,106</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.

TIAA International Holdings 2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

30 Commitments

Group

Other than the commitments under leases disclosed in note 16 and deferred consideration in note 19, the Group and Company have no further commitments.

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.

	2022 £ 000	2021 £ 000
Not later than one year	185	132
Later than one year but not more than five years	-	16
	<u>185</u>	<u>148</u>

32 Events after the reporting period

No events occurred after the Statement of Financial Position date that have a material impact on the financial statements. The Directors have not received any further information as at the approval date which has not been reflected in the financial statements presented.

TIAA International Holdings 2 Limited

Historical Cost Basis U.S. GAAP (unaudited)

The consolidated financial statements of the Group and Company are prepared in accordance with UK-adopted international accounting standards 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 UK-adopted international accounting standards and the historical cost basis of accounting of US GAAP for year ended 31 December 2022.

	UK-adopted international accounting standards		U.S. GAAP	
	2022 £ 000	2021 £ 000	2022 £000	2021 £000
Non-current assets	238,145	244,602	238,145	244,602
Current assets	203,412	165,183	203,412	165,183
Total assets	441,557	409,785	441,557	409,785
Non-current liabilities	53,428	59,936	53,428	59,936
Current liabilities	104,545	64,468	104,545	64,468
Total liabilities	157,973	124,404	157,973	124,404
Net assets	283,584	285,381	283,584	285,381
Profit before tax	5,944	8,168	5,944	8,168