

Registration number: SC376961

# CLOF II (GP) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 30 September 2020



## **CLOF II (GP) Limited**

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## **CLOF II (GP) Limited**

### **Company Information**

<b>Directors</b>	N. I. Bartram
	A. McLennan
	M. H. Neal
<b>Company secretary</b>	Nuveen Corporate Secretarial Services Limited
<b>Registered office</b>	50 Lothian Road Festival Square Edinburgh EH3 9WJ
<b>Bankers</b>	National Westminster Bank Plc Western Avenue, Waterside Court Chatham Maritime, Chatham ME4 4RT

## **CLOF II (GP) Limited**

### **Directors' Report for the Year Ended 30 September 2020**

The Directors present their report and the unaudited financial statements for the year ended 30 September 2020.

#### **Principal activity**

The Company is a wholly owned subsidiary of Nuveen Group Holdings Limited, which in turn is a wholly owned subsidiary of Nuveen Real Estate Limited ("NRE" or "the Group"). The Company's purpose is to act as a General Partner of the CLOF II Partnership LP (the "Limited Partnership"), a Scottish Limited Partnership which was established on 21 April 2010.

#### **Results and Dividends**

The profit for the year ended 30 September 2020 amounted to £19,753 (2019: £8,767). The Directors do not recommend payment of a dividend (2019: nil).

#### **Directors**

The Directors who were in office during the year ended 30 September 2020 and up to the date of signing the financial statements were as follows:

N. I. Bartram

M. R. C. Carpenter (resigned 31 December 2020)

A. McLennan

The following director was appointed after the year end:

M. H. Neal (appointed 31 December 2020)

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

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

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

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

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

#### **Going Concern**

The partnership is expected to wind down by 31 December 2021, however, it is expected that the Company will continue to operate for the foreseeable future, hence these financial statements have been prepared on a going concern basis.

## **CLOF II (GP) Limited**

### **Directors' Report for the Year Ended 30 September 2020 (continued)**

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

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

#### Operational impact

Although the nature and impact of the COVID-19 pandemic was not predicted, the Company's Business Continuity Plan was deployed swiftly and delivered an effective response in the context of the rapid development of government guidance, policies and legislation in which it operates in.

#### Communications

The worldwide impact of the pandemic on working practices meant that we had to employ alternative ways of communicating with stakeholders. We have a significant increase in the use of video calling systems as well as communicating with stakeholders early in the crisis to provide a comprehensive update and reassurance on the Company's response to the developing situation.

#### Conclusion

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

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

## CLOF II (GP) Limited

### Directors' Report for the Year Ended 30 September 2020 (continued)

#### Statement of Directors responsibilities

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

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

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

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

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

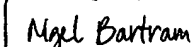
The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the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

#### Small Companies Exemption

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 for the requirement to prepare a Strategic Report for the year.

Approved by the Board of Directors on 15/08/21 and signed on its behalf by:

DocuSigned by:



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N. I. Bartram

Director

## CLOF II (GP) Limited

### Statement of Comprehensive Income for the Year Ended 30 September 2020

	Note	2020 £	2019 £
Revenue	4	20,000	20,000
Administrative expenses	5	-	(11,052)
Operating profit		20,000	8,948
Finance income	6	116	92
Finance costs	7	(363)	(273)
Profit before tax		19,753	8,767
Profit and total comprehensive income for the financial year		<u>19,753</u>	<u>8,767</u>

The above results were derived from continuing operations.

The notes on pages 8 to 17 are an integral part of these financial statements.

**CLOF II (GP) Limited**  
**(Registration number: SC376961)**  
**Statement of Financial Position as at 30 September 2020**

	Note	30 September 2020 £	30 September 2019 £
<b>Current assets</b>			
Trade and other receivables	9	15,376	50,376
Cash and cash equivalents		<u>65,781</u>	<u>11,028</u>
<b>Net current assets</b>		<u><b>81,157</b></u>	<u><b>61,404</b></u>
<b>Equity</b>			
Called up share capital	10	1	1
Retained earnings		<u>81,156</u>	<u>61,403</u>
<b>Total shareholders' funds</b>		<u><b>81,157</b></u>	<u><b>61,404</b></u>

The notes on pages 8 to 17 form an integral part of these financial statements.

For the financial year ending 30 September 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 5 to 17 were approved by the Board of Directors on 15/03/21 and signed on its behalf by:

DocuSigned by:

*Nigel Bartram*

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N. I. Bartram

Director



# **CLOF II (GP) Limited**

## **Statement of Changes in Equity for the Year Ended 30 September 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total shareholders' funds £</b>
<b>Balance at 1 October 2018</b>	<b>1</b>	<b>52,636</b>	<b>52,637</b>
Total comprehensive income for the year	-	8,767	8,767
<b>Balance as at 30 September 2019</b>	<b>1</b>	<b>61,403</b>	<b>61,404</b>
Total comprehensive income for the year	-	19,753	19,753
<b>Balance as at 30 September 2020</b>	<b>1</b>	<b>81,156</b>	<b>81,157</b>

The notes on pages 8 to 17 form an integral part of these financial statements.

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020**

#### **1 General information**

CLOF II (GP) Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company was established in Scotland on 16 April 2010.

The address of its registered office is:  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

The business of the Company is and shall be its participation as the General Partner in the CLOF II Partnership LP (the "Limited Partnership"), a Scottish Limited Partnership which was established on 21 April 2010. The conduct of the business, affairs and management of the Partnership as the General Partner of the same in accordance with the Limited Partnership Agreement and all matters ancillary to such business.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

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

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

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

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

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 (share capital);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)**

#### **2 Accounting policies (continued)**

- 111 (cash flow statement information), and
- 134-136 (capital management disclosures) if not a financial position.
- IAS 7, 'Statement of cash flows' exemption from preparing statement of cash flows and related notes;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Group; and
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.
- IFRS 7, 'Financial instruments: Disclosures'.

#### **Strategic Report**

A strategic report has not been included in these unaudited financial statements as the Company qualifies for exemption as a small entity under section 414B of the Companies Act 2006 relating to small entities.

#### **Going concern**

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

#### **Consolidation**

The Company is a wholly owned subsidiary of Nuveen Real Estate Limited ("NRE"). NRE is 99% owned by TIAA International Holdings 3 Limited. TIAA International Holdings 3 Limited is wholly owned by TIAA International Holdings 2 Limited. It is included in the consolidated financial statements of TIAA International Holdings 2 Limited which are publicly available upon request from 5 Market Yard Mews, 194-204 Bermondsey Street, London, England, SE1 3TQ. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

#### **New Standards, amendments and IFRIC Interpretations not yet effective**

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company. The application of these new standards, amendments and interpretations are not expected to have a significant impact on these financial statements.

#### **Changes in accounting policies**

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

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

###### *a) Functional and presentation currency*

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

###### *(b) Transactions and balances*

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

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

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

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

###### **• Financial assets**

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

###### **• Financial liabilities**

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

###### **• Derecognition**

The Company 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 Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are extinguished, discharged or cancelled or have expired.

###### **• Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

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

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

##### **Called up 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 measurements is on a present value basis.

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Current and deferred tax**

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

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

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

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

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

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

## **CLOF II (GP) Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

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

In the years ending 30 September 2020 and 2019, the Company, in its role as General Partner, received income of £20,000 per annum. The Company has first charge on the profits of the LP, and will continue to receive this income for the life of the fund.

##### **Finance income and expense policy**

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

##### **Administrative expenses**

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

##### **Trade receivables**

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

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

#### **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.

## CLOF II (GP) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)

#### 3 Critical accounting estimates and judgements (continued)

##### 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 and judgements 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. There are no critical accounting estimates and judgements within these financial statements.

#### 4 Revenue

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

	2020 £	2019 £
General Partner's Share	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

#### 5 Administrative expenses

Operating profit is stated after charging:

	2020 £	2019 £
Legal and professional fees	-	6,321
Auditors' remuneration	-	3,100
Irrecoverable indirect tax	-	1,631
	<u>-</u>	<u>11,052</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.

##### Employees and Directors

The emoluments of the Directors are paid by Nuveen Administration Limited which makes no recharge to the Company. The Directors perform their services for various group entities and the apportionment of their emoluments in respect of this company is immaterial. Total emoluments details are disclosed in the financial statements of Nuveen Administration Limited.

There were no individuals employed by the Company during the year (2019: nil). All other staff performing duties to the Company are employed and compensated by its subsidiary, Nuveen Administration Limited, which makes no recharge to the Company.



**CLOF II (GP) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020  
(continued)**

**6 Finance income**

	2020 £	2019 £
Interest income on bank deposits	116	92
	<u>116</u>	<u>92</u>

**7 Finance costs**

	2020 £	2019 £
Bank charges	363	273
	<u>363</u>	<u>273</u>

**CLOF II (GP) Limited****Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020  
(continued)****8 Income tax expense****Factors affecting tax charge for the year**

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

	<b>2020</b> £	<b>2019</b> £
Profit before income tax	<u>19,753</u>	<u>8,767</u>
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2019: 19%)	3,753	1,665
<b>Tax effect of:</b>		
Decrease (increase) from effect of revenues exempt from taxation	(3,753)	(3,800)
Increase (decrease) from effect of unrelieved tax losses carried forward	-	533
Interest allocation from partnership	-	311
Effects of group relief/other reliefs	<u>-</u>	<u>1,291</u>
Total tax charge	<u>-</u>	<u>-</u>

**9 Trade and other receivables**

	<b>30 September</b> <b>2020</b> £	<b>30 September</b> <b>2019</b> £
Amounts receivable from related parties	<u>15,376</u>	<u>50,376</u>
	<u>15,376</u>	<u>50,376</u>

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

**10 Called up share capital**

	<b>2020</b> £	<b>2019</b> £
<b>Ordinary shares of £1 Each</b>		
<u>Allotted and fully paid</u>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

## CLOF II (GP) Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 September 2020 (continued)

#### 11 Related party transactions

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

##### Receivables from related parties

	30 September 2020 £	30 September 2019 £
CLOF II Partnership LP	15,375	50,375
	<u>15,375</u>	<u>50,375</u>

#### 12 Events after the reporting period

The partnership is expected to wind down by 31 December 2021, however, it is expected the Company will continue to operate for the foreseeable future, hence these financial statements have been prepared on a going concern basis.

No events occurred after the balance sheet 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 as presented.

#### 13 Parent and ultimate parent undertaking

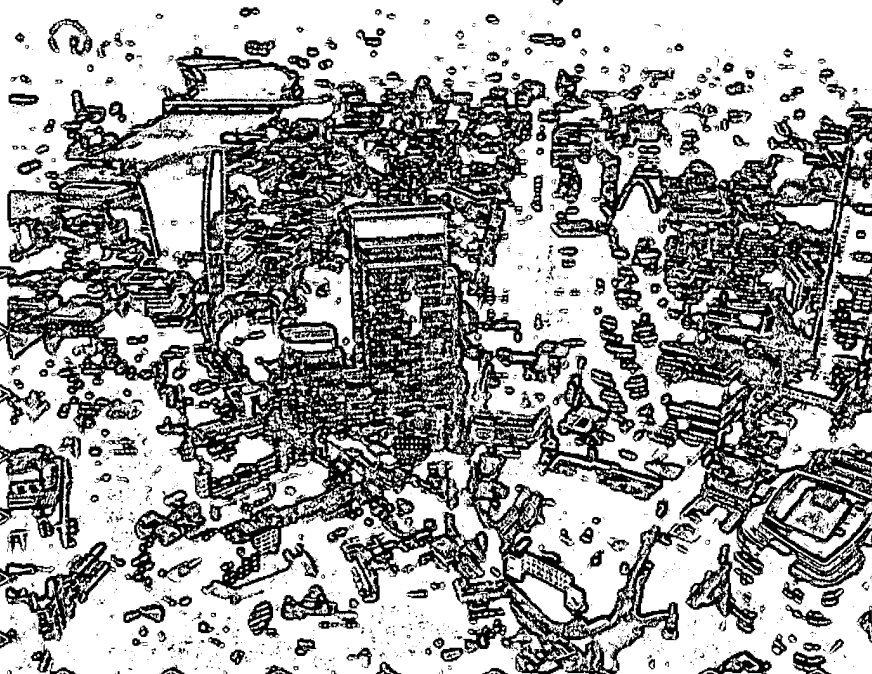
The Company's immediate parent is Nuveen Group Holdings Limited, a limited liability company incorporated in the United Kingdom. The ultimate undertaking and controlling party and largest group to consolidate these financial statements is Teachers Insurance and Annuity Association. These financial statements are available upon request from 730 Third Avenue, New York, NY 10017. TIAA International Holdings 2 Limited is the parent undertaking of the smallest group to consolidate these financial statements in the United Kingdom. The consolidated financial statements of TIAA International Holdings 2 Limited can be obtained from 5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ.

**nuveen**  
REAL ESTATE

# CLOF II Partnership LP

## *Annual report*

& consolidated financial statements for the year ended 30 September 2020



## **Fund Report**

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## *Fund*

The CLOF II Partnership LP ("the Partnership") is a sterling-denominated, closed-ended limited partnership established in Scotland on 21 April 2010. The Partnership and its subsidiaries, along with CLOF II Luxembourg Sarl, are consolidated to form the CLOF II Fund ("the Fund").

The original life of the Fund and Partnership was five years from 28 May 2010 (the first Closing Date), with an additional period of up to two years to dispose of the assets; however, the wind down period has been extended three times: originally to 30 September 2017, then to 30 September 2018, then to 31 December 2020 to provide sufficient time to complete the Vanquish transaction, repatriate the proceeds to the limited partners and liquidate the Partnership's entities. The Partnership is therefore in its wind down period and a central part of the ongoing strategy is the optimal timing of sale for the remaining assets within the Fund.

The Fund was established to provide investors with the opportunity of gaining exposure to a diversified pool of Central London office investments in a competitive and specialised market where large lot sizes make it difficult for all but the largest investors to create a fully diversified portfolio directly. The Fund has an active management bias and seeks to add value within a controlled risk framework.

## *Fund objective*

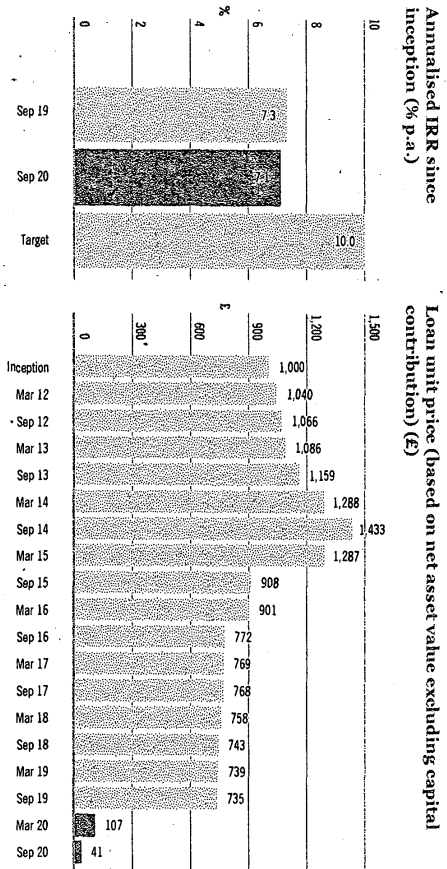
The Partnership seeks to deliver a target annualised and compounded IRR of 10% per annum on invested capital over the life of the Partnership. The target return is stated after all costs and expenses, including Manager's fees and debt servicing costs, but before tax and performance related fees.

## Financial highlights

	30 September 2020	30 September 2019
Loan unit price (based on net asset value excluding capital contributions)	£4.105	£734.80
Number of loan units in issue	98,620,497.6	98,620,497.6
Net Asset Value	£4.05m	£72.47m
Gross Asset Value	£5.08m	£75.49m
Value of Investments		£74.41m
Capital distribution	£69.00m	
Gross yield on year end net asset value*	0.0%	0.0%
Annualised IRR since inception	7.1%	7.3%
Target annualised IRR since inception	10.0%	10.0%

Source: Nuveen Real Estate  
\*Gross yield is based on income distribution paid in the year.

## Fund performance



Source: Nuveen Real Estate  
Please note that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise and the investor may not get back the amount originally invested. It should be noted that in certain circumstances it may be difficult or impossible to realise an investment because the real property concerned is not readily salable. Furthermore, the value of the real property concerned is generally a matter of a valuer's opinion.

## **Nuveen Real Estate Management Limited**

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The Property Adviser in the United Kingdom is Nuveen Real Estate Management Limited, a wholly owned subsidiary of Nuveen Real Estate. Nuveen Real Estate is a name under which Nuveen Real Estate Limited provides investment products and services.

## **Nuveen Real Estate company profile**

Nuveen Real Estate is one of the largest real estate investment managers in the world, managing a suite of funds and mandates across public and private investments, and spanning both debt and equity across diverse geographies and investment styles. With over 80 years of real estate investing experience and more than 660 employees located in 25+ cities globally, the platform offers unparalleled geographic reach, which is married with deep sector experience.

Nuveen Real Estate's investment, asset management and corporate strategies are driven by an understanding of the structural trends which shape the future of real estate and responsible investing beyond market cycles. This "Tomorrow's World" approach sits at the core of Nuveen Real Estate's investment process and business operations, informing their long-term view of real estate investments.

**For further information, please visit us at [nuveenglobal.com](http://nuveenglobal.com)**

As at 30 September 2020.



## The General Partner

**27/03/2018 10:57**

The General Partner of the Partnership remains CLOF II (GP) Limited. The General Partner is a wholly owned subsidiary of Nuveen Real Estate Limited. The Board of the General Partner is:

<b>N.I. Bartram</b>	Director of Finance, Nuveen Real Estate
<b>M.R.C. Carpenter</b>	Director of Investment, Nuveen Real Estate
<b>A. McLennan</b>	Director of Janus Henderson UK Property PAIF, Nuveen Real Estate

## The Alternative Investment Fund Manager

The Alternative Investment Fund Manager (AIFM) to the Partnership is Nuveen Property UK AIFM Limited, a wholly owned subsidiary of Nuveen Real Estate which is regulated by the Financial Conduct Authority in the UK.

There were no changes to the key members of the team providing services to the Partnership.

## The Alternative Investment Fund Manager (continued)



**Michael Neal**  
Chief Investment Officer



**Peter Neal**  
Fund Manager



**Geoff Harris**  
Head of Development



**Alex Williamson**  
Investment Manager



**Ray Adderley**  
Head of Performance  
& Investment Process



**Andrew Rippingale**  
Head of Finance



**Abigail Dean**  
Head of Sustainability



**Andy Schofield**  
Director of Research



**Claire Tily**  
Head of Client Services



**Wayne Saville**  
Senior Client Services Manager

# General Partner's and strategic report

**Introduction**

## Introduction

The CLOF II Partnership ("The Partnership") is a closed-ended Limited Partnership which was created to allow institutional investors to access the Central London office market. It has been operational since May 2010 with a five-year life from the first closing date on 28 May 2010, followed by a two year disposal period. The Partnership's liquidation period has been extended to September 2022 to allow sufficient time for the final distribution from Vanquish Properties (UK) Limited Partnership ("Vanquish Partnership") to be received and for The Partnership's structure to be liquidated.

As a consequence of the Partnership having entered its liquidation period, the basis of accounting is undertaken on a non-going concern basis which requires that all investments be held for sale within current assets at their net realisable value. All costs of liquidating the Partnership have been accrued for in the Partnership accounts until September 2022. It is anticipated that the liquidation process will be completed no later than September 2022.

The sale of CLOF II Partnership LP's interest in the Vanquish Partnership to The Prudential Mutual Assurance Company ("Prudential") completed on 4 October 2019 for a gross sales price of £351m.

The sale was subject to two retentions: the first of these relates to value engineering opportunities and totals £4.5m; the second relates to demolition progress and totals £4.25m. Both retention amounts were agreed with the Prudential shortly after the year end and £9.5 m was subsequently released from Escrow and distributed to investors in the Vanquish Partnership.

Following the sale and the completion of the associated true-up process, distributions totalling £62m and £7m were made in November 2019 and May 2020, respectively. Following receipt of the Partnership's share of the retention distribution from Vanquish Partnership, some £3m was distributed to investors in the Partnership in December 2020.

## Performance

The investment objective of the Partnership is to deliver a target annualised and compounded IRR of 10% per annum on invested capital over the life of the Partnership by investing in real estate in Central London which complies with the approved investment and operating criteria. The target return is a net return and is stated after all fees and expenses at the Partnership level, but before performance fees and taxes paid by or withheld on behalf of investors.

The total return for the 12 months to 30 September 2020 was -3.0%. The annualised IRR from inception to 30 September 2020 is 7.1% (measured on invested equity reflecting the impact of acquisition and set-up costs) before allowance for performance fees. This has decreased over the past year from 0.2%, reflecting the 12 month return to September 2019 and the passage of time.

The Partnership did not make any income distributions during the 12 month period to 30 September 2020.

## Debt

Following completion of the sale, The Vanquish Partnership's external debt financing from PBB totalling £95.5m was repaid in full.

Loans from Aimco and CLOF to the Vanquish Partnership to enable the business plan to be implemented during 2019 were also repaid following completion of the sale.

## Strategy

The objective of the Partnership to the year-end September 2019 has been to return sale proceeds to investors in a timely manner while retaining sufficient working capital within the Partnership to enable an orderly wind up of its structure. This objective has largely been achieved with the significant majority of sales proceeds having now been distributed to the Partnership's investors.

Strategy will now focus on the liquidation of the Partnership structure. A professional team has been assembled to advise the Manager on this process.

Two further distributions are planned from the Partnership – the first when the final Vanquish Partnership distribution is received, scheduled for Q1 2021, and a final distribution of any residual net assets once the Partnership liquidation process has been concluded.

# General Partner's and strategic report

## (continued)

### **Nuveen Real Estate**

TIAA acquired 100% ownership of Nuveen Real Estate (previously TH Real Estate) in 2015. TIAA is the parent company of Nuveen, which, as the asset management platform for TIAA, manages over \$973bn of assets with capabilities across all public and private asset classes. On 7 January 2019 TH Real Estate was renamed and rebranded as Nuveen Real Estate.

### **United Kingdom's (UK) departure from the European Union (EU) ("Brexit")**

On the 24th December, the UK and EU signed a trade deal following the UK's departure from the bloc. The agreement maintains a relationship with its principal economic partners, aims to provide zero tariffs and quotas on all goods, room for an amicable divorce and leaves the door open to future co-operation. However, in services, details look very light. There is much talk about 'equivalence', but with the UK out of the single market and customs union, it is feared the new arrangements will make it harder and more expensive to trade and invest across the Channel, on both sides. It would seem Brexit is far from done. It will take time for the dust to settle following the agreement. The economic consequences are still unclear, and for now, remain overshadowed by the pandemic, and the unknown impact upon business behaviour. However, it is not expected that Brexit should have a detrimental impact on the Partnership, as the majority of the Vanquish sale proceeds were received after the Balance Sheet date, with the remainder (rates refunds from the City of London Corporation) unlikely to be impacted by the terms of any departure agreement.

### **COVID-19**

Nuveen Real Estate has put in place substantive measures to mitigate the impact of Covid-19 upon the operations of the Partnership. This strategy has been successfully implemented, but it will require continued review and adaption given the longevity and potentially larger economic and business implications resulting from multiple waves of the virus.

### **CLOF II (GP) Limited**

# Investment Manager's report

## Market overview

At the time of finalising this report, activity in the occupational and investment markets in Central London has significantly reduced as a consequence of the COVID-19 coronavirus pandemic.

The occupational market has been particularly impacted by the pandemic with occupiers electing to defer decision making on taking up new leases where possible. Leasing volumes across central London were significantly down at 2.7 m sq ft for the 9 months to September 2020, in comparison to 7.2 m sq ft, a decline of over 60%, for the 9 months to September 2019.

In parallel with this significant contraction in take up has been a rise in the supply side. As at September 2020, the overall availability of new space in the City including all space under construction totalled 2.7 million sq ft while secondary availability totalled 3.7 million sq ft. Both figures have increased significantly from pre-pandemic levels and generate a vacancy rate of 11.1% as at September 2020 relative to 8.9% as at January 2020.

Headline rents have reduced and market incentives increased as a result of the market imbalance - the extent of the changes in the market are challenging to determine given the reduced volume of transactions however the Nuveen research view is that prime rents in the City of London have reduced from £70 per sq ft to £68.50 per sq ft, and rent free periods increased from 24 months to 27 months (for a 10 year lease) during the calendar year to December 2020.

The investment market has seen significantly reduced volumes as a result of the pandemic. Transactions in the prime end of the market have made up the majority of investment activity with very few examples of successful sales of secondary assets. The pricing for prime assets has remained broadly unchanged while secondary assets have seen reductions in value, albeit the extent of such reductions are challenging to quantify given the lack of transaction evidence.

Nevertheless, we remain optimistic about the medium-term outlook for the Central London office market with current economic uncertainty expected to discourage speculative refurbishment and development activity. We also expect the economic uncertainty to reinforce longer-term market trends with tenants favouring buildings that address occupier demands for high quality design, amenities and flexibility.

## Fund overview

Sale of the Partnership's sole remaining investment in the Vanquish Partnership completed on 4 October 2020. The transaction involved the sale by all three owners of the Vanquish Partnership to Prudential Assurance Company Ltd (advised by M&G) for a gross sales price of £351m, before completion adjustments. The transaction was structured as a simultaneous exchange and completion. A building contract was entered into by the purchaser at the same time, *providing cost certainty and avoiding the need for more significant retentions linked to the final construction cost*. However, retention amounts totalling £8.75m were agreed by the vendor consortium linked to demolition-related risks and the achievability of value engineering cost savings adopted in the bid cashflow.

A final total of £9.5m was agreed with the Prudential made up of £3.75m for the demolition retention and £5.75m for the value engineering retention. A distribution of £9.5 m from the Vanquish Partnership was made in December 2020 to investors in the Vanquish Partnership.

While some £0.5m was retained by the Prudential from the demolition retention as a result of the discovery of asbestos on site, the recovery under the value engineering retention was ahead of original expectations.

A final distribution from the Vanquish Partnership is scheduled for Q1 2021 on receipt of a business rates refund from the City of London Corporation.

## True-up

The purchase and sale agreement provided for a formal true-up process to be followed. This process concluded during the first quarter of 2020 with a net receipt of £0.6m distributed to CLOF II Partnership.

## Debt management

The Partnership does not have any direct exposure to debt. The Partnership had exposure to debt via its investment in the Vanquish Partnership; however, this loan was repaid in full following completion of the disposal of Vanquish on 4 October 2019.

# Investment Manager's report (continued)

## Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury

In connection with the aborted sale of the Vanquish Partnership to Chinese Consortium "Fine Ahead Limited" in 2018, there is currently £1.3m of funds frozen in the escrow account set up with JP Morgan which requires OFAC's approval to release the funds. Taking into account the current status of U.S. policy relating to Iran, the change to the U.S. administration, the pandemic, and OFAC's general approach it is likely that the process with OFAC will continue for some time.

The escrow amount is held pursuant to the Escrow Deed entered into between the sellers (CLOF, CLOF II and AIMCo), the purchasers (Fine Ahead) and the Vanquish Partnership (now owned by M&G). On termination of the SPA for failure to satisfy the ROL Condition: (a) the Escrow Agent is to return the balance of the sums held by it and (b) the sellers are to repay amounts used by Vanquish to fund the ROL deeds (and other matters). These amounts have been repaid to Fine Ahead save for the £1.3m frozen by OFAC. Interest of 4% above the base rate for the time being of Barclays Bank plc is due on late payments under the Escrow Deed. CLOF II therefore potentially remains liable for its 1/3 share of £1.3 m (plus interest) to Fine Ahead. For this reason, a provision is reflected in CLOF II's accounts.

K&L Gates' sanction lawyers in Washington DC are advising the Vanquish Partnership and an application for recovery of the funds to OFAC has been made (on behalf of Fine Ahead Limited). K&L Gates have made routine contact with OFAC in relation to the application however to date have received limited engagement from OFAC.

K&L Gates opinion is that it is difficult to give a meaningful assessment of the likelihood of the claim being successful and the length of time required for processing is highly unpredictable. The Partnership remains potentially liable to Fine Ahead Limited for its share of the £1.3m, and as a result an accrual of £0.43m is held in the Partnership's financial statements.

Nuveen Real Estate will continue to work closely with K&L Gates on this subject as a matter of priority.

## Partnership Liquidation

In light of the protracted timeline associated with the sale of the Vanquish Partnership and the release of the retentions, it has been necessary to extend the Partnership liquidation period from December 2020 to September 2022. Following an investor communication in December 2020, 100% of investor support was received for this strategy.

A professional team has been assembled to advise the Manager on the liquidation of the Partnership. This team includes Deloitte, Hogan Lovells, Burness Paul and Mourant.

The liquidation will commence with the asset holding structures, followed by the Luxembourg structure, the main Partnership and finally the CLOF II JPUT feeder structure. The liquidation timetable proposed is driven by the liquidation regimes in each country that the fund structure has exposure to (Scotland, England, Luxembourg and Jersey).

## CLOF II Partnership strategy

The principal strategy of the Partnership for the year to September 2020 has been to distribute the sales proceeds to its investors in a timely manner. This strategy has been substantially achieved with the majority of sales proceeds having been received from the Vanquish Partnership and subsequently distributed to Partnership Investors.

A final distribution is anticipated from the Vanquish Partnership in relation to a business rates refund and the intention will be to make an onward distribution to Partnership investors once received.

Liquidating the Partnership structure is the priority for 2021. In parallel with this work stream, concluding an agreement with Fine Ahead Limited in relation to the Partnership's liability associated with the capital held in the JP Morgan bank account remains a strategic priority.

# Investment Manager's report (continued)

## Alternative Investment Fund Managers Directive

### Alternative Investment Fund Managers Directive

The AIFMD imposes certain remuneration disclosures requirements to be made by the managers of the AIF's which they manage. These include disclosing the remuneration, both fixed and variable, paid by the Manager to its Code Staff.

Code Staff are defined as Senior Managers (including directors, non-executive directors, members of management boards and heads of control functions) and those staff who can affect materially the risk profile of the Fund (including fund managers and investment committee members as applicable).

In relation to the Management Company of this Fund, the table below provides a summary of the remuneration paid to the Code Staff. This remuneration table has been calculated based on the time spent by the Code Staff in the provision of services to this fund only. The remuneration year of Code Staff is from April to March.

Where foreign exchange rates have been required, an average for the period has been used. Fixed remuneration includes salaries and fees, and variable remuneration includes annual bonus award and any other discretionary short term incentives.

London	Head Count	Fixed Remuneration	Variable Remuneration
Senior Management	4	£30,750	£10,000
Risk takers	6	£66,150	£47,775

### Nuveen Management AIFM Limited

# Sustainability

Our purpose at Nuveen Real Estate is investing in Tomorrow's World, for the enduring benefit of our clients and society. Our investment, asset management and corporate strategies grow from an understanding of the structural trends that we believe will shape the future of real estate and responsible investing beyond market cycles. This 'Tomorrow's World' approach sits at the core of our investment process and business operations, informing our long-term view of real estate investments.

## Nuveen Real Estate tops Global Real Estate Sustainability Benchmark

The Global Real Estate Sustainability Benchmark (GRESB) 2017 awarded Nuveen Real Estate 11 Green Stars for its European and US Funds, up from 10 last year. The GRESB results recognised Nuveen Real Estate's Funds for demonstrating global leadership in embedding sustainability throughout the property investment lifecycle – a philosophy driven by our Tomorrow's World approach. GRESB is an industry body committed to assessing the sustainability performance of real assets around the globe, including real estate portfolios (public, private and direct).



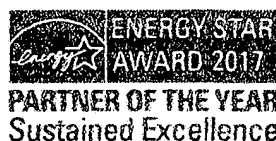
## A+ rating in Principles for Responsible Investment benchmark results

Nuveen Real Estate achieved an A+ rating for the second consecutive year from the 'Principles for Responsible Investment' (PRI), the world's leading proponent of responsible investment supported by the United Nations. The benchmark assessment, which reviewed over 1,000 participants including all major global asset managers, has two components; strategy and governance scorecard (for all asset managers) and real estate scorecard (specifically for real estate managers). Nuveen Real Estate earned an A+ and A rating, respectively.



## Nuveen Real Estate earns 10th consecutive EPA ENERGY STAR Partner of the Year Award

Nuveen Real Estate was named by the US Environmental Protection Agency as a 2017 ENERGY STAR Partner of the Year – Sustained Excellence Award winner for ongoing commitment to outstanding energy management practices and reductions in greenhouse gas emissions. Long recognised for responsible investing, the 2017 award marks Nuveen Real Estate's tenth consecutive year as a Partner of the Year, and the eighth consecutive year at the Sustained Excellence level. The award is bestowed upon a diverse set of organisations that have demonstrated continued leadership in energy efficiency. Winners hail from small, family-owned businesses to Fortune 500 organisations – representing energy-efficient products, services, new homes, and buildings in the commercial, industrial, and public sectors.



## Commitment to 30% reduction in global portfolio energy use by 2030

Nuveen Real Estate has made a public commitment to reduce the energy intensity of its global equity portfolio by 30% by the year 2030, based on a 2015 baseline. This commitment builds on the organisation's long-established effort to embrace sustainability and reduce the risk and impact of climate change. Nuveen Real Estate demonstrates leadership in this area through its involvement with industry organisations and via proactive internal initiatives such as the target set in 2007 to reduce US energy consumption 20% by 2020, a goal that has been achieved ahead of schedule. Nuveen Real Estate's new commitment responds to and supports the ambitious goals for sustainable real estate established at the 21st Conference of the Parties (COP21) held in Paris in September 2015.

## Nuveen Real Estate Management Limited



# INREV information

As at 30 September 2020

	2020 £'000	2019 £'000
NAV attributable to Limited Partners	4,049	72,467
Capital Contribution	(1)	(1)
<b>INREV NAV</b>	<b>4,048</b>	<b>72,466</b>

## INREV fee metrics

	% NAV	% GAV
Property Expenses	0.32	0.27
Management Fees <sup>1</sup>	0.54	0.45
Management Expenses	(0.22)	(0.18)
Total Expense Ratio	0.32	0.27
Real Estate Expense Ratio	0.64	0.54

### Notes to INREV fee metrics

The fee ratios are presented for the year ended 30 September 2020.

The fee ratios are calculated based on average closing monthly INREV NAV and GAV. The NAV is the Fund INREV NAV adopting applicable United Kingdom Accounting Standards. The corresponding GAV is the Fund INREV GAV.

All fee ratios are calculated based on consolidated fee and expense items, and include all estimated wind-up costs.

<sup>1</sup> Management fees includes irrecoverable VAT for the year.

# Notes on the Fund

The notes set out below are merely intended as an aide-mémoire. For any matters requiring detailed consideration reference should be made to the relevant Partnership Agreement and Explanatory Memorandum.

## **Fund established**

The Partnership was established on 21 April 2010.

## **Fund period**

The original life of the Fund was five years from 28 May 2010 (the first Closing Date) with an additional period of up to two years to dispose of the assets of the Partnership; however, the wind down has since been extended three times: originally to 30 September 2017, then to 30 September 2018, then to 31 December 2020.

## **Valuation Day**

Any Business Day in both Scotland and the City of London which is designated by the Manager as being a day by reference to which the assets of the Partnership shall be valued in accordance with Schedule 4 of the Partnership Agreement, provided that there shall be at least one Valuation Day each year at the end of the relevant Accounting Period and a Valuation Day each time there is a further closing and provided further that the Manager shall not designate Valuation Days more frequently than quarterly unless there shall have been a material change in the value of the Portfolio since the last Valuation Day or unless otherwise required by Scottish law.

## **Loan unit price (based on net asset value excluding capital contributions)**

The loan unit price of the Partnership is calculated quarterly on each Valuation Day. The loan unit price consists of the market value of the Partnership's consolidated assets less its consolidated liabilities divided by the number of loan units in issue, as described in more detail in Schedule 4 of the Partnership Agreement.

## **Investment management fee**

The annual management fee is equal to 1.2% per annum of the Net Asset Value of the Partnership, calculated quarterly on the last business day of each quarter and paid quarterly in arrears on each Valuation Day.

## **Performance share**

A share is payable to Nuveen Property UK AIFM Ltd under the distribution provisions of the Partnership which is equal to 20% of all distributions after Limited Partners have in aggregate received back an amount equivalent to their Drawdown Loans and the Preferred Return (less any amounts provided to the General Partner as the General Partner's profit share). The Performance Share is retained in an escrow account and not released until the final CLOF II Property has been sold.

## **Preferred return**

The Preferred Return means an IRR equal to 10% per annum over the life of The Partnership.

## **Income and distribution arrangements**

For the purpose of determining amounts of distributions, the Fund income is recognised in accordance with accounting policies determined by the Manager in consultation with the auditors. Income is generally brought into account for valuation purposes as it accrues and rental income is allocated to the period or periods to which it relates. Net income is distributed to Limited Partners pro rata to their respective capital contributions at the reasonable discretion of the General Manager.

## **Tax considerations**

Limited Partners should refer to the Private Placement Memorandum for detailed consideration of the taxation issues that are applicable to investors in the Fund.

Limited Partners should note that they are responsible for their own taxation treatment (both in the United Kingdom and in the country in which they reside) in respect of their share of Partnership income as disclosed in these Financial Statements.

It is anticipated that the Fund will not suffer income or capital gains tax because it will be treated as transparent for UK tax purposes.

## **Reports and financial statements**

The Annual Audited Report and Consolidated Financial Statements will be distributed to Limited Partners within 105 days after the end of each accounting period.

The Interim Unaudited Report and Consolidated Financial Statements will be distributed to Limited Partners within 70 days after the end of each semi-annual accounting period.

# Independent auditor's report to the members of CLOF II Partnership LP

## Opinion

We have audited the financial statements of CLOF II Partnership LP ("the Partnership") for the year ended 30 September 2020 which comprise the Consolidated Statement of Total Return, the Consolidated Statement of Change in Limited Partners' Net Assets, Consolidated Portfolio Statement, Consolidated Balance Sheet, Partnership Balance Sheet and Consolidated Cash Flow Statement related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent Partnership's affairs as at 30 September 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

## Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

## Basis for opinion

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

## Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

## General Partners' responsibilities

As explained more fully in their statement set out on page 34, the General Partners are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent Partnership or to cease operations, or have no realistic alternative but to do so.

# **Independent auditor's report to the members of CLOF II Partnership LP**

## **(continued)**

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### **Auditor's responsibilities**

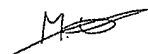
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Matthew Williams (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants



15 Canada Square  
London E14 5GL  
10 February 2021

# Consolidated statement of total return

For the year ended 30 September 2020

	Notes	2020 £'000	2019 £'000
Net gains/(losses)	2	602	(186)
Other losses	3	-	(433)
Income	4	27	1
Expenses	5	(46)	(221)
Net income loss		(19)	(220)
Total return before distributions		583	(839)
<b>Change in net assets attributable to Limited Partners</b>		<b>583</b>	<b>(839)</b>

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
The Independent Auditor's report is shown on page 16.

# Consolidated statement of change in Limited Partners' net assets

*For the year ended 30 September 2020*

	2020 £'000	2019 £'000
Net assets at start of year	72,466	73,305
Capital distributions	(69,000)	-
Change in net assets attributable to Limited Partners	583	(839)
<b>Net assets at end of year</b>	<b>4,049</b>	<b>72,466</b>

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
The Independent Auditor's report is shown on page 16.

# Consolidated portfolio statement

As at 30 September 2020

	Market value 2020 £'000	Percentage of gross assets 2020 %	Market value 2019 £'000	Percentage of gross assets 2019 %
Current assets <sup>1</sup>	5,080	100.00	75,492	100.00
Current liabilities	(1,031)	-	(3,026)	-
<b>Net assets at end of year</b>	<b>4,049</b>	<b>100.00</b>	<b>72,466</b>	<b>100.00</b>

## Notes

1. The Fund's indirect investment in the Leadenhall Triangle is held within current assets as at 30 September 2020 and at 30 September 2019.

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
The Independent Auditor's report is shown on page 16.

# Consolidated balance sheet

As at 30 September 2020

	Notes	2020 £'000	2019 £'000
<b>Current Assets</b>			
Property related investments	8		74,411
Debtors	10	3,237	428
Cash	11	1,843	653
Total current assets		5,080	75,492
Creditors - amounts falling due in less than one year	12	(1,031)	(3,026)
<b>Net current assets</b>		<b>4,049</b>	<b>72,466</b>
<b>Total assets less current liabilities</b>		<b>4,049</b>	<b>72,466</b>
<b>Limited Partner funds</b>		<b>4,049</b>	<b>72,466</b>

The Financial Statements were approved and authorised for issue by the Board of the General Partner on 9 February 2021 and were signed on its behalf by:

DocuSigned by:

*Nigel Bartram*

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**N. Bartram**  
**Director**  
**Nuveen Real Estate**  
**SL007801**

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
The Independent Auditor's report is shown on page 16.




# Partnership balance sheet

As at 30 September 2020

	Notes	2020 £'000	2019 £'000
<b>Current Assets</b>			
Investment	9	427	427
Property related investments	8	-	74,411
Debtors	10	3,393	367
Cash	11	1,295	19
Total current assets		5,115	75,224
<b>Creditors - amounts falling due in less than one year</b>	12	(1,066)	(2,758)
<b>Net current assets</b>		4,049	72,466
<b>Net asset value attributable to Limited Partners</b>		4,049	72,466

The Financial Statements were approved and authorised for issue by the Board of the General Partner on 9 February 2021 and were signed on its behalf by:

DocuSigned by:  
  
 B5D7A10F23E8446...

**N. Bartram**  
**Director**  
**Nuveen Real Estate**

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
 The Independent Auditor's report is shown on page 16.

# Consolidated cash flow statement

For the year ended 30 September 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Total return before distributions		583	(839)
Adjustments for:			
Gain on disposal of property related investments	2	(602)	-
Change in value of property related investments	4	10,894	186
Interest receivable and similar income		(41)	(1)
		<b>10,834</b>	<b>(654)</b>
Increase in trade and other debtors		(2,808)	(148)
(Decrease)/increase in trade and other creditors		(1,995)	697
<b>Net cash from operating activities</b>		<b>6,031</b>	<b>(105)</b>
<b>Cash flows from investing activities</b>			
Interest received		41	1
Disposal of property related investments		64,118	-
<b>Net cash from investing activities</b>		<b>64,159</b>	<b>1</b>
<b>Cash flows from financing activities</b>			
Capital distributions		(69,000)	-
<b>Net cash from financing activities</b>		<b>(69,000)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,190</b>	<b>(104)</b>
Cash and cash equivalents at the beginning of the year		653	757
Cash and cash equivalents at the end of the year	11	<b>1,843</b>	<b>653</b>

The notes on pages 24 to 33 form part of these Consolidated Financial Statements.  
The Independent Auditor's report is shown on page 16.

# Notes to the Consolidated Financial Statements

*For the year ended 30 September 2020*

## 1. Accounting policies

### *Basis of Preparation*

These Consolidated Financial Statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Consolidated Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of property related investments, in accordance with applicable United Kingdom Accounting Standards, the Companies Act and the Partnership Deed.

The Partnership and its subsidiaries are consolidated to form the Fund. The consolidated financial statements include the financial statements of the Limited Partnership and its subsidiary undertakings ("the Fund") made up for the year to 30 September 2020. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

### *Going concern*

As stated in the General Partner's report on page 8, the Fund was established in May 2010 with a five year life from the first closing date (28 May 2010), followed by a two year disposal period. The Fund has therefore formally entered its wind down period and will be liquidated once all assets have been sold and the proceeds have been returned to the Limited Partners of the Partnership. As a consequence the Consolidated Financial Statements are prepared on a non-going concern basis.

### *Accounting policies*

The Fund has adopted the accounting principles and presentation format of the Statement of Recommended Practice issued in May 2014 by the Investment Management Association in respect of the Financial Statements of Authorised Funds. The Fund maintains detailed forecast cash flow models which are regularly reviewed by the Manager to ensure that the Fund can continue to meet its liabilities as they fall due, including interest payments on loan facilities. Currently, the Fund does have indirect exposure, through its investment in the Vanquish portfolio,

to an interest-bearing facility with a third party loan provider. This facility was refinanced and extended in May 2019. The term expires in January 2021 and will be repaid using the proceeds from sale.

The principal accounting policies, applied consistently to all periods presented, adopted in these Consolidated Financial Statements are set out below. Judgements made by the Manager, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the respective sections of the accounting policies.

### *Basis of consolidation*

The Consolidated Financial Statements include the financial statements of the Fund and its subsidiary undertakings.

A subsidiary is an entity that is controlled by the Fund. The results of subsidiary undertakings are included in the consolidated statement of total return from the date that control commences until the date that control ceases. Control is established when the Fund has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Fund takes into consideration potential voting rights that are currently exercisable.

## **Investment properties within property related investments**

Investment properties are properties owned or leased by the Fund which are held either for long-term rental growth or for capital appreciation or both. For leasehold properties that are classified as investment properties, the associated leasehold obligations are accounted for as finance lease obligations.

The initial cost of an investment property consists of the purchase price, related legal fees, survey fees, stamp duty, agents' costs, certain refurbishment costs and other associated professional costs. All other costs are paid from income.

Acquisitions and disposals of investment properties are considered to have taken place where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract.

# Notes to the Consolidated Financial Statements (continued)

*For the year ended 30 September 2020*

## **Investment properties within property related investments (continued)**

### *Accounting judgment – complex transactions*

Property transactions are complex in nature and can be material to the consolidated financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements in the legal documents for both acquisitions and disposals. The Manager considers each transaction separately and, when considered appropriate, seeks independent accounting advice.

Subsequent to initial measurement, investment properties are carried at fair value. Unrealised surpluses, less temporary unrealised deficits, on valuation of investment properties are credited to the revaluation reserve. Deficits which are considered permanent are dealt with in the investment reserve. Realised profits, less realised losses, determined by reference to the carrying value are also accounted for in the investment reserve. All of the above movements are accounted for via the Consolidated Statement of Total Return.

### *Estimation uncertainty – valuation of investment properties*

The fair value of the Fund's investment properties in the property related investment is the main area within the Consolidated Financial Statements where there is significant estimation uncertainty. All of the Fund's properties are externally valued on the basis of Market Value by external, professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards. Such valuations are carried out every month. For completed properties, the primary source of evidence for property valuations is recent, comparable market transactions on an arms'-length basis having regard to whether the properties are let or unlet at the date of valuation.

Sites in the course of development are subject to greater estimation uncertainty and are valued with regard to the stage reached in the construction, taking account of any agreed letting and of any contractual commitments to advance further monies.

Property valuations are inherently subjective, as they are made on the basis of assumptions made by the valuers which may not prove to be accurate when the properties are disposed. Valuations determined by the independent

valuer are adjusted for recognition in the Consolidated Balance Sheet for the impact of accrued income from lease incentives and/or finance lease liabilities on leasehold properties.

Where a legally binding, unconditional and irrevocable purchase contract exists at the balance sheet date, but there has been insufficient time to arrange for an independent valuation to be carried out, the property is shown at cost unless, in the opinion of the Manager, there may be a material difference between cost and valuation on payment of the purchase price.

## **Basic financial instruments**

### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Trade and other debtors are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs; and subsequently at amortised cost.

If an arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated cash flow statement.

# Notes to the Consolidated Financial Statements (continued)

*For the year ended 30 September 2020*

## **Expenses**

Property and management expenses are recognised on an accruals basis.

Where applicable, performance fees are accrued as an expense on a monthly basis in line with the formula set out in the Trust Instrument. Performance fees are considered to arise principally from the capital appreciation of the Fund's investment properties and investment in property related investments.

## **Interest receivable and Interest payable**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

## **Taxation**

The Fund is not liable for corporation tax, income tax or capital gains tax. It is treated as transparent for UK tax purposes.

## **Unit Holders' Funds**

Under the terms of the Trust Instrument all income shall accrue and belong directly to the Unit Holders at the time it arises and accordingly shall not form part of the Fund. Therefore, units subscribed by the Unit Holders meet the definition of a financial liability under FRS 102 Section 22.3(a) and as such they are classified as a financial liability.

## **Distribution policy**

All income arising in respect of the Fund shall accrue and belong directly to the Unit Holders at the time it arises and accordingly shall not form part of the Fund. Income and Capital receipts are distributed to the Unit Holders as soon as practicable and in accordance with the Trust Instrument. Distributions from Income are presented in the Statement of Total Return in accordance with the classification of Unit Holders' funds as debt and in line with the Trust Instrument. Capital distributions are presented in the Statement of Change in Unit Holders' Net Assets as Capital distributions represent a return of capital to the Unit Holders.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 2. Net gains/(losses) on property related investments

	Note	2020 £'000	2019 £'000
Net proceeds from disposals of property related investments		74,998	-
Original cost of property related investments sold		(63,502)	-
Movement in revaluation reserve on property related investments	14	(10,894)	(186)
<b>Net gain/(loss) on property related investments</b>		<b>602</b>	<b>(186)</b>

## 3. Other losses

	2020 £'000	2019 £'000
Provision for fees owed to original consortium of buyers re OFAC	-	(433)
<b>Other losses</b>	<b>-</b>	<b>(433)</b>

## 4. Income

	Note	2020 £'000	2019 £'000
<b>(a) Property income</b>			
Loss from indirect property investments	6	(14)	-
		<b>(14)</b>	<b>-</b>
<b>(b) Interest income</b>			
Interest receivable	6	41	1
<b>Total income</b>		<b>27</b>	<b>1</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 5. Expenses

	Note	2020 £'000	2019 £'000
<b>(a) Property expenses</b>			
Legal and professional fees		18	16
Void space costs		(26)	(24)
Other property expenses		31	(298)
<b>Total property expenses</b>	6	<b>23</b>	<b>(306)</b>
<b>(b) Management expenses</b>			
Management fees		38	480
Valuer's fees		-	-
Amounts paid to Auditors in respect of:			
Audit fee		17	12
Taxation advice		(1)	(7)
Legal and professional fees		45	38
Other expenses		(76)	4
<b>Total management expenses</b>	6	<b>23</b>	<b>527</b>
<b>Total expenses</b>		<b>46</b>	<b>221</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 6. Finance costs

### Income distributions

#### Distributions payable in respect of:

	Notes	2020 £'000	2019 £'000
Property income	4	(14)	-
Property expenses	5	(23)	306
Net property loss		(37)	306
Interest income	4	41	1
Management expenses	5	(23)	(527)
<b>Undistributed net income loss</b>		<b>(19)</b>	<b>(220)</b>

## 7. Taxation

The Partnership is treated as transparent for UK tax purposes. A limited partnership is notionally considered to be a taxable person for the purposes only of calculating its revenue profits and losses from a business, but the resulting profit or loss is taxed directly in the hands of the partners.

## 8. Property related investments

	Vanquish II Unit Trust £'000	Vanquish I Unit Trust £'000	Vanquish Properties Ltd £'000	Total £'000
Value of Investments at 30 September 2019	74,364	47	-	74,411
Movement in revaluation reserve from retained investments	(74,364)	(47)	-	(74,411)
<b>At 30 September 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The valuation of the Vanquish investment at 30 September 2020 is based on the anticipated net sales proceeds due to be received. This includes the expected retention recoveries and is net of the Partnership's share of sales fees.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 9. Investment in Limited Partnership

	Investments in Limited Partnerships £'000
Value of investments at 1 October 2019	427
Movement in net asset value of underlying partnerships	-
Value of investments at 30 September 2020	427

Investments comprise the following holdings in property holding vehicles and partnership:

- i) 100% interest in CLOF II Luxembourg Sarl, 20 rue de la Poste, L-2346, Luxembourg
- ii) 100% interest in CLOF II No 1 LP\*, 201 Bishopsgate, London, EC2M 3BN
- iii) 100% interest in CLOF II No 2 LP\*, 201 Bishopsgate, London, EC2M 3BN
- iv) 100% interest in CLOF II No 3 LP\*, 201 Bishopsgate, London, EC2M 3BN
- v) 100% CLOF II Vanquish Limited, 201 Bishopsgate, London, EC2M 3BN

\*These LPs are exempt from preparing individual audited financial statements by virtue of being consolidated into these financial statements.

## 10. Debtors

	Consolidated 2020 £'000	Consolidated 2019 £'000
Other debtors and prepayments	3,237	428

	Partnership 2020 £'000	Partnership 2019 £'000
Other debtors and prepayments	3,393	367

## 11. Cash

	Consolidated 2020 £'000	Consolidated 2019 £'000
Current accounts	1,843	653

	Partnership 2020 £'000	Partnership 2019 £'000
Current accounts	1,295	19

# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 12. Creditors – amounts falling due in less than one year

	Consolidated 2020 £'000	Consolidated 2019 £'000
Other creditors and accruals*	1,031	3,026
	Partnership 2020 £'000	Partnership 2019 £'000
Other creditors and accruals*	1,066	2,758

\*Includes £0.2m liquidation costs accrued. (2019: £0.2m)

## 13. Limited Partner Funds

		2020 £'000	2019 £'000
Initial investment - Partners' capital		1	1
Initial investment - Partners' loans		28,099	28,099
Revaluation reserve		-	10,894
Investment reserve	15	51,919	40,423
Capital distributions		(69,000)	-
Set-up costs & other	15	(6,970)	(6,951)
<b>Limited Partner Funds</b>		<b>4,049</b>	<b>72,466</b>

	Units	£'000
Units in issue at 1 October 2019 and 30 September 2020	98,620,4976	28,100

## 14. Revaluation reserve

	Property related investments £'000	Total £'000
Opening balance at 1 October 2019	10,894	10,894
Movement in unrealised reserve in respect of property related investments	(10,894)	(10,894)
<b>Closing balance at 30 September 2020</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 30 September 2020

## 15. Other reserves

	2020 £'000	2019 £'000
Investment reserve	51,919	40,423
Set up costs and other	(6,970)	(6,951)
	<b>44,949</b>	<b>33,472</b>

## 16. Financial risk management

### (a) Market risk

#### (i) Price risk

The Fund is exposed to property price and market rental risks. The Fund uses local knowledge and experience plus local property managers to minimise these risks.

#### (ii) Yield risk

There is an inverse relationship between property values and market yields, which are influenced, amongst others, by movements in the capital, investment, occupational and rental markets. To the extent that the Fund is able to, it uses its local knowledge, asset and property management skills to mitigate some of these issues.

## 17. Ultimate controlling party

There is no one party which has ultimate control of the Fund.

## 18. Related party transactions and material contracts

Related party disclosures made in accordance with Financial Reporting Standard (FRS102) Section 33 are detailed below along with the terms of material contracts existing between the Fund, the General Partner, Investment Manager and the Property Manager.

### (a) Fees receivable by the General Partners

The General Partners being CLOF II (GP) Limited, General Partner to the Fund, together with the General Partners of each of the property holding limited partnerships, are entitled to receive as first charge on net income and capital gains, an annual payment of £20,000 each.

### (b) Fees receivable by the Investment Manager

The Investment Manager, Nuveen Property UK AIFM Limited, is entitled to the following fees:

- Investment management fee: based on 1.2% of the net asset value of the Partnership. Total fees due for the year to 30 September 2020 amounted £0.1m of which £0.1m remained outstanding (30 September 2019: £0.5m of which £1.8m remained outstanding).
- Performance share: calculated in accordance with the Limited Partnership Agreement as follows:
  - Where the Fund IRR is in excess of 10% and sufficient distributions have been paid to repay Investors' drawdown loans, 20% of any surplus is due as a performance share.
  - The balance sheet performance fee accrual as at 30 September 2020 was £nil (30 September 2019: £nil).

# Notes to the Consolidated Financial Statements (continued)

*For the year ended 30 September 2020*

## **19. Subsequent Events**

Final agreement was reached with the Prudential in November for the total of £9.5m to be released from escrow under the retention agreements. The release of £9.5m to the sellers of the Vanquish Partnership (in equal measure) took place in December 2020. Shortly thereafter, CLOF II Partnership made an onward distribution of £3.1m to investors.

The Partnership's liquidation period was extended in December 2020 following support of all investors in CLOF II Partnership and CLOF II JPUT. An investor communication and voting process was conducted in December 2020. The liquidation period was successfully extended to September 2022.

# Statement of the General Partner's Responsibilities

The CLOF II Partnership LP ("the Partnership") is registered pursuant to the provisions of The Limited Partnerships Act 1907. Partnerships (Accounts) Regulations 2008 require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006.

Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the Fund and Partnership consolidated financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 the financial reporting standard applicable in the UK and Republic of Ireland.

The Fund and Partnership consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Fund and Partnership and of the consolidated profit or loss of the Fund for that year.

In preparing these consolidated financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Fund and Partnership will continue in business. As explained in Note 1, the financial statements are no longer prepared on the going concern basis.

The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable it to ensure that its financial statements comply with the Companies Act 2006. The General Partner has delegated that responsibility to the Investment Manager. The General Partner has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The General Partner is to take reasonable care so as to ensure that the Fund is managed by the Investment Manager in accordance with the Fund particulars and the provisions of the Limited Partnership Agreement in the financial year. In particular, the General Partner must:

- satisfy itself on reasonable grounds and on a continuing basis that the Investment Manager has maintained and is maintaining sufficient records;
- take all reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations as appropriate to their duties as set out in the Limited Partnership Agreement;
- communicate with and report to Limited Partners at such times as it shall think fit.

## Report of the General Partner to the Limited Partners of the CLOF II Partnership LP

As General Partner, it is our opinion to the best of our information, knowledge and belief, that the Investment Manager has managed the CLOF II Partnership LP in accordance with the provisions of the Limited Partnership Agreement during the year.

# Service providers, management & administration

■■■■■■■■■■

## **General Partner**

**CLOF II (GP) Limited**  
50 Lothian Road  
Festival Square  
Edinburgh, EH3 9WJ

## **Independent Auditor**

**KPMG LLP**  
15 Canada Square  
London, E14 5GL

## **Tax Adviser**

**FTI Consulting**  
200 Aldersgate Street  
Barbican  
London, EC1A 4HD

## **Investment Manager**

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